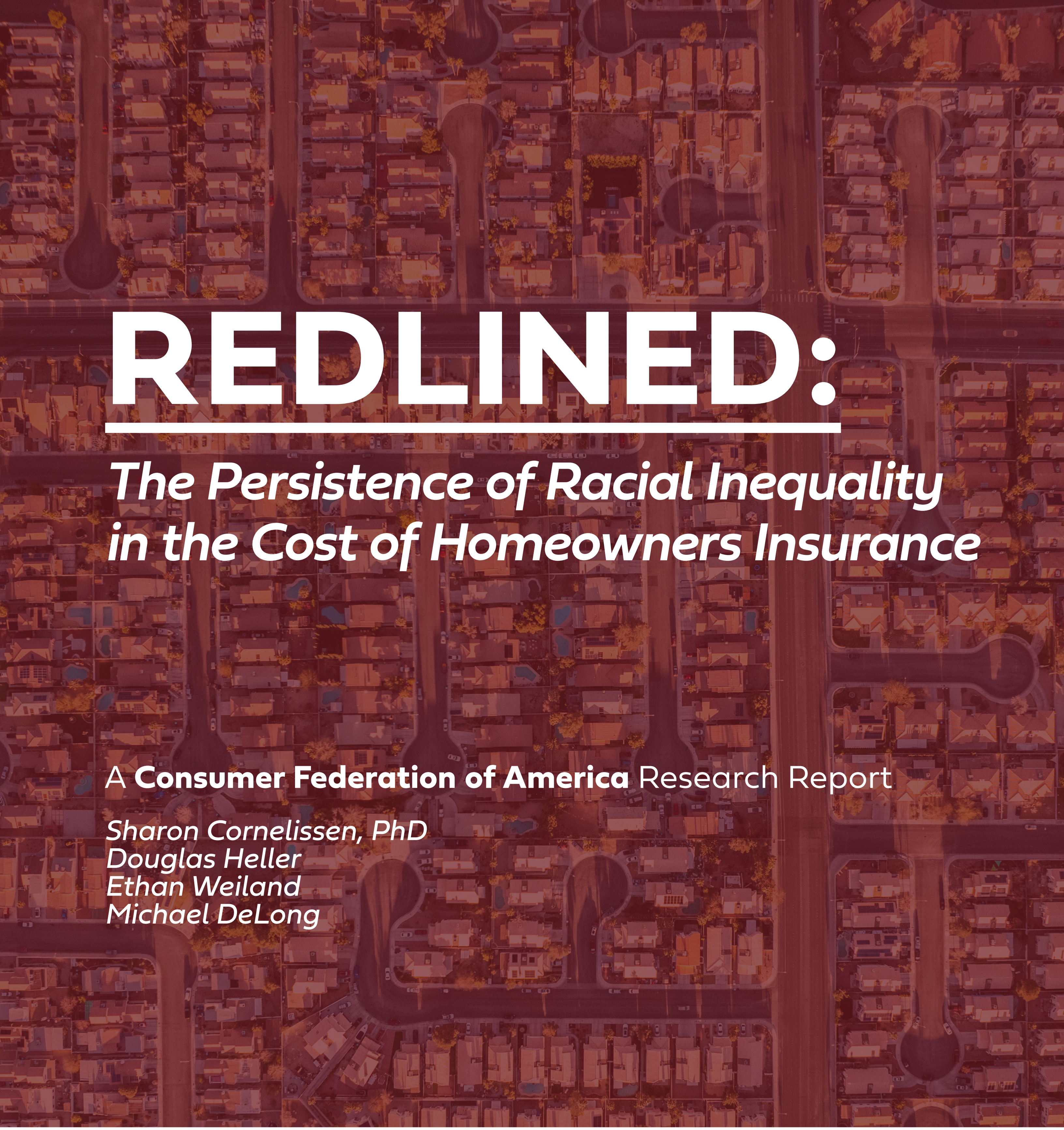

REDLINED:

The Persistence of Racial Inequality in the Cost of Homeowners Insurance

A **Consumer Federation of America** Research Report

Sharon Cornelissen, PhD
Douglas Heller
Ethan Weiland
Michael DeLong

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Consumer Federation of America

Table of Contents

The Consumer Federation of America (CFA) is an association of non-profit consumer organizations that was established in 1968 to advance the consumer interest through research, advocacy, and education. Today, nearly 250 of these groups participate in the federation and govern it through their representatives on the organization's Board of Directors.

Contacts:

Sharon Cornelissen PhD
scornelissen@consumerfed.org

Douglas Heller
dheller@consumerfed.org

Ethan Weiland
eweiland@consumerfed.org

Michael Delong
mdelong@consumerfed.org

Media Inquiries:
Nicholas Rubando
nrubando@consumerfed.org

To find more information about the work we are doing, visit us at www.consumerfed.org

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Introduction & Executive Summary

Homeowners insurance helps protect the homes and belongings of homeowners against unexpected loss. This type of insurance provides money to repair, replace, and rebuild after a policyholder's home sustains damage from a covered event, such as a windstorm or a kitchen fire. Insurance is mandatory for consumers with a mortgage. While families who own their homes outright are not required to have insurance, they run tremendous risks if they choose to go without coverage. Home equity is the largest source of wealth for most American homeowners; by going uninsured, they risk losing everything in just one disaster.[1]

Over the last few years, rising insurance premiums have strained household budgets. Previous research from the Consumer Federation of America (CFA) found that the cost of homeowners insurance for the typical homeowner rose by 24 percent nationwide from 2021 to 2024.[2] Amid a broader housing affordability crisis, homeowners insurance makes up a growing share of monthly housing costs and increasingly determines who can afford to become - or stay - a homeowner.[3]

However, the high cost of homeowners insurance does not impact all communities equally. This report finds that homeowners in predominantly Black and Hispanic ZIP codes are charged significantly more for the same homeowners insurance coverage than homeowners living in predominantly white ZIP codes.[4] Comparing the price of identical policies across ZIP codes, this report finds that, on average, homeowners in Hispanic communities pay a 30 percent higher premium (or $950 more per year), while homeowners in Black communities pay a 16 percent higher premium ($500 more per year), compared to what homeowners in white communities typically pay for the same level of protection. Over thirty years of a mortgage, this adds up to at least $28,500 in additional insurance costs for homeowners in Hispanic communities and $15,000 more for homeowners in Black communities. This report calls this considerable upcharge for homeowners in Black and Hispanic communities "the racial premium gap" in homeowners insurance.[5]

What is behind these unequal premiums? The second part of this report examines possible explanations for the racial premium gap. We demonstrate that this gap is not explained by differences in the characteristics of homeowners, their home, or what people opt to insure, as this report's unique dataset compares the typical cost of insurance in any neighborhood for otherwise identical ownership profiles, types of homes, and replacement value and coverage. To exclude further possible explanations, the analysis controls for locational factors that may explain unequal risk exposure in different neighborhoods.

However, even after accounting for a wide range of factors that shape the different risk profiles of communities and that insurance companies commonly use, the racial premium gap persists. After controlling for state-level differences, as well as for neighborhood-level differences in environmental risk, housing age, housing density, claim frequency, and claim severity, homeowners in Black communities still pay a 10 percent higher premium on average, and homeowners in Hispanic communities pay an 11 percent higher premium on average, over what homeowners in white communities typically pay.

While skyrocketing premiums have strained communities across racial, ethnic, geographic, and socioeconomic lines, the racial premium gap is critical to understanding the U.S. homeowners insurance crisis, and how it disproportionally impacts Black and Hispanic communities. The racial premium gap strains families' ability to afford housing, to become homeowners, and to build wealth, aggravating long-standing homeownership and wealth inequalities.[6] The unequal cost of homeowners insurance may also help explain why more Black and Hispanic homeowners go uninsured compared to white homeowners, leaving them more exposed when disaster hits.[7]

What is more, the existence of the racial premium gap raises serious concerns about modern-day redlining and whether homeowners in neighborhoods of color are unfairly charged more.[8] This analysis shows that a substantial racial premium gap remains even after accounting for important risk-based underwriting factors that insurance companies use. This raises the possibility that insurance companies are introducing racial bias into their pricing practices. Unlike historical redlining, this discrimination may be unintentional and occur through geographical proxies rather than overtly race-based mapping, but homeowners in Black and Hispanic communities still feel its very real impacts.

This report concludes with three key policy recommendations:

1. **States should enforce fair housing laws regarding insurance companies and require regular company testing and disclosures to prevent disparate impacts.** Attorneys General should hold insurers accountable under the 1968 Fair Housing Act, which prohibits housing discrimination, including discrimination by insurance companies. State Insurance Commissioners should also require insurers to test their underwriting and rating models for disparate impacts on homeowners and communities of color and to share these analyses with insurance regulators and the public.

2. **States should prohibit insurers from using ZIP code or smaller geographic territories when setting premiums.** Small rating territories are associated with the stark racial premium gap found in this study. To mitigate this gap, insurers should be required to use larger territories when pricing, allowing more communities to participate in the risk pooling that constitutes a primary purpose of insurance.

3. **Home insurers' transaction-level data should be made public every year in a manner similar to the Home Mortgage Disclosure Act (HMDA) Database.** Since 1975 Congress has required mortgage lenders to publicly disclose detailed information about all of their loan applications each year, including data about loan and borrower characteristics, lending decisions, and census tract locations.[9] The Federal Insurance Office at the U.S. Treasury – or state insurance departments in the event of federal inaction – should similarly collect data on homeowners insurance transactions and make them public every year.


Insurance companies today continue to leave communities of color with fewer and more expensive options than white communities.

Background: Insurance Redlining

Redlining is the practice of excluding entire neighborhoods from affordable access to financial services, such as mortgages or insurance, based on their racial or ethnic composition.[10] Historically, this discrimination has been overt, such as when insurance agents invoked racial stereotypes to refuse to write policies in communities of color.[11] The practice has manifested itself in various ways over the decades, such as through denying Black and Hispanic applicants at higher rates, quoting different prices for the same insurance policy, and requiring additional inspections and paperwork in communities of color but not in predominantly white communities.[12]

Civil rights laws of the 1960s made the most egregious acts of redlining illegal, though it would take decades to enforce these protections in some instances. The Fair Housing Act, passed in 1968 to end redlining in housing markets, provided the basis for successful litigation in the 1990s brought by Housing Opportunities Made Equal (HOME) - a civil rights organization - against the insurance company Nationwide.[13] The lawsuit, which ended in a $17.5 million settlement, alleged that Nationwide had discouraged agents from selling coverage in Black neighborhoods, labeled Black ZIP codes as undesirable, and used racial profiling to deny insurance to Black homeowners.[14] Similarly, in 1995, American Family Mutual Insurance Company agreed to pay over $16 million in a settlement to Black consumers who were provided with inferior homeowners insurance policies and who, in some cases, were denied coverage based on their race.[15]

While these overt types of redlining have become less common, insurance companies today continue to leave communities of color with fewer and more expensive options than white communities. Reports have shown that Black consumers face extra obstacles and have a more difficult time getting insurance companies to pay the claims they are owed.[16] In 2025 the Maryland Insurance Administration (MIA) found that one company, Erie Insurance, used a strategy of "frontline underwriting" – deploying a series of agent incentives and disincentives that were not disclosed in state filings – to discourage the sale of insurance policies in predominantly Black communities, particularly in the city of Baltimore.[17] MIA found that the company violated, among other sections, Section 27-501 of the Maryland Insurance Article, which states:

> *An insurer or insurance producer may not cancel or refuse to underwrite or renew a particular insurance risk or class of risk for a reason based wholly or partly on race, color, creed, sex, or blindness of an applicant or policyholder or for any arbitrary, capricious, or unfairly discriminatory reason.*[18]

Insurers are increasingly using proprietary algorithms and complex computer models to determine premiums and calculate claims payments without testing for proxy discrimination and disparate impacts, which often leave people of color facing higher premiums and fewer options than their white peers. These new technologies, including the rise of artificial intelligence (AI), present real concerns that modern discrimination is happening in a much more technocratic and opaque manner than the map-based strategies of old.[19] For example, a 2025 CFA report found that consumers with lower credit scores pay an average penalty of $1,996 annually, or 99 percent more, for homeowners insurance, compared to consumers with higher credit scores.[20, 21] Because of the longstanding racial wealth gap and other structural barriers, Black and Hispanic consumers tend to have lower credit scores on average: this means that the insurance credit penalty functions as a type of proxy discrimination against homeowners of color.[22]

The impacts of homeowners insurance discrimination and redlining are severe. Diminished insurance availability and higher premiums increase housing costs, which can make owning a home unrealistic and unsustainable for low- and moderate-income families. High-cost coverage undermines people's ability to build wealth through homeownership, diverting money from equity building to insurance payments and aggravating the racial wealth gap. It can also lead to more risk exposure in communities when homeowners are forced to underinsure or even go without insurance. Indeed, a recent rule change from the Federal Housing Finance Agency has allowed federally-backed mortgage loans to be insured with less protective coverage than had previously been allowed.[23] This is likely to leave lower-income homeowners and homeowners of color – who get charged the most for insurance – disproportionately underinsured in the coming years. The persistence of insurance discrimination may also explain racial inequalities among homeowners who are completely uninsured. A CFA report found that in 2021, 14 percent of Hispanic homeowners and 11 percent of Black homeowners lacked homeowners insurance, compared to 6 percent of white homeowners.[24]

Finally, policymakers and researchers have long recognized the link between community development and homeowners insurance. Without access to the protection from insurance, homes deteriorate, vacancies proliferate, and entire communities are undermined. Homeownership may become untenable under these conditions, especially for low- and moderate-income families, who may end up losing their homes due to escalating repair needs.[25] Disrepair often further limits access to homeowners insurance, putting communities into a downward spiral. As a national advisory commission concluded in 1968: "Communities without insurance are communities without hope."[26]

Data & Methods

This report seeks to determine whether insurance companies charge homeowners in communities of color more for homeowners insurance. Specifically, it asks three research questions:

1. Are homeowners in predominantly Black and Hispanic communities charged more for homeowners insurance than those in white communities? If so, how large is this "racial premium gap" nationally?

2. In what states is the racial premium gap the largest?

3. To what extent can neighborhood risk factors, such as differences in environmental risk and claim frequency, explain the racial premium gap?

This analysis examines differences in typical homeowners insurance premiums between ZIP codes. To calculate the average annual homeowners insurance premium in each ZIP code, this report uses a proprietary dataset purchased from Quadrant Information Services in August 2024.[27] The data consist of 216,151 "test quotes" across 32,978 residential ZIP codes based on insurer rate filings in each state and the District of Columbia. These test quotes represent what insurance companies would charge a local homeowner based on over 150 fixed characteristics that best resemble a nationwide typical homeowner and policy. These fixed characteristics include a $350,000 replacement value, an average credit score, and a 20-year old home. This unique dataset allows for making like-with-like comparisons between ZIP codes, where the price of policies only differs based on the geographic territory in which the home is located. As such, this dataset is uniquely positioned to examine potential unfair discrimination, as price differences are not confounded by variations in types of policies, homes, or homeowners.[28]

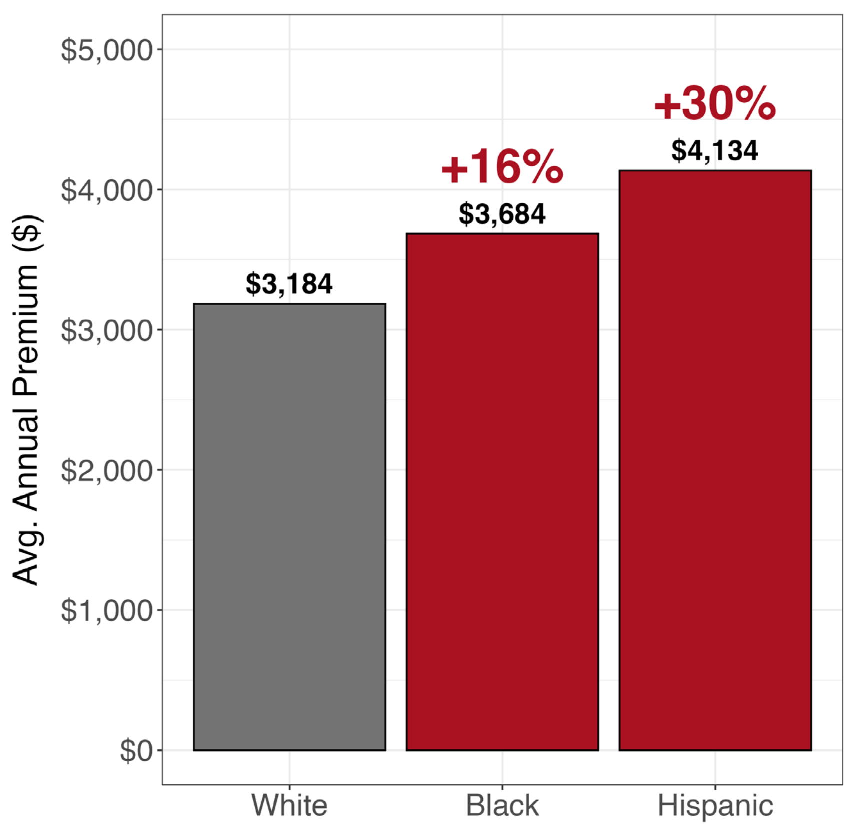
Data on neighborhood racial composition come from the American Community Survey (ACS).[29] ZIP codes are classified based on the racial or ethnic group with the largest number of households in that ZIP code. For example, if 45 percent of households in a ZIP code are "Black or African American" – and every other group has less than 45 percent – the ZIP code is classified as "Black." While the ACS contains information on nine different racial and ethnic groups, this analysis focuses on "white," "Black," and "Hispanic" ZIP codes due to small sample sizes for the other groups.[30] Maps displaying the proportion of ZIP codes that are predominantly Black and Hispanic in each state can be found in **Appendix A**. A full breakdown of the data and methods in this analysis, including details on the statistical modeling for the third finding, can be found online in **Appendix C**.

Findings

1. Insurers Charge Substantially Higher Premiums to Homeowners in Black and Hispanic Communities

Insurers charge substantially higher homeowners insurance premiums for the same coverage to homeowners living in predominantly Black and Hispanic ZIP codes compared to homeowners living in predominantly white ZIP codes. **Figure 1** shows that a typical homeowner in a white community nationwide is charged $3,184 per year in premiums. In contrast, a typical homeowner in a Black community can expect to pay $3,684 per year, or a 16 percent higher premium (meaning $500 more per year) for

Figure 1. Average Annual Premiums by Neighborhood Racial Composition



Source: CFA analysis of Quadrant Information Services and American Community Survey data.

Note: Neighborhood racial composition is based on the predominant race of households in the ZIP code.

identical coverage. The disparity is even larger in Hispanic communities: a typical homeowner in a Hispanic community pays $4,134 per year, or a 30 percent higher premium ($950 more per year) than a typical homeowner in a white community would pay for the same policy. Over thirty years of a mortgage, this difference adds up to at least $15,000 in additional insurance costs for homeowners in Black communities and $28,500 in Hispanic communities.

These disparities mean that the already burdensome cost of homeowners insurance has an especially large impact on Black and Hispanic communities. Higher premiums increase monthly housing costs, which make it harder for families to pay their mortgage or even to become a homeowner in the first place. Recent research by the Federal Reserve Bank of Dallas found that homeowners experiencing greater premium increases are more likely to default on their mortgages or be forced to sell their home.[31] Because homeownership is the largest source of wealth for many American families, these higher insurance costs also undermine long-term wealth building in communities of color, exacerbating the racial wealth gap.[32]

2. The Racial Premium Gap is Largest in Certain States

While racial premium gaps exist in most states, they do not look the same everywhere. Some states have dramatically larger disparities in homeowners insurance costs between white communities and communities of color. These gaps can mean that homeowners in Black and Hispanic communities pay thousands of dollars in additional housing costs each year.

Figure 2 highlights the five states where this gap is largest for Black communities. Michigan stands out: homeowners in predominantly Black neighborhoods are charged on average $1,768 a year more (74 percent higher premiums) for the same coverage as homeowners in predominantly white

Figure 2. Top 5 States with Largest Black Racial Premium Gaps

Rank	State	Black Premium Gap %	Black Premium Gap $
1	Michigan	74%	$1,768
2	Pennsylvania	57%	$1,048
3	New Jersey	22%	$332
4	Massachusetts	20%	$321
5	New York	19%	$417

Source: CFA analysis of Quadrant Information Services and American Community Survey data.

Note: Neighborhood racial composition is based on the predominant race of households in the ZIP code. Among states with five or more predominantly Black ZIPs.

Figure 3. Top 5 States with Largest Hispanic Racial Premium Gaps

Rank	State	Hispanic Premium Gap %	Hispanic Premium Gap $
1	Florida	58%	$5,014
2	New York	20%	$431
3	Washington	18%	$278
4	Massachusetts	16%	$244
5	Kansas	15%	$633

Source: CFA analysis of Quadrant Information Services and American Community Survey data.

Note: Neighborhood racial composition is based on the predominant race of households in the ZIP code. Among states with five or more predominantly Hispanic ZIPs.

neighborhoods in Michigan. This means that if a homeowner in a predominantly white community like Ann Arbor were to move to a predominantly Black neighborhood just a short drive away in Detroit, they could expect to pay over $1,500 dollars more each year for the exact same insurance coverage. Premiums for homeowners in Black communities are also notably higher in Pennsylvania (57 percent more), New Jersey (22 percent), Massachusetts (20 percent), and New York (19 percent).

Figure 3 above shows a similarly stark pattern for Hispanic communities. Florida has the largest Hispanic premium gap: homeowners in predominantly Hispanic neighborhoods are charged 58 percent more (an average of $5,014 more each year) for the same coverage as those in predominantly white parts of the state. New York and Washington state follow, with a 20 percent and 18 percent racial premium gap respectively. These disparities translate into hundreds, if not thousands, of dollars in additional housing costs each year, placing a significant financial burden on homeowners living in Hispanic communities. Tables showing the Black and Hispanic racial premiums gaps in all applicable states can be found in **Appendix B**.

3. The Racial Premium Gap Persists After Accounting for a Variety of Locational Risk Factors

The previous findings demonstrate that homeowners in Black and Hispanic communities are charged substantially more for homeowners insurance on average. As our unique dataset compares identical policies across places, this racial premium gap is not driven by differences in how homes are constructed, the characteristics of homeowners, or the types of coverage that people choose.[33] Rather, this gap is driven by differences in place, as insurance companies take into account where people live to price policies (called territorial pricing), often using small geographies like ZIP code or even census tract as a shorthand for a range of community-level risks.[34]

It is possible that the relationship between the racial composition of a community and the average premium is actually due to a third factor. For example, if homeowners in Black neighborhoods are more likely to file insurance claims, then claim frequency (not race) may explain the higher premiums.[35] To analyze this possibility, we build statistical models accounting for place-based differences in claim frequency, claim severity, and other factors. These models allow us to determine if the relationship between race and premiums holds while controlling for other possible explanations. Technical details on the statistical modeling can be found online in **Appendix C** and **Appendix D**.

Figure 4 reports the estimated racial premium gap in each statistical model. Each model adds additional controls to analyze whether unequal risk factors can explain the substantially higher premiums in Black and Hispanic neighborhoods. Overall, racial inequalities remain significant and substantial in every model, raising concerns about potential racial discrimination in the pricing of homeowners insurance.

In the unadjusted racial premium gap (see also **Figure 1**), homeowners in Black neighborhoods are charged 16 percent more and homeowners in Hispanic neighborhoods are charged 30 percent more on average than those living in white neighborhoods. Regardless of what other characteristics might explain the gap, it is important to recognize the simple fact that, on average, homeowners living in Black and Hispanic communities across the country pay more for the same coverage than those in white communities.

Model 1 shows that this gap drops once we account for differences in insurance premiums across states. Controlling for state, homeowners in Black neighborhoods can expect to be charged 12 percent more and homeowners in Hispanic neighborhoods can expect to be charged nine percent more. Hispanic neighborhoods, in particular, are much more likely to be located in some of the

Figure 4. Racial Premium Gap Controlling for Other Neighborhood Risk Factors

	Unadjusted	Model 1	Model 2	Model 3
	Controls: None	Controls: State	Controls: State, Environmental Risk	Controls: State, Environmental Risk, Housing Age, Housing Density, Claim Frequency, Claim Severity
Black Neighborhood Penalty (%)	+ 16% $500	+ 12% *** $382	+ 15% *** $478	+ 10% *** $318
Hispanic Neighborhood Penalty (%)	+30% $950	+ 9% *** $287	+ 14% *** $446	+ 11% *** $350

Source: CFA analysis of Quadrant Information Services, American Community Survey, FEMA, and Federal Insurance Office data.

*Note: Neighborhood racial composition is based on the predominant race of households in the ZIP code. Percentage difference relative to predominantly white neighborhoods. Dollar difference at mean. * p < 0.05; ** p < 0.001; *** p < 0.001* nation's highest-cost states for insurance, such as Florida and Texas, which tend to be exposed to considerable weather-related risks and have less stringent regulatory oversight of their insurance industries.[36] This may explain why state differences are such a big driver of the Hispanic racial premium gap.

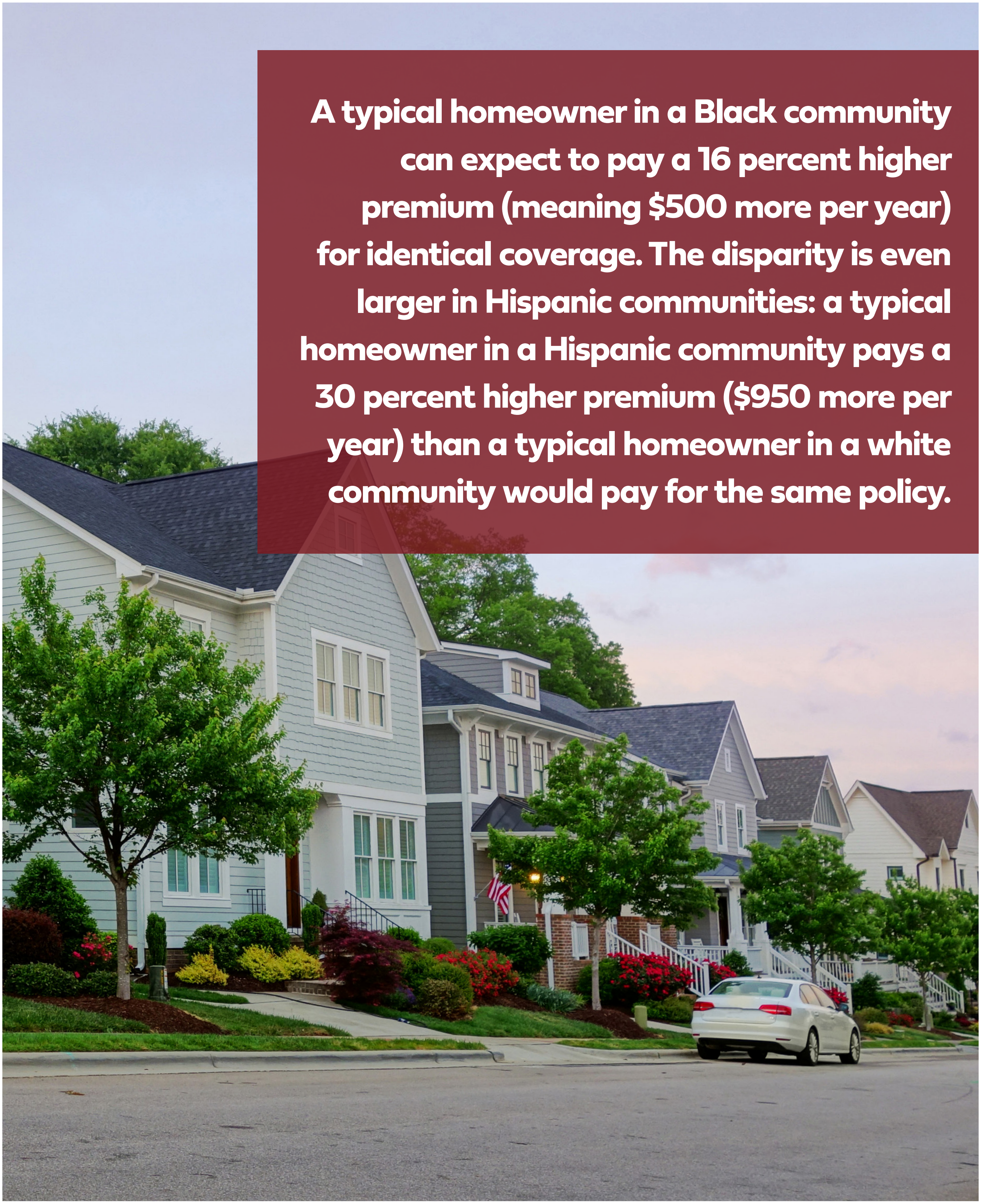
Model 2 examines whether greater vulnerability to environmental risk may explain higher premiums in Hispanic and Black neighborhoods, by adding a measure of Expected Annual Loss (EAL) from the Federal Emergency Management Agency (FEMA) for each ZIP code. While climate change is contributing to stronger and more frequent natural disasters and extreme weather, this risk is not evenly distributed. A recent Urban Institute study found that Hispanic homeowners face disproportionate exposure to hazards, suffer greater economic losses, and live in more vulnerable communities; Hispanic homeowners living in these communities face $3.1 billion in annual estimated losses.[37]

However, this analysis finds that controlling for environmental risk does not help explain the racial premium gap. In fact, the gap between what homeowners in Black and Hispanic communities pay versus those in white communities widens rather than narrows. One potential explanation is that much of the variation in environmental risk is already captured by the state variable, which was previously included in Model 1. Moreover, white homeowners are more exposed to environmental risks that are *insurable* (the only types of risks that we included in our models), while Hispanic homeowners are more exposed to risks not covered by HO-3 policies (the most common and standard homeowners insurance policies), such as flooding.[38]

The final model (**Model 3**) adds further controls, accounting for neighborhood variation in housing density and housing age, as well as the frequency and severity of insurance claims filed. Insurance companies have argued that denser neighborhoods and those with older homes represent higher risk, for example because fires can spread more quickly.[39] The industry also claims that pricing differences reflect actual losses in communities, which our model measures based on the frequency of claims and their severity (cost per claim). Model 3 shows that these factors do explain some of the racial premium gap, as the upcharge for Black and Hispanic neighborhoods narrows compared to Model 2. However, the racial premium gap remains significant and large.

Even after accounting for this full set of neighborhood risk factors, as well as variations between states, homeowners in Black and Hispanic neighborhoods still pay more for homeowners insurance than homeowners with the exact same type of policy and coverage in white neighborhoods. Specifically, homeowners in Black neighborhoods pay 10 percent more each year (or $318) in homeowners insurance premiums, while homeowners in Hispanic neighborhoods pay 11 percent more (or $350), on average.

The persistence of this inequality raises concerns about modern-day redlining: the practice of treating communities unfairly based on their racial composition rather than on objective measures of risk. These results raise concerns that insurers, by the use of small territorial pricing (i.e. varying pricing by neighborhoods), are introducing racial bias into their pricing practice.



A typical homeowner in a Black community can expect to pay a 16 percent higher premium (meaning $500 more per year) for identical coverage. The disparity is even larger in Hispanic communities: a typical homeowner in a Hispanic community pays a 30 percent higher premium ($950 more per year) than a typical homeowner in a white community would pay for the same policy.

Conclusion & Policy Recommendations

This report investigated racial inequalities in the cost of homeowners insurance. CFA's analysis reveals that homeowners in Black and Hispanic communities are charged significantly more for the same homeowners insurance coverage than homeowners living in predominantly white communities. Nationwide, homeowners in Black neighborhoods are charged 16 percent more and homeowners in Hispanic neighborhoods are charged 30 percent more on average. While some of the premium gap can be attributed to local risk factors, the disparities remain large even after accounting for these differences.

This "racial premium gap" can add up to tens of thousands of dollars in additional costs over the life of a mortgage: higher housing costs that further drain the wealth of homeowners in Black and Hispanic neighborhoods and aggravate long-standing racial homeownership gaps. For aspiring homeowners, these higher insurance costs can make or break their ability to purchase a home. For current homeowners, higher insurance costs can result in being forced to sell or risk falling behind on their mortgage.[40] As the cost of insurance continues to rise in the coming years, we expect to see even higher rates of mortgage distress and default in Black and Hispanic communities.[41]

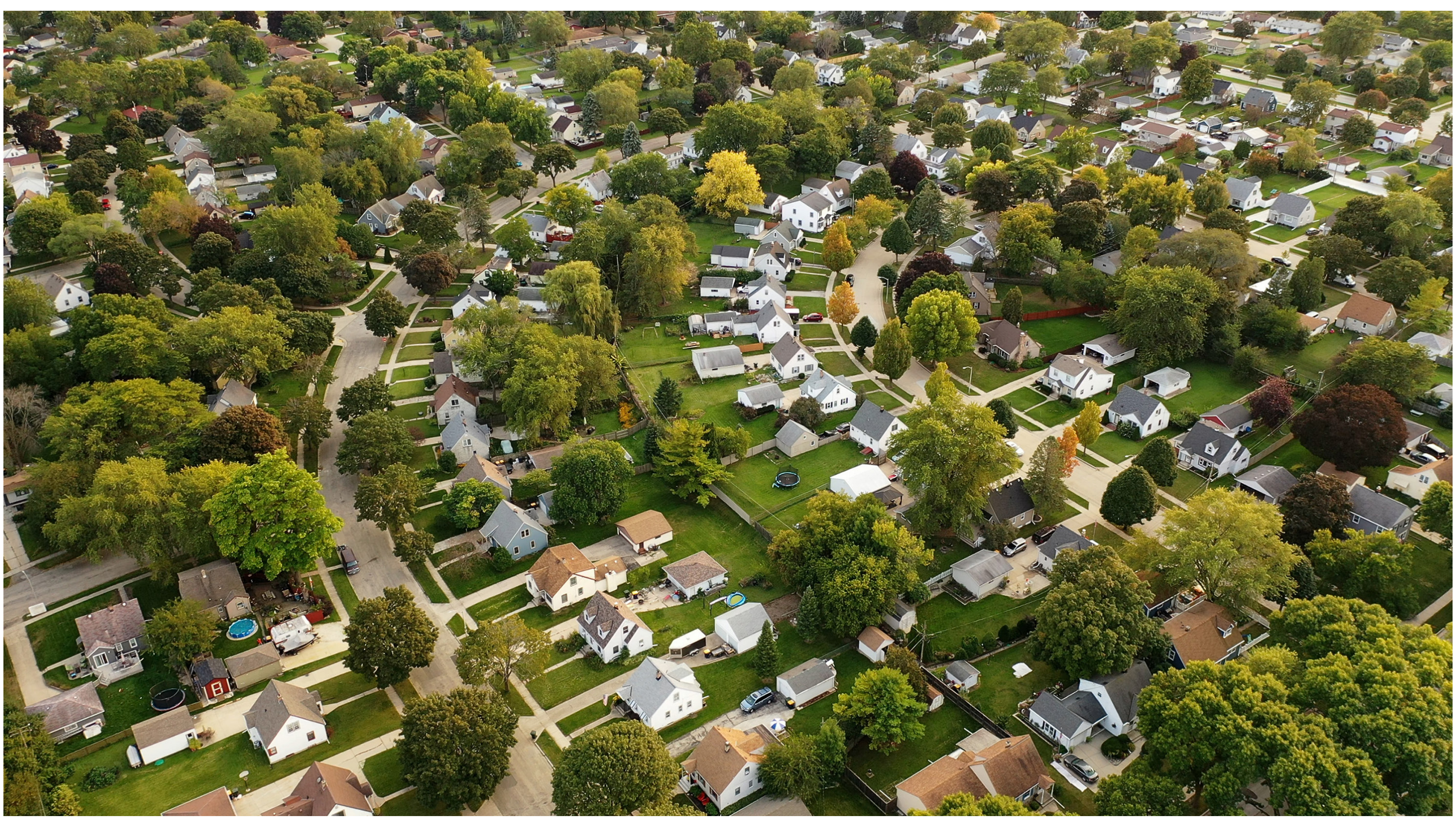
While striking, this report's estimate of the racial premium gap in homeowners insurance is likely an underestimate. Since the data come from official rate filings, they do not account for all the ways in which homeowners may experience insurance discrimination, such as in their interactions with agents or in the handling of claims. Moreover, the data only compare inequalities between neighborhoods, looking at differences in the cost of insurance for otherwise identical types of homeowners, homes, and policies. But Black and Hispanic homeowners tend to differ from white homeowners in important ways. For example, they may own homes that need repairs, for which they may have trouble finding home insurance altogether, or own older homes and so pay even more.[42] Additionally, Black and Hispanic homeowners tend to have lower credit scores on average, and previous CFA research has found that homeowners with lower credit scores are charged almost double for insurance than those with a higher credit score.[43] When looking at this full picture, the true racial premium gap is likely even larger.

To help eliminate the racial premium gap in the homeowners insurance market, policymakers should implement three key reforms:

1. **States should enforce insurance company compliance with fair housing laws and require regular company testing and disclosures to prevent disparate impacts.** State Insurance Commissioners should develop rating model testing to determine if insurance companies' pricing algorithms unfairly result in higher premiums for people of color, especially absent of a business necessity or given less discriminatory alternatives.[44] State Attorneys General should investigate homeowners insurance markets and prosecute insurers that unfairly charge certain groups of homeowners more, given Fair Housing Act protections that apply to homeowner insurance.

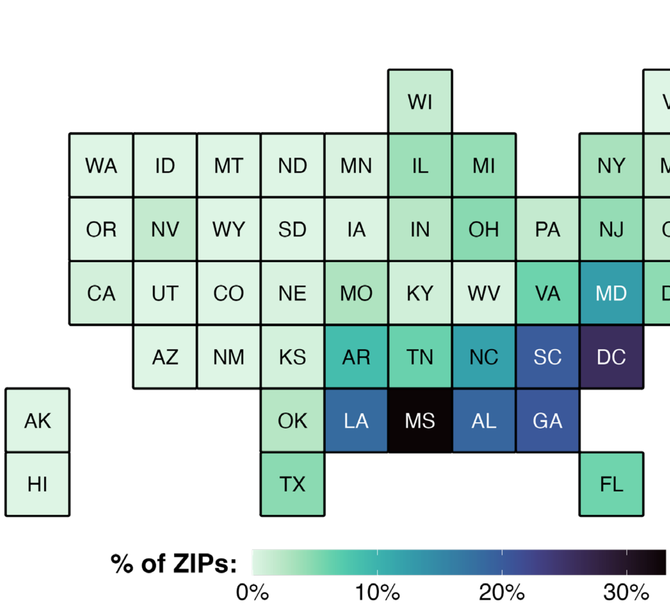
2. **States should prohibit insurers from using ZIP code or smaller geographic territories when setting premiums.** While the broad prohibition against "unfair discrimination" in most states empowers regulators to scrutinize territorial rating in homeowners insurance, the failure to eradicate the racial premium gap highlights a need for clearer standards from lawmakers and regulators. Insurers should not be allowed to rate along small territorial boundaries – whether ZIP code, census tract, or smaller – and should be limited to much larger regions of geography-based pooling of community risk. This would diminish the disparate impacts from small geography rating.

3. **Homeowners insurers' transaction-level data should be made public every year in a manner similar to provisions in the Home Mortgage Disclosure Act (HMDA).** Since 1975, HMDA has required mortgage lenders to report detailed, annual mortgage data that helps policymakers measure and combat discrimination and redlining. HMDA data also helps lenders understand their own performance relative to competitors, and to identify products and markets for business growth. But the insurance industry is opaque and closely guards its data, claiming that they are "industry secrets." Applying HMDA to insurance companies would help researchers more accurately measure the racial premium gap in homeowners insurance and work towards solutions. The Federal Insurance Office at the U.S. Treasury – or state insurance departments in the event of federal inaction – should collect data on homeowners insurance transactions and make them public annually.



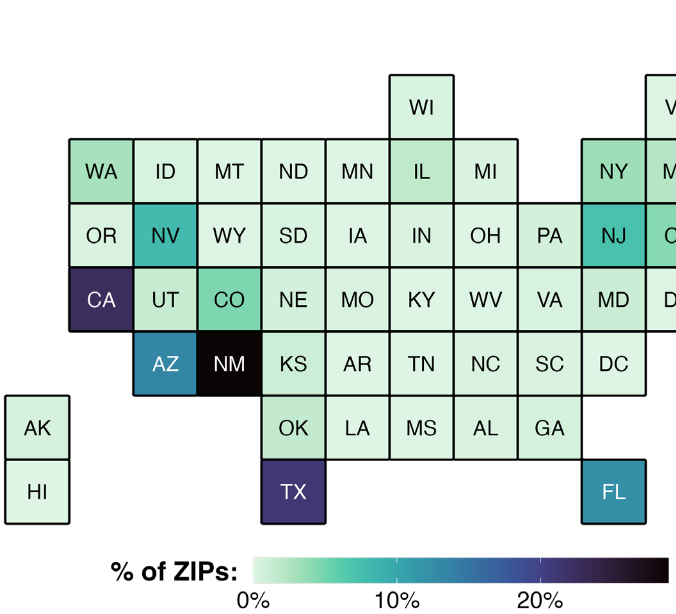
Appendix A: Maps of Predominantly Black and Hispanic ZIP Codes by State

Figure A-1: Predominantly Black ZIPs by State



Source: CFA analysis of Quadrant Information Services and American Community Survey data.
Note: Percentage of predominantly Black ZIPs as percentage of total ZIPs in each state. Only among 32,978 residential ZIPs in Quadrant data.

Figure A-2: Predominantly Hispanic ZIPs by State



Source: CFA analysis of Quadrant Information Services and American Community Survey data.
Note: Percentage of predominantly Hispanic ZIPs as percentage of total ZIPs in each state. Only among 32,978 residential ZIPs in Quadrant data.

Appendix B: Racial Premium Gaps by State

Figure B-1. Black Racial Premium Gap in All Applicable States

State	Black Premium Gap %	Black Premium Gap $	State	Black Premium Gap %	Black Premium Gap $
Alabama	-2%	-$76	Michigan	74%	$1,768
Arkansas	2%	$65	Missouri	-1%	-$44
California	16%	$280	Mississippi	-10%	-$375
Connecticut	-1%	-$29	North Carolina	-32%	-$1,233
District of Columbia	0%	$0	New Jersey	22%	$332
Florida	13%	$1,134	New York	19%	$417
Georgia	5%	$149	Ohio	5%	$109
Illinois	10%	$279	Oklahoma	4%	$260
Indiana	12%	$343	Pennsylvania	57%	$1,048
Kansas	-1%	-$35	South Carolina	-3%	-$86
Kentucky	8%	$429	Tennessee	15%	$420
Louisiana	11%	$730	Texas	14%	$661
Massachusetts	20%	$321	Virginia	19%	$410
Maryland	14%	$235	Wisconsin	6%	$111

Source: CFA analysis of Quadrant Information Services and American Community Survey data.

Note: Neighborhood racial composition is based on the predominant race of households in the ZIP code. Among states with at least five predominantly Black ZIPs. Racial premium gap is not adjusted for neighborhood-level risk factors, which helps explain why some states have negative premium gaps (such North Carolina).

Figure B-2. Hispanic Racial Premium Gap in All Applicable States

State	Hispanic Premium Gap %	Hispanic Premium Gap $	State	Hispanic Premium Gap %	Hispanic Premium Gap $
Arizona	2%	$44	New Jersey	5%	$71
California	4%	$63	New Mexico	4%	$112
Colorado	6%	$231	Nevada	13%	$195
Connecticut	6%	$146	New York	20%	$431
Florida	58%	$5,014	Oklahoma	5%	$290
Illinois	2%	$52	Pennsylvania	15%	$270
Kansas	15%	$633	Texas	-6%	-$313
Massachusetts	16%	$244	Washington	18%	$278
Maryland	-1%	-$9			

Source: CFA analysis of Quadrant Information Services and American Community Survey data.

Note: Neighborhood racial composition is based on the predominant race of households in the ZIP code. Among states with at least five predominantly Hispanic ZIPs. Racial premium gap is not adjusted for neighborhood-level risk factors, which helps explain why some states have small negative premium gaps.

Endnotes

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3. Friedman, Nicole. "Insurance and Taxes Now Cost More Than Mortgages for Many Homeowners." The Wall Street Journal. December 23, 2024. https://www.wsj.com/economy/housing/home-insurance-property-tax-vs-mortgage-cost-43ab76ed?st=P8SxeT.

4. This report defines predominantly white (Hispanic or Black) communities as ZIP codes where the largest racial and ethnic group is white (Hispanic or Black): this includes communities where less than 50 percent of residents are of any given race or ethnicity.

5. This term – "racial premium gap" – bears a similarity to the term "Black/white premium gap" used in the District of Columbia's Department of Insurance, Securities, and Banking (DISB) report entitled "Evaluating Unintentional Bias in Private Passenger Automobile Insurance." While there are certain similarities in the findings, the methodologies deployed in the two reports widely differ, including DISB's use of Bayesian-improved firstname surname geocoding (BIFSG) rather than the ZIP-code demographics approach used here. See https://disb.dc.gov/page/evaluating-unintentional-bias-private-passenger-automobile-insurance

6. This report focuses on HO-3 homeowners insurance policies for homeowners. While we do not have data on insurance costs for multifamily properties, pricing in those markets may reflect the same racial inequities. In that case, higher insurance costs would also impact Black and Hispanic renters. See Schneider, Franklin. "Soaring Property Insurance Rates Threaten Affordable Housing Development." Shelterforce. March 26, 2024. https://shelterforce.org/2024/03/26/soaring-property-insurance-rates-threaten-affordable-housing-development/.

7. Cornelissen, Sharon, Douglas Heller, and Michael DeLong. "Exposed: A Report on $1.6 Trillion of Uninsured American Homes." Consumer Federation of America. March 11, 2024. https://consumerfed.org/wp-content/uploads/2024/03/Exposed-UninsuredHomes-1.pdf.

8. Redlining is defined as a discriminatory practice where financial services, such as mortgages, loans, or insurance coverage, are denied to neighborhoods based on their racial or ethnic composition.

9. Consumer Financial Protection Bureau. "Mortgage Data: HMDA." Retrieved on May 5, 2026. https://www.consumerfinance.gov/data-research/hmda/; McCoy, Patricia. "The Home Mortgage Disclosure Act: A Synopsis and Recent Legislative History." Journal of Real Estate Research 29(4): 381-398. 2007. https://doi.org/10.1080/10835547.2007.12091207.

10. Rothstein, Richard. The Color of Law: A Forgotten History of How Our Government Segregated America. Norton. 2018. https://wwnorton.com/books/the-color-of-law/.

11. Squires, Gregory. "Racial Profiling, Insurance Style: Insurance Redlining and the Uneven Development of Metropolitan Areas." Journal of Urban Affairs 25(4): 391-410. P. 398. 2003. https://content.naic.org/sites/default/files/committee_related_documents/committees_c_090430_hearing_supplements_squires.pdf.

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13. "Redlining in Richmond: HOME v. Nationwide." Housing Opportunities Made Equal. Retrieved on April 6, 2026. https://homeofva.org/wp-content/uploads/2020/06/RIR_Booklet_HUD_10_26_18_Web.pdf.

14. Delong, Michael. "How Racial Discrimination in Homeowners Insurance Contributes to Systemic Racism and Redlining." Consumer Federation of America (blog). June 17, 2022. https://consumerfed.org/how-racial-discrimination-in-homeowners-insurance-contributes-to-systemic-racism-and-redlining/.

15. "Justice Department Obtains $16 Million Settlement Against American Family Mutual Insurance for Allegedly Refusing to Insure African American Homes." Department of Justice. March 30, 1995. https://www.justice.gov/archive/opa/pr/Pre_96/March95/175.txt.html.

16. Flitter, Emily. "Black Homeowners Struggle

to Get Insurers to Pay Claims." The New York Times. December 29, 2020. https://www.nytimes.com/2020/12/29/business/black-homeowners-insurance-claim.html; Flitter, Emily. "New Suit Uses Data to Back Racial Bias Claims Against State Farm." The New York Times. December 14, 2022. https://www.nytimes.com/2022/12/14/business/state-farm-racial-bias-lawsuit.html.

17. Maryland Insurance Administration. "MARKET CONDUCT EXAMINATION REPORT OF THE INSURANCE BUSINESS OF: Erie Insurance Company, Erie Insurance Exchange, Erie Family Life Insurance Company." January 23, 2025. https://insurance.maryland.gov/Consumer/Appeals%20and%20Grievances%20Reports/MarketConductExam-ErieInsurance-1232025.pdf; see also Simpson, Andrew G. "Maryland Regulator Takes Action Against Erie Insurance Over Discrimination Claims." Insurance Journal. March 14, 2025. https://www.insurancejournal.com/news/east/2025/03/14/815586.htm.

18. Section 27-501 of the Maryland Insurance Article. https://mgaleg.maryland.gov/mgawebsite/Laws/StatuteText?article=gin&section=27-501.

19. Regulators and advocates should closely watch the use of AI in insurance markets. While we lack information on how AI may already be deployed in underwriting and claim decisions, the irresponsible use of AI could further amplify legacies of redlining: models trained on the industry's data, without an explicit eye on fair housing and disparate impact, could reinforce patterns of racial inequalities as found in this and previous research.

20. Birss, Moira, Sharon Cornelissen, Michael DeLong, Nick Graetz, Douglas Heller, and Ethan Weiland. "Penalized: The Hidden Cost of Credit Scores in Homeowners Insurance Premiums." Consumer Federation of America and Climate and Community Institute. August 2025. https://consumerfed.org/wp-content/uploads/2025/08/Penalized-Final.pdf.

21. Notably, credit scores are misplaced in determining insurance, since if a consumer stops paying their insurance coverage stops immediately; credit is not being extended.

22. "Past Imperfect: How Credit Scores 'Bake In' and Perpetuate Past Discrimination." National Consumer Law Center. February 2024. https://www.nclc.org/wp-content/uploads/2016/05/20240227_Issue-Brief_Past-Imperfect.pdf. See also Kabler, Brent. "Insurance-Based Credit Scores: Impact on Minority and Low Income Populations in Missouri." Missouri Department of Insurance. January 2004. https://insurance.mo.gov/sites/insurance/files/2024-10/credscore.pdf; "Use of Credit Information by Insurers in Texas." Texas Department of Insurance. December 2004. https://www.tdi.texas.gov/reports/documents/creditrpt04.pdf.

23. The FHFA now officially treats insurance policies with "Actual Cash Value" coverage for roofs (in which claim payments are reduced by a depreciation factor) as acceptable coverage, which will leave homeowners with older roofs dramatically underinsured in the event of catastrophic damage. See https://www.fhfa.gov/news/news-release/fannie-mae-and-freddie-mac-remove-certain-homeowners-insurance-requirements-that-will-reduce-costs.

24. Cornelissen, Sharon, Douglas Heller, and Michael DeLong. "Exposed: A Report on $1.6 Trillion Dollars of Uninsured American Homes." Consumer Federation of America. March 2024. https://consumerfed.org/wp-content/uploads/2024/03/Exposed-UninsuredHomes-1.pdf.

25. On how a lack of homeowners insurance access impacts housing and communities, see Cornelissen, Sharon. The Last House on the Block: Black Homeowners, White Homesteaders, and Failed Gentrification in Detroit. The University of Chicago Press. 2025. https://press.uchicago.edu/ucp/books/book/chicago/L/bo255945877.html.

26. "Meeting the Insurance Crisis of Our Cities: A Report." President's National Advisory Panel on Insurance in Riot-Affected Areas. Government Printing Office. January 1968. https://play.google.com/store/books/details?id=_h9YT0Zbu9gC&rdid=book-_h9YT0Zbu9gC&rdot=1&pli=1.

27. Quadrant Information Services website: https://quadinfo.com/.

28. For a different kind of analysis that examines the different costs of insurance across a wide variety of homeowners, see Zhu, Jun, Janneke Radcliffe, John Walsh, and Bryson Berry. "Property Insurance Affordability: How Rising Costs Burden Mortgage Borrowers." Urban Institute. May 18, 2026. https://www.urban.org/research/publication/property-insurance-affordability

29. 2024 ACS Tables B25003A through B25003I. See https://data.census.gov/.

30. The racial and ethnic groups available in the 2024 ACS are White Alone, Black or African American, American Indian or Alaska Native Alone, Asian Alone, Native Hawaiian or Pacific Islander Alone, Some Other Race Alone, Two or More Races, White Alone Not Hispanic or Latino, Hispanic or Latino. We use the term "Hispanic" instead of "Latino" due to its predominance in federal datasets. Note that white excludes Hispanic or Latino.

31. Ge, Shan, Stephanie Johnson, and Nitzan Tzur-Ilan. "The Effect of Rising Insurance Premiums on Mortgage Delinquency and Household Relocation." Federal Reserve Bank of Dallas. October 18, 2024. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4992281.

32. Sullivan, Briana, Donald Hays, and Neil Bennett. "Households With a White, Non-Hispanic Householder Were Ten Times Wealthier Than Those With a Black Householder in 2021." United States Census Bureau. April 23, 2024. https://www.census.gov/library/stories/2024/04/wealth-by-race.html.

33. Racial inequalities in premiums may be even greater if we take into account differences in the age of homes or in the credit scores of policyholders: this report's "racial premium gap" is a conservative estimate.

34. This research looks at inequalities between ZIP codes. This is a limitation of our dataset: ZIP codes are larger and more diverse than tracts, and therefore, may be less precise in measuring the role of race. Moreover, we know that insurance companies may charge different prices at even smaller geographical levels, including census tracts or the smaller still census tract block groups.

35. As shown in online Appendix Figure D-2, predominantly Black communities have an average annual claim frequency of 7.92% compared to an average claim frequency of 5.47% in predominantly white communities.

36. Cornelissen, Sharon, Douglas Heller, Ethan Weiland, and Michael DeLong. "Overburdened: The Dramatic Increase in Homeowners Insurance Premiums and Its Impacts on American Homeowners." Consumer Federation of America. April 2025. https://consumerfed.org/wp-content/uploads/2025/03/OverburdenedReport.pdf.

37. Zhu, Linna, John Walsh, and Bryson Berry. "Latino Homeowner Risk from Natural Disasters." Urban Institute. October 2025. https://www.urban.org/sites/default/files/2025-10/Latino_Homeowner_Risk_from_Natural_Disasters.pdf.

38. The predominantly Hispanic ZIP codes actually average a slightly lower annual expected loss versus the predominantly white ZIP codes included in this analysis ($434,765 versus $442,608), see online Appendix Figure D-2.

39. Progressive. "How to Get Homeowners Insurance for an Older Home." Retrieved on May 6, 2026. https://www.progressive.com/answers/homeowners-insurance-for-older-homes/.

40. Ge, Shan, Stephanie Johnson and Nitzan Tzur-Ilan. "Home Insurance Premiums Influence Mortgage Delinquencies, Relocation." Federal Reserve Bank of Dallas, March 24, 2026. https://www.dallasfed.org/research/economics/2026/0324

41. Further research should pay close attention to the relationship between rising delinquencies (such as in FHA mortgages) and geographic and racial inequalities in the cost of homeowners insurance. There is already evidence that delinquency rates are rising among those with FHA mortgages.

42. Media and advocates have flagged the issue of insuring older homes in Black communities in Detroit, Baltimore, and Chicago. See Mondry, Aaron. "Detroiters Can't Fix Up Their Houses Without Insurance-But Can't Get Insurance Until Repairs Are Made." Outlier Media. March 25, 2026. https://outliermedia.org/home-insurance-detroit-homeowners-repair-loans/.

43. Birss, Moira, Sharon Cornelissen, Michael DeLong, Nick Graetz, Douglas Heller, and Ethan Weiland. "Penalized: The Hidden Cost of Credit Scores in Homeowners Insurance Premiums." Consumer Federation of America and Climate and Community Institute. August 12, 2025. https://consumerfed.org/news/reports/penalized-the-hidden-cost-of-credit-score-in-homeowners-insurance-premiums/

44. Congressional Research Service. "What is Disparate-Impact Discrimination?" April 2026. https://www.congress.gov/crs-product/IF13057.

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