

Where We Stand: A Homeowners Insurance Bill of Rights

Newsires

The increasing frequency of extreme weather events, combined with the rising cost of repairs and building materials, has destabilized the home insurance market. Homeowners increasingly face skyrocketing premium prices, and many are losing coverage as insurance companies pull out of regional markets altogether. At the same time, some insurers are taking advantage of this crisis to weaken consumer protections and undermine insurance regulation.

In response, Consumer Reports is advocating for increased transparency, robust consumer education, and strengthened consumer protections throughout the entire lifecycle of a consumer's relationship with their insurance provider—from initially searching for and securing insurance, through the coverage and renewal process, to receiving insurance benefits following a disaster or claim. These reforms will help consumers make informed decisions about where they live, understand how best to protect their most valuable asset, and hold insurance companies accountable to their promises.

Homeowners insurance is largely regulated at the state level. Some states have stricter regulations than others, which can affect how rates are determined, the types of coverage offered, and the availability of insurance in certain areas. To bring greater fairness to the marketplace, CR believes policyholders should be guaranteed the following basic, common-sense rights across all states:

Home Insurance Policyholders Should Have the Right to...

When shopping for insurance:

- A clear, plain-language explanation of what is—and isn't—covered by your policy. Homeowners are often surprised when they find out that disasters like floods, earthquakes, or mold are not covered by most basic home insurance policies, and require additional or separate

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coverage. Every policyholder should easily see what's covered, what's not, and what must be purchased separately—before buying or renewing, so that they can make informed decisions before disaster strikes. Insurers should provide full policy documents and a standardized plain-language summary before purchase or renewal.

- Know which risk factors are used to determine eligibility and set rates.
Consumers deserve to know the main factors insurers used to set their rates—such as location, property features, or disaster riskscores—and to see any data or images used. Insurance providers should also proactively inform homeowners of any major risks that were identified on their properties.
- Fair access to coverage based on property risk, not your finances.
Homeowners should be evaluated on the actual condition and risk of their property, not their income, credit history, credit score, neighborhood demographics, and other non-risk factors. And if a homeowner believes they have been discriminated against based on characteristics protected under the Fair Housing Act, including race, color, religion, sex, disability, familial status, or national origin, they are allowed by federal law to seek remedy.

When covered by insurance:

- Receive written notice and a full explanation well in advance of major changes to your insurance policy.
At a time when affordable insurance is increasingly difficult to find, homeowners should have enough time to respond, contest errors, or find alternatives when their insurer makes major policy changes. CR advocates that policyholders in all states receive written notice at least 60 days before any nonrenewal, cancellation, coverage reduction, or premium increase of 10% or more, with a clear justification for the change. If an insurer uses drone or satellite imagery, it should notify the homeowner, share the images on request, and avoid relying on imagery more than 180 days old unless revalidated. All policyholders should have the right to appeal, and if they correct the cited issue, the insurer should reinstate or renew coverage.
- Benefit from incentives to “harden” your home against severe weather or wildfire risks.
When possible, homeowners should be given the opportunity to make improvements to their home, property, and surrounding community that reduce risks from natural disasters—such as through installing fire-resistant roofing, adding storm doors, or clearing vegetation. Insurers should offer clear, advance notice of all upgrades within the policyholder's control that would meaningfully

lower the premium, and list the impact on premiums or coverage if improvements are made.

- Insurance security during and after declared States of Emergency.

Homeowners in disaster-stricken areas are, in most states, not protected from financial shocks from their insurers. Within weeks of losing their homes, they may face non-renewals, cancellations, or steep rate increases at the very moment they most need stability and protection. CR calls for insurers to offer policyholders in zones impacted by an emergency declaration and surrounding impacted communities at least one year of protection from cancellations or non-renewals after a declared emergency, two years for total-loss homes, and a 60-day grace period on premium payments, regardless of whether they suffered direct property loss.

When making an insurance claim:

- Face no penalties for inquiries and unpaid claims.

Insurance providers should not discourage policyholders from pursuing information about their policy, or penalize a customer for a claim that did not result in a payout. Policyholders should be able to inquire about potential claims or damages without triggering penalties such as premium hikes, non-renewals, or cancellations. The policyholder should have the information necessary to understand what factors could result in a cancellation, rate hike, or other major change to their policy.

- Prompt, full and fair payment on a claim.

Claims should be investigated quickly and paid within a clear, reasonable deadline, without unnecessary delays or denials. CR calls on insurers to guarantee that simple claims will be investigated, accepted or denied, and any resulting payment distributed within 30 days of claim submission. If this timeline is not possible, insurers should notify the claimant of the need for more information and provide policyholders a reasonable timeline for the investigation. If a claim is denied, insurers should provide a detailed explanation for why the claim was not accepted, and offer policyholders an opportunity and ample time to appeal. We further ask that home insurers publicly report their average claims response times, to demonstrate their accountability to their policyholders.

- Immediate and adequate financial support for emergency housing and essentials.

After disasters, many homeowners face long delays in getting reimbursed for essential living expenses, as insurers often require extensive documentation and itemization. CR calls on insurance providers to guarantee prompt payment of emergency financial assistance to

policyholders after a declared disaster for immediate living expenses such as emergency housing, without requiring an itemized list of lost assets.

Conclusion

The challenges facing the homeowners insurance market, driven by climate change and rising costs, necessitate a stronger framework of consumer rights. The Homeowners Insurance Bill of Rights aims to offer a path toward a fairer, more accountable marketplace where policyholders can make informed decisions, secure coverage that meets their needs, and receive timely, clear communication throughout their relationship with insurers. By adopting these common-sense protections across all states, insurance providers can increase stability and improve trust, ensuring that homeowners are not left unprotected in their time of greatest need.

This document would not have been possible without CR's partners and collaborators who lent their valuable expertise to inform this Bill of Rights, including United Policyholders, Consumer Federation of America, Dr. Steven Koller of the Harvard Joint Center for Housing Studies, and the over fifty six thousand consumers who shared their input, advocated for pro-consumer home insurance policies, and participated in feedback discussions to inform the Homeowners Insurance Bill of Rights.