

[The Home-Insurance Coin Flip: Nearly Half of Claims Result in Zero Payout](#)

Wall Street Journal

When disaster strikes, many Americans face a near flip-of-the-coin chance that their home insurer will pay a claim.

And the problem is getting worse. The five biggest home-insurers as a group didn't pay out on more than 44% of claims resolved last year, forcing homeowners and renters to fund repairs out of their own pockets, an analysis by The Wall Street Journal found.

The risk that a claim will result in no payment among the group—State Farm, Allstate, Liberty Mutual, United Services Automobile Association and Farmers Insurance—shot up from 36% a decade earlier, according to the analysis.

Several factors are driving nonpayment rates higher, according to industry analysts and executives. Prime among them: Insurers are responding to a yearslong run of postpandemic losses in their home-insurance businesses by getting tougher on claims.

One way they have done this is to raise deductibles, or the amount the customer has to pay before the insurer kicks in. Some companies applied higher deductibles to specific risks such as hurricane and hail, and changed certain deductibles from a dollar value to a percentage of the value of a home. They have also set tighter criteria for claims on expensive items like roof replacements.

Consumers hit by rising premiums are themselves selecting higher deductibles to save money, insurers and consumer advocates say. This sets consumers up for disappointment when they put in for claims.

Home insurers pitch policies as a peace-of-mind financial safety net. But customers can find the apparent guarantee of compensation for disasters evaporates when they come to claim.

Vicky Weidner's four-bedroom, million-dollar home in South Tulsa, Okla., was hammered by a 2024 storm. The golf-ball-size hail put dents in her husband's pickup truck and ravaged their roof, according to Weidner. An outside contractor said the aging roof needed a \$49,131 full replacement.

"There were shingles with holes in them falling off the roof," Weidner, an emergency-room physician, said.

"State Farm came out and inspected the roof and said, 'Nope, you're good.' "

The insurer told her the hail damage—to guttering and copper on the roof—tallied just \$2,000, well below her policy's deductible. State Farm refused to pay a cent, Weidner said.

Weidner is among hundreds of Oklahoma homeowners suing State Farm for allegedly using a narrow definition of hail damage. Her lawsuit alleges that the definition is "absent from the four corners of the policy and hidden from the insured" until their claim is denied.

Jeff Marr, her lawyer, said earlier cases settled by State Farm had revealed its "secret playbook" to replace fewer roofs. "They have weaponized their claims department," he said.

A spokesman for State Farm declined to comment on Weidner's case. But he said a "single homeowner dispute, selective interpretations of data, or baseless allegations from a lawsuit do not paint an accurate picture of our level of customer care."

Customers are typically told little, if anything, about an insurer's record on claims when buying a policy. Insurers say comparisons of no-payment rates aren't apples to apples: Regulators allow companies to define claims very differently, which can skew the data.

So the Journal looked at how each insurer's rate had changed over time. That revealed stark differences among companies.

While the risk of nonpayment has ramped up at some leading home insurers—State Farm, Allstate, Liberty Mutual and Farmers—some others, outside the top five, such as Erie Insurance, last year paid out on relatively more claims than a decade earlier.

Representatives of the top five insurers said they investigate all claims and ensure amounts owed under the policies are paid promptly, fairly and fully.

“Regulators take it very seriously. Insurers take it very seriously,” said Erin Collins, senior vice president at the National Association of Mutual Insurance Companies.

A spokesman for USAA, whose unpaid claims ticked up to 51% from 49% a decade ago, said the Journal’s analysis was misleading because it lacks important context around why claims may be closed without payment. That includes losses below a deductible, claims not pursued by customers or claims later reopened and paid, he said. Considering those factors, fewer than 6% of USAA claims were denied, he added.

There are other drivers of the rise in claims closed without a payout. More frequent losses from disasters, in part driven by climate change and increased development in danger-prone areas, are also triggering more claims that aren’t covered by the policies, such as for flood damage, insurers say.

And then there are smartphones. It is easier to file claims than in the past, thanks to technology, which some insurers say makes it more likely claims will be withdrawn or not meet the bar for payment.

Some insurers encourage customers to file claims fast in an emergency by, say, texting them after a hurricane hits.

Sean Harper, chief executive of tech-based insurer Kin Insurance, said its relatively high nonpayment rate—58% last year—“is ironically due to some of the really customer-friendly stuff that we do.”

Location has a big influence on the odds of no payment. Insurers in Florida had the highest rate of no payouts, affecting more than two in five homeowner claims in 2024, significantly higher than the 34% five-year average for the Sunshine State. Back-to-back hurricanes in 2024—Helene and Milton—likely drove up rejections as homeowners claimed for flood damage that wasn’t covered, insurers said.

The fallout from Hurricane Milton, when insurers declined payments on claims from more than 95,000 Floridian homeowners, shows the main reasons companies say no.

Heading the list: deductibles. Insurers have sharply increased the typical deductible amount in recent

years, while often introducing separate—even higher—deductibles for wind and hail damage in high-risk areas.

Insurance companies have a vested interest in being tough on claims: Payouts hit their bottom line. Florida-based insurer Slide Insurance last year told investors in its stock market debut it will “vigorously contest payment” of claims it believes lack merit. Slide last year paid nothing on half the claims it resolved, up sharply from 26% in 2022, according to the Journal’s analysis.

Christopher and Heather Monroe are fighting Slide in court. The insurer declined to pay a cent after their \$3.7 million “dream home” by the Bradenton, Fla., waterfront took a beating from Hurricane Milton.

A claims professional hired by the couple put the damage at more than \$527,000. Slide said in court filings that the lion’s share of the losses claimed by the Monroes fall foul of policy exclusions, such as wear and tear, and the damage covered by the insurance was less than the Monroes’ \$33,440 deductible.

A spokesman for Slide declined to comment.

The case is due to go to trial in December. “They have made us feel almost like criminals,” Christopher Monroe said. “All we’re asking them to do is pay the claim.”

The tougher stance by insurers nationwide was needed to ensure they could keep providing coverage, said Ann Frohman, a former Nebraska insurance commissioner.

“Policies were being used as a home-maintenance program, paying to replace roofs for even minor damage,” she said.

Frohman was hit by the trend she defends. Last year, she received nothing on her claim for \$6,500 of storm damage, following a sharp hike in her deductible that she had agreed to.

“It pains me,” she said. “But that’s the way it’s supposed to work.”

There is often a sting in the tail for homeowners who are denied a claim: It can trigger a rate increase or nonrenewal, because the customer is now seen as a higher risk.

A few states, such as Texas, bar insurers from penalizing customers for zero-payment claims. But others allow the companies free rein, according to state regulators.

Weidner, the Oklahoma homeowner, said she paid around \$10,000 a year to State Farm for home insurance for at least a decade, only to be dropped last March.

“They said it was because we made a claim on our roof, even though they paid nothing,” Weidner said. “We paid a ton of money to protect our house, and then they refused to help us.”

Steps to consider if you believe your claim has been denied unfairly include:

- Ask the insurance company for a letter setting out the reasons for the denial, and copies of their relevant documentation. Consumer group United Policyholders has a [sample letter](#) on its website.
- Collect any additional evidence you can to support your claim, such as photographs or reports from independent experts.
- File an appeal to the insurer: Instructions for doing this should be in the denial letter or policy document.
- If an appeal is denied, you can submit a [complaint to your state insurance regulator](#).
- If you want [outside help](#), consider asking a public adjuster or attorney if they will help fight your case. You can find a local public adjuster on The National Association of Public Insurance Adjusters [website](#). Expect them to take a slice of any eventual payout.