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Homeowners Insurance Becoming Increasingly Unaffordable Across the United States, New Insurance Research Council Brief Finds

Latest analysis highlights trends, geographic disparities, and cost drivers behind rising premiums

MALVERN, PA — Tuesday, June 10, 2025 — Over the past two decades, the average cost of claims per insured home in the U.S. has risen faster than inflation, driven by natural disasters, rising home repair costs, supply chain disruptions, and population shifts into high-risk areas, according to a new research brief by the [Insurance Research Council](#) (IRC), an affiliate of [The Institutes](#).

[Homeowners Insurance Affordability: Countrywide Trends and State Comparisons](#) finds that insurance expenditures have consistently outpaced income growth, with affordability reaching its lowest point in 2024. Using its *Affordability Index*, which compares average homeowners insurance costs to median household income, the IRC reports that U.S. households spent 2.09% of income on insurance in 2022, up from 1.19% in 2001. That figure is projected to reach 2.4% in 2024.

“This steady upward trajectory signals ongoing challenges in the insurance market,” said Dale Porfilio, President of the IRC. “From natural disasters and legal system abuse to escalating repair costs and fraud, the pressures on insurance costs are significant, and they’re driving premiums higher for consumers.”

The report highlights wide geographic disparities. In 2022, Utah, Oregon, and Alaska ranked as the most affordable states, while Louisiana, Florida, Mississippi, Oklahoma, and Arkansas were the least. Florida, though still the second least affordable, saw a slight improvement from 2021. Reforms enacted there in 2022 and 2023 have led to fewer claims lawsuits and increased insurer participation, though these changes are not yet fully captured in the data.

Key Drivers of Homeowners Insurance Costs

Affordability is shaped by a range of cost factors that differ across states. These include the frequency and severity of catastrophe and non-catastrophe claims, legal and fraud-related costs, and exposure to natural hazards like hurricanes, wildfires, and hailstorms.

Porfilio, who is also Chief Insurance Officer of the [Insurance Information Institute](#) (Triple-I), noted that “Understanding what’s driving insurance costs at the state level can help leaders make informed decisions to protect consumers and ensure continued access to essential coverage.”

About Insurance Research Council

The [Insurance Research Council](#) (IRC), affiliated with The Institutes, is an independent, nonprofit research organization supported by leading property and casualty insurance companies and associations. IRC provides timely and reliable research to all parties involved in public policy issues affecting insurance companies and their customers. IRC does not lobby or advocate legislative positions.

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