

New Mexico fourth most expensive state for homeowners insurance claims

Albuquerque Business First

New Mexico is an extremely pricey state for homeowner's insurance, according to a new study. The study, published by insurancequotes.com, looked at the rise in homeowners insurance premiums after making claims and found that the average premium for New Mexico policyholders rises by nearly 19 percent after just one claim. That's significantly higher than the national average of 9 percent, making the state the fourth most expensive for homeowners insurance claims.

Chris Hackett, director of personal lines policy at the Property Casualty Insurers Association of America, said in the report that post-claim premium increases make sense.

"There's a significant statistical correlation between making a claim and the likelihood of making an additional claim in the future," he said. "Insurers need to adjust the cost of insurance to compensate for that increased risk."

The report also quotes Amy Bach, executive director of the California-based nonprofit consumer advocacy group United Policyholders, who disagrees.

"There's a general feeling that it's completely unfair that an insurance company is free to raise your rates because you had the gall to actually use your insurance," she said in the report.

Of course, in New Mexico the situation could be worse: we could be Wyoming, where homeowners insurance premiums go up by more than 31 percent after a first-time claim filing, according to the report. But it could also be better. In Texas, premiums don't go up at all after a first claim, because Texas state law prohibits insurers from raising premiums in response to a first claim filing.