# Rising Climate Risks Prompt Surge In Home Insurance Costs

The Pinnacle Gazette

Homeowners face mounting challenges as insurers tighten policies and increase rates nationwide.

With climate change increasingly influencing weather-related disasters, the home insurance market is feeling the heat. From skyrocketing premiums to properties being dropped by insurers, the consequences of more frequent hurricanes, wildfires, and floods are becoming evident to homeowners across the United States and beyond.

First, let’s take a closer look at Delaware County, Pennsylvania, where insurance companies are reducing their risk exposure. According to DELCO Today, homeowners have faced a dramatic rise, with non-renewed policies surging by 37.8% since 2018. The statistics are alarming: about 1 in 294 households experienced their coverage being dropped last year. This trend is echoed across neighboring counties, with Chester County seeing 1 in 422 households and Montgomery County at 1 in 419 facing similar fates.

But it’s not just Delaware County grappling with this challenge. North Carolina is hitting the headlines too as the Insurance Commissioner Mike Causey navigates stormy waters of consumer discontent due to proposed rate hikes averaging 42%. Following intense feedback from consumers and industry stakeholders, Causey compromised on an increase of 15%, yet homeowners on the coast are bracing for hikes as high as 32%.

Some homeowners are struggling with rising costs. One particularly unhappy homeowner told Causey, “You call this standing up for the consumer? You’re too old to be doing this job. You need to retire.” Despite facing criticism, Causey defended his actions by saying he saved consumers $770 million through negotiations, yet he acknowledged the inevitability of double-digit increases resulting from climate change and inflation pressures on the insurance market.

“It’s not a sustainable model,” Causey said, emphasizing the struggle insurers are facing as they end up paying more on homeowners’ claims than they receive from premiums.

This clash between insurance pricing and the realities of climate change is echoed by Joel Laucher from United Policyholders, who argues for improved resilience standards for properties. He said, “The way to curb relentless insurance rate increases is to invest more on mitigating risks associated with extreme weather events.” His suggestions include enhancing building codes and preventing new developments from being established in disaster-prone areas.

North Carolina’s legislative environment, according to Causey, is problematic. Some lawmakers are delaying the adoption of updated building codes, opting for cheaper construction practices. Meanwhile, Alabama has enacted stricter building codes which have led to lower insurance premiums for homeowners. The need for effective regulations is pressing, especially as 98% of homes located in flood-prone regions lack adequate insurance coverage.

The Australian perspective adds another layer to this story. With significant climate-induced changes affecting homes across Australia, experts warn people are likely to risk their lives during bushfires if they find themselves uninsured. According to reports, 1.6 million Australian households struggled to pay for home insurance last year, marking a 30% increase from the prior year. Extreme weather events have led to insurance premiums soaring, described as surging by as much as 30% for residents living in disaster-prone areas.

The Australian Council of Social Service suggests insurance should be treated as an indispensable service, calling for measures to alleviate costs for low-income households. Their findings of the 2009 Black Saturday fires highlighted the impact of uninsured properties, stating about 13% of property losses were uninsured during those catastrophic events.

Trent Penman, a professor of bushfire behavior at the University of Melbourne, noted, “People often struggle to make rational decisions during the chaos of approaching fires,” exacerbated by inadequate insurance coverage. Many individuals might make dangerous choices, putting their lives at risk rather than evacuate, due to their lack of insurance. One resident, David Cobbold from Adelaide Hills, faced considerable frustration when attempting to secure insurance for his sanctuary after devastation from bushfires. The quotes he received were vastly undervalued compared to the property’s worth, highlighting the growing disconnect between property value and insurance coverage.

Despite the bleak economic outlook painted by insurers facing losses, some companies did report substantial profits the following year. The Insurance Council of Australia is advocating for structural and institutional changes to fulfill commitments to risk reduction as the most efficient means of curbing increasing insurance costs.

While there are efforts underway to alleviate some of the pressures homeowners are facing due to climate change, the ultimate solution appears to require collective action from both regulators and the insurance industry. Homeowners deserve comprehensive coverage and the knowledge needed to make informed decisions about their properties, especially as climate-induced disasters loom overhead. With temperatures rising and extreme weather becoming commonplace, this discussion is more pertinent than ever as communities brace for whatever challenges lie ahead.

Addressing these rising insurance costs not only affirms the reality of climate change but also enhances focus on resilience, stronger building codes, and thorough education for homeowners on available insurance options. With proactive steps, it may be possible to mitigate the financial burdens and dangers brought forth by climate change.


Source: https://uphelp.org/rising-climate-risks-prompt-surge-in-home-insurance-costs/ Date: February 5, 2025