



Consumer Federation of America

# EXPOSED: A Report on 1.6 Trillion Dollars of Uninsured American Homes

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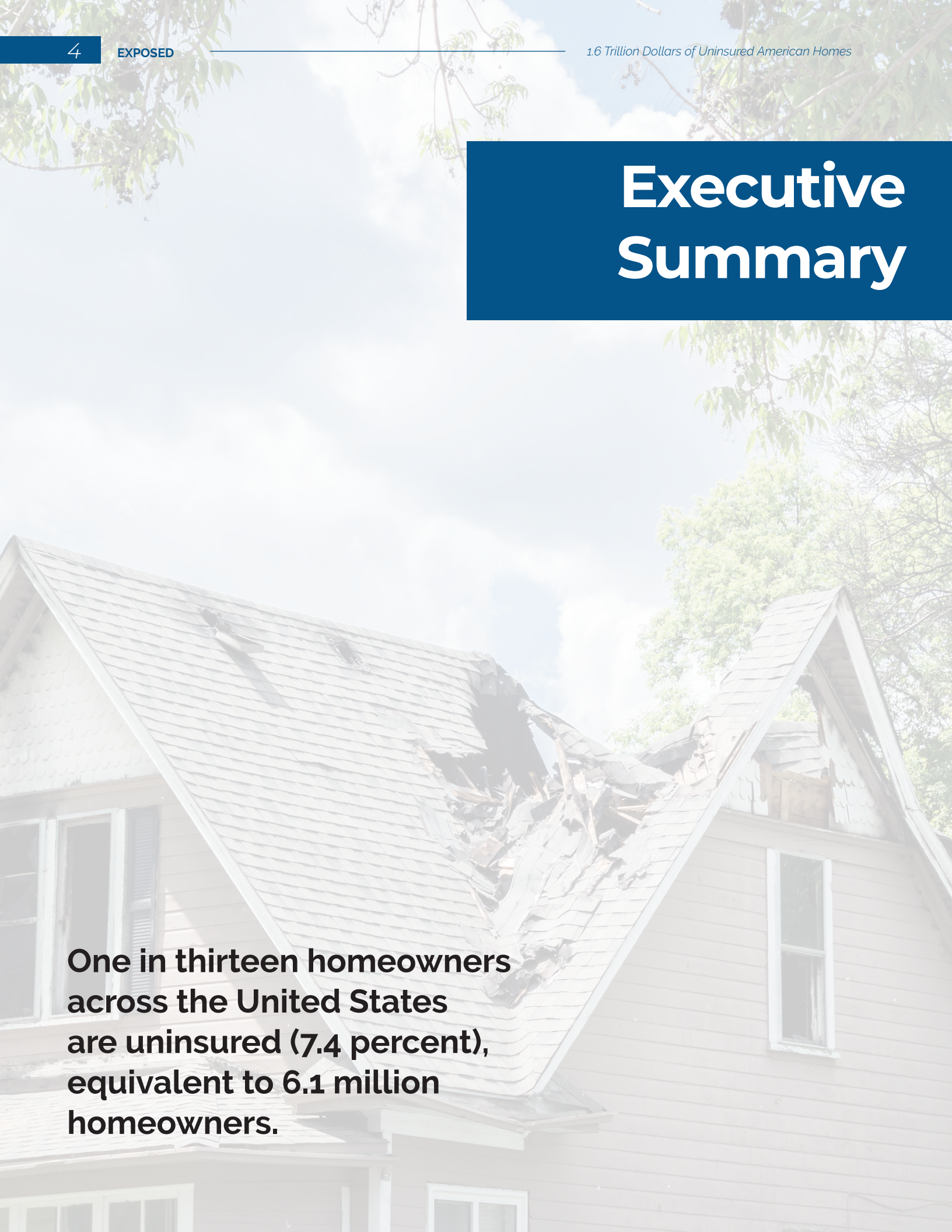
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Even with conservative estimates, an estimated \$1.6 trillion in property value of uninsured homes was at risk in 2021: this includes \$339 billion of uninsured Hispanic-owned homes and \$206 billion of uninsured Black-owned homes.

# Executive Summary



**One in thirteen homeowners across the United States are uninsured (7.4 percent), equivalent to 6.1 million homeowners.**

For most American homeowners, their home is not only their greatest financial asset but also a key source of financial stability, community, and personal pride. Homeowners insurance is an essential financial tool to protect their homes in case of unexpected damage. This product is mandatory for consumers with a mortgage on their home. However, in recent years escalating climate disasters and spiking prices in the global reinsurance market have placed serious financial strain on the homeowners insurance system and on homeowners across the United States.

Today many consumers struggle to afford steeply increased premiums, while others find it difficult to obtain insurance in the private market altogether. Concerns are growing that many American homeowners are forced by financial realities to forego homeowners insurance, sometimes called "going bare." But going bare puts consumers at risk of accruing significant financial debt to repair their homes, having to live with unsafe and inadequate housing conditions, or moving from homeowner to homeless after disaster strikes.

Based on an analysis of 2021 American Housing Survey data from the US Census Bureau, this report finds that:

- One in thirteen homeowners across the United States are uninsured (7.4 percent), equivalent to 6.1 million homeowners.
- Homeowners making under \$50,000 a year are twice as likely as the general population to be uninsured (15 percent).
- Homeowners of color are disproportionately at risk, with an estimated 22 percent of Native American, 14 percent of Hispanic, and 11 percent of Black homeowners having no homeowners insurance.
- Over one third (35 percent) of owners of manufactured homes, as well as 29 percent of those who have inherited their homes, have no homeowners insurance.
- Homeowners living in rural areas and those living in the metropolitan areas of Miami and Houston are most likely to not have homeowners insurance.
- Even with conservative estimates, an estimated \$1.6 trillion in property value of uninsured homes was at risk in 2021: this includes \$339 billion of uninsured Hispanic-owned homes and \$206 billion of uninsured Black-owned homes.

We conclude by offering research and policy recommendations:

1. More data are needed to track insurance gaps and pre-existing and emerging inequalities in insurance markets.
2. The precarity of the homeowners insurance market poses a systemic risk to our nation's housing markets. Fixing this will require both investing in risk reduction and reducing insurers' overreliance on unregulated reinsurance.
3. Unavailable and unaffordable homeowners insurance continue to impact the racial wealth and homeownership gaps. We need more research that examines racial discrimination in insurance markets.

# Homeowners making under \$50,000 a year are twice as likely as the general population to be uninsured (15 percent)

## Introduction

We often think about achieving homeownership as the pinnacle of the American Dream. Those who own a home usually enjoy greater housing stability, feel more connected to their local community, and are more politically engaged.<sup>1</sup> As homeowners build home equity over time and see their home value appreciate, they also have a chance to build wealth, which they often pass on to the next generation.<sup>2</sup> This is especially true for households of color.<sup>3</sup> However, owning a house is no guarantee of financial stability. While most homeowners today have locked in low interest rates through 30-year fixed rate mortgages, their monthly payments may still surge due to rising local property taxes and homeowners insurance premiums.

Homeowners insurance is essential for homeowners to successfully repair or rebuild their homes after a loss. Indeed, insurance is key to what researchers and advocates have called "sustainable homeownership," the ability for homeowners to maintain and stay in their homes long-term.<sup>4</sup> Almost all mortgage issuers, including for all Fannie Mae and Freddie Mac conforming mortgages and for government-backed loans such as Federal Housing Administration (FHA) mortgages, require homeowners to keep homeowners insurance for the duration of their mortgage. Those living in Federal Emergency Management Agency (FEMA)-designated flood zones or hurricane-prone areas may be required to buy additional types of insurance that cover these kinds of events. Homeowners without a mortgage can decide to forego home insurance. Uninsured homeowners, though, face serious risks of not only losing their homes, but also their most valuable financial asset. One major storm or fire can turn an uninsured homeowner into an unhoused family or leave them living in the wreckage of a dangerous, damaged house.<sup>5</sup>

This report examines the issue of uninsured homeowners in the United States. It is one of the first publications that offers high-quality, national estimates on this emerging problem and offers original data analysis on an issue for which very little public data are available. We analyzed 2021 American Housing Survey data, a nationally representative dataset collected biannually by the US Census Bureau and one of the best national surveys on housing.<sup>6</sup> Drawing on a final sample of 31,669 observations of homeowners, we document the national issue of uninsured homeowners, including what kind of housing and financing they have, who they are, where they live, and the property value of their uninsured homes at risk.

We found that 6.1 million (7.4 percent) homeowners lacked homeowners insurance, which is equivalent to one in thirteen homeowners across the United States. These households are at risk of losing their homes in the face of ever-escalating climate disasters and storms. Vulnerabilities vary widely across subgroups, with owners of manufactured homes; Native American, Hispanic, and Black homeowners; and homeowners who inherited their homes among the most vulnerable populations. Moreover, our analysis demonstrates that while the issue of uninsured homeowners is a national one, homeowners in rural areas, the climate-vulnerable metropolitan areas of Miami and Houston, and states including Mississippi, New Mexico, and Louisiana are among the most likely to go uninsured.

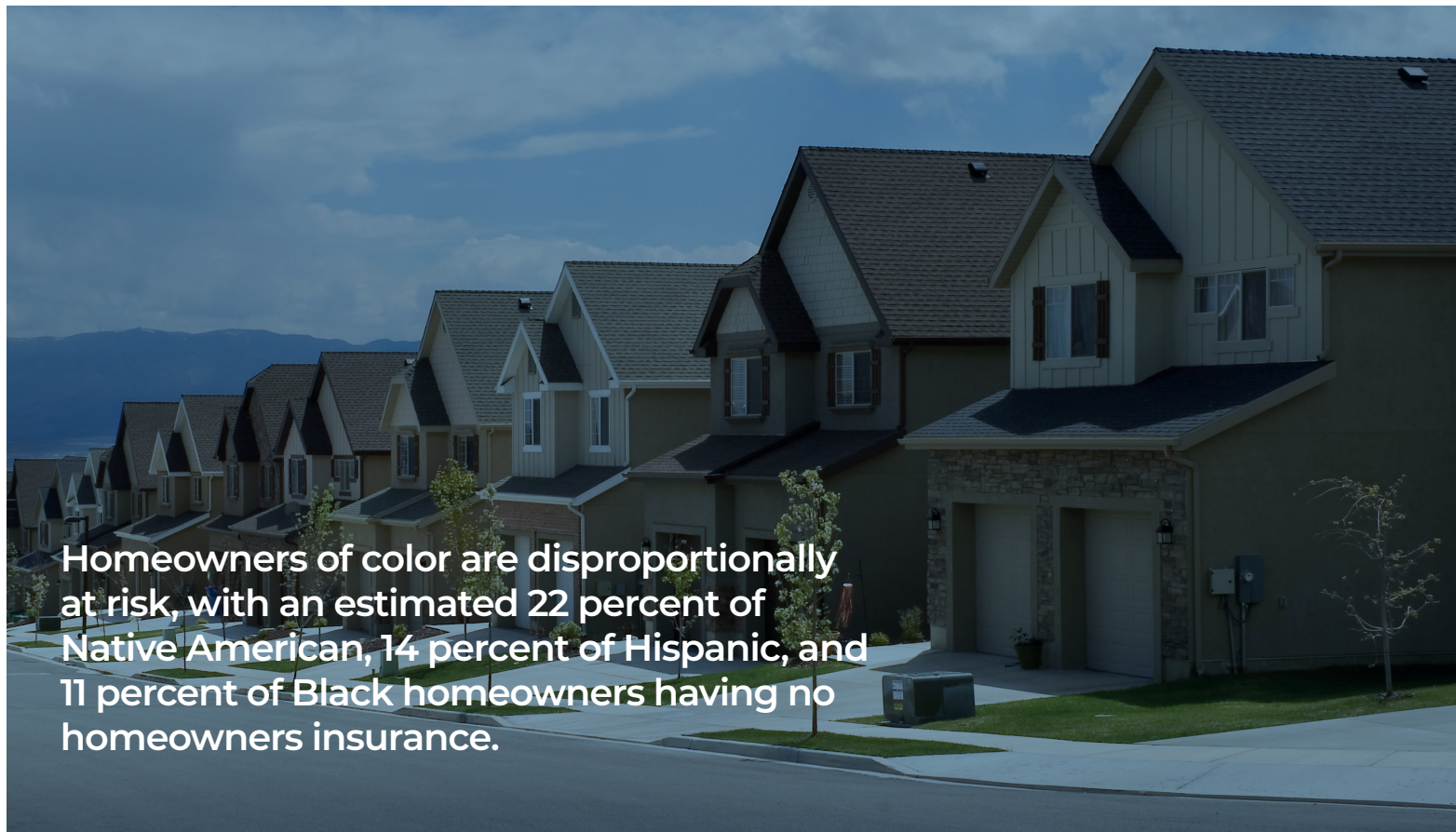
Even as we find that millions of homeowners are uninsured nationwide, our estimates are conservative as we only focus on whether homeowners lacked basic homeowners insurance in 2021. We do not look at those who lack specialized flood or earthquake insurance and our estimates do not cover the issue of underinsured

homeowners, who have insurance that will not fully cover the cost of rebuilding their homes.<sup>7</sup> We also expect that the number of uninsured homeowners has risen since 2021, as insurance companies have increasingly pulled out of states and homeowners have had to contend with double-digit rate hikes.<sup>8</sup>

Our findings further underline the importance of collecting and making available more data about insurance costs, coverage, and access across the country. This includes

an important contributor to racial inequality. Inequalities in who has homeowners insurance will likely widen the long-standing racial wealth gap, as uninsurance disproportionately impacts Hispanic, Black, and Native American homeowners. Over time, insurance access is likely to become a key decider of who can fully reap the benefits of homeownership, including maintaining their home and building wealth.

Our report puts this problem on the national agenda,



**Homeowners of color are disproportionately at risk, with an estimated 22 percent of Native American, 14 percent of Hispanic, and 11 percent of Black homeowners having no homeowners insurance.**

the need for state and federal agencies to collect more granular and timely insurance data, such as through data calls by individual state regulators, the National Association of Insurance Commissioners, and the Federal Insurance Office.<sup>9</sup> We also need more reliable estimates of insurance cost and uninsurance in national surveys such as the American Community Survey.<sup>10</sup>

Being uninsured poses a potential threat not only to individual homeowners but also to communities and our national housing stock. Being uninsured can foster deeper economic precarity for millions of homeowners across the country, especially those with lower incomes, and is


calls for more research on homeowners insurance, and urges policymakers to develop solutions to better protect homeowners, their homes, and communities.

### **Homeowners Insurance: A Background**

Owning a home comes with the risk that this asset could be destroyed or incur damage that would be too costly to repair. Insurance affords owners the opportunity to transfer that risk to an insurer for the price of a monthly premium payment. If the home is damaged, the insurer absorbs the cost by paying to rebuild or repair the home, subject to the deductible, limits, and exclusions of the policy.

A homeowners insurance policy serves another purpose: it protects mortgage lenders from the possibility that the collateral backing the loan they provide – the house itself – will lose all or most of its value. Home loans backed by the government-sponsored enterprises Fannie Mae and Freddie Mac, as well as by Ginnie Mae, can only be extended to a homeowner if the home is properly insured with sufficient coverage. Universally, lenders require that homeowners maintain property insurance as a condition of their loan. The availability of home insurance is, therefore, not just an essential tool of homeownership, but central to the functioning of the American housing finance system.

Homeowners insurance, as with all insurance lines of coverage, is regulated at the state level. Rates, underwriting rules, pricing algorithms, and policy language differ significantly from state to state. In recent years homeowners across the country have felt the pressure of escalating rates, diminishing coverage, and declining availability. Congressional hearings in 2023 highlighted the growing public concern regarding the nation's home insurance markets.<sup>12</sup> Homeowners insurance has also earned media headlines as insurance companies announced suspensions of new policy sales in certain communities and a complete withdrawal in some states.<sup>13</sup>



**Over one third (35 percent) of owners of manufactured homes, as well as 29 percent of those who have inherited their homes, have no homeowners insurance.**

Notably, basic home insurance policies do not cover damage caused by floods, so that protection is purchased as a separate standalone policy. While in some instances – where flood maps identify severe flood risk – a flood insurance policy is also required by a lender, most homeowners are not required to purchase flood coverage and most do not. Earthquake coverage is similarly excluded from the homeowners policies in quake-prone states and most homeowners, even in regions vulnerable to earthquake risk, do not purchase this coverage.<sup>11</sup>

At the center of the insurance market problems lies the intersecting effects of climate change and insurance company reliance on reinsurance markets, the coverage that insurance companies purchase to offload some of the risk they assume from their policyholders. Insurance costs are being driven in part by the undeniable increase in catastrophic weather events due to climate change. With more frequent and more severe losses to homes and other properties, insurance payout costs are rising.<sup>14</sup>



The explosion in catastrophic exposure also pushes up the costs of reinsurance, which is sold to insurers in a global and unregulated market. This unregulated market has tightened over the past several years and reinsurance rates have seen the sharpest and longest continuous rise in at least thirty years.<sup>15</sup> Consequently, domestic homeowners insurance companies have turned to other strategies to protect profits, namely, increasing rates, limiting underwriting, and reducing the coverage offered to consumers.<sup>16</sup> In addition, regulatory weakness at the state level has allowed insurers to pull back from local markets with very little resistance.

The problems of risk driven by climate change, skyrocketing reinsurance costs, and regulatory weakness may not be preconditions for the worrisome level of uninsured homes in the United States, but they have certainly exacerbated this problem. When people cannot afford homeowners insurance, buying a home becomes even more unaffordable and out of reach.<sup>17</sup> Those who own their homes outright may feel forced to make the difficult decision to “go bare” without homeowners insurance.

The impact of this financial decision could be disastrous for households. If they face even a minor loss they cannot afford to repair, they will either incur expensive debt to finance the repair or live with the unsafe housing conditions and diminished home value. Without insurance coverage, consumers must pay for all repairs and rebuilding out of their own pocket, and they must also replace damaged possessions on their own, unless the damage resulted from a declared disaster. In the case of a declared disaster, homeowners may apply for FEMA assistance grants of up to \$42,500 available for home repairs and the same amount for certain essential household items and other needs.<sup>18</sup> FEMA data show, however, that the average Individuals and Households Program (IHP) assistance grant provided in the wake of a declared disaster is \$3,554.<sup>19</sup> When disaster strikes, a significant loss may force these homeowners to abandon their destroyed home altogether and go from homeowner to renter, or in the worst situation, homelessness.

Where there are concentrations of uninsured properties, the long-term impact of natural disasters on taxpayers and community resilience will be made worse due to the lack of coverage. Indeed, the impacts of uninsurance could cascade as unrepaired properties leave homeowners less safe, neighborhoods disinvested, and tax bases weakened, feeding a cycle of decline.<sup>20</sup>

## Data and Research

### Methods

The Consumer Federation of America conducted this study to help us better understand which consumers lack homeowners insurance. We answer the following questions:

1. How many households lack homeowners insurance nationwide?
2. Which households are more likely to lack homeowners insurance, what is their housing like, and where do they live?
3. What is the total value of uninsured homes owned by American homeowners, and what portion of uninsured homes belong to Black and Hispanic homeowners?

We analyzed data from the 2021 American Housing Survey (AHS), a biannual survey conducted by the Census Bureau since 1973, which is the most comprehensive, nationally representative housing survey in the United States.<sup>21</sup> It provides information about the composition and quality of the nation's housing stock, housing expenses including homeowners insurance, household demographics, and geographical variation in homeowners insurance coverage.

Through a close examination of AHS public data, we found a little-recognized measure of who lacks homeowners insurance.<sup>22</sup> In our analysis, all survey responses were weighted to make our estimates nationally representative. We looked at homeowners only, and our final sample size included 31,669 observations. We conducted additional statistical analyses not reported in this paper, including standard errors and regression analysis, to ensure the robustness of results.<sup>23</sup> For a more technical discussion on data, see the Appendix.

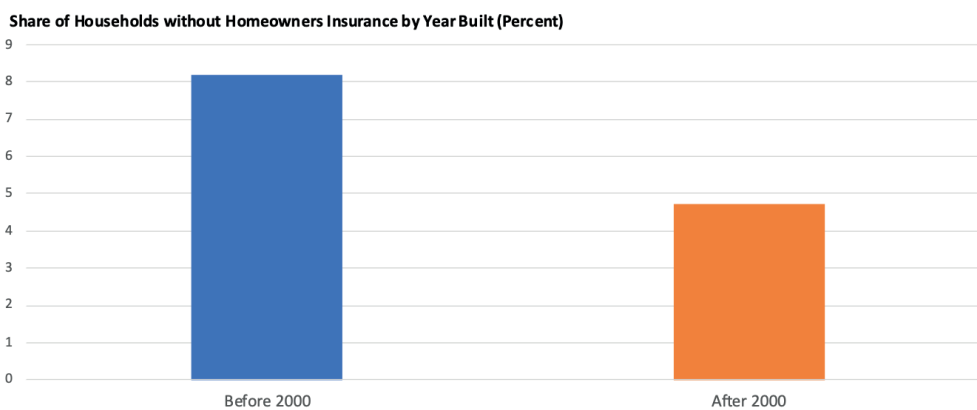
We only report on owner-occupied home, in which the household owns and lives in the home or housing unit. This report does not include information about renters insurance or on property insurance carried by housing developers, landlords, and investor-owned housing. If these households were to be included, an even greater number of households and their personal property are at risk of being uninsured.

## Findings:

According to our analysis, an estimated 6.1 million (7.4 percent) homeowners lacked homeowners insurance in 2021, which is equivalent to one in thirteen homeowners across the United States. Being uninsured leaves these homeowners vulnerable to having to live in unhealthy and unsafe housing conditions, such as with damaged roofs and mold exposure. Uninsured homeowners also run the risk of losing their homes altogether, due to disasters or unexpected, costly repairs stemming from more localized damage, such as a kitchen fire.

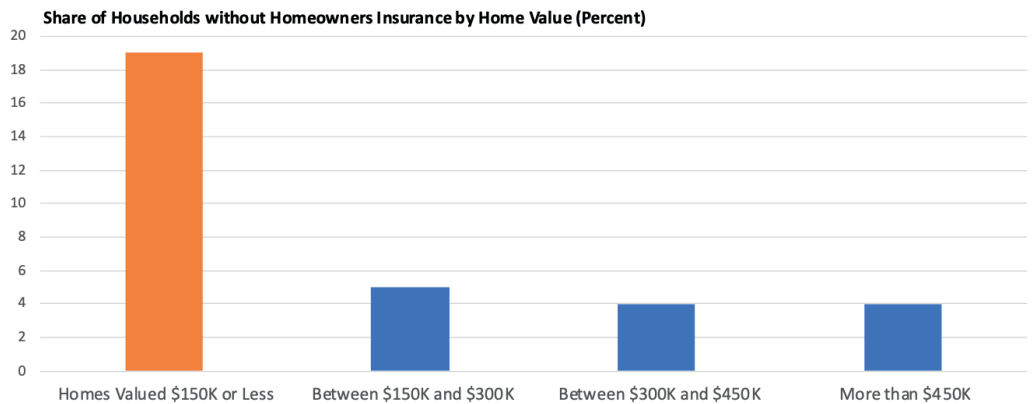
When we examined older American Housing Survey data (2015, 2017, and 2019), we found that the national share of uninsured homeowners has been relatively stable over time. Nonetheless, our 2021 data does not yet capture the impact of recently escalating home insurance premiums and insurance companies leaving disaster-prone states altogether. We expect that rising insurance premiums and diminishing access to homeowners insurance will

## Figure 2: Homes Built Before 2000 Are More Likely to be Uninsured



Source: Consumer Federation of America analysis of 2021 AHS data.

## Figure 1: Lower-Valued Homes Are Most Likely to Not Have Insurance



Source: Consumer Federation of America analysis of 2021 AHS data.

imperil more households over the years to come. Without insurance, homeownership becomes precarious. Uninsured households miss out on the full benefits of owning their home, including the ability to build home equity and wealth. The next sections examine more closely which homes and households are most at risk.

### Home Types and House Financing

The risk of being uninsured varies widely by housing type. We found that the problem of uninsured homeowners is disproportionately concentrated among homes that have low values. We found that lower-valued homes,

which are worth \$150,000 or less, are by far the most likely to lack homeowners insurance. **Figure 1** shows that 19 percent of lower-valued homes are uninsured. By contrast, only 4 to 5 percent of homes worth over \$150,000 do not have insurance. While lower-valued homes include many manufactured homes, we find that this indicates a broader vulnerability of the lower-valued, affordable housing stock.

Older homes were also more likely to be uninsured. **Figure 2** shows that homes built before 2000 are almost twice as likely to be uninsured compared to homes built in the last two decades. Within the older, pre-2000 housing stock, we found no significant differences in the likelihood of being uninsured. While older homes are often more affordable to lower-income homeowners, they are more likely to require expensive repairs and have maintenance issues caused by age and outdated infrastructure. This aging housing stock also runs a much higher risk of falling into disrepair or facing costly damage caused by disasters, as they were built based on older building codes without climate-resiliency standards.<sup>24</sup>

Rates of uninsured homeowners also highly varied by the type of home they owned. Owners of manufactured homes are much more likely to lack homeowners insurance compared to homeowners who lived in single-family or multi-family houses.<sup>25</sup> **Figure 3** shows that more than one-third (35 percent) of owners of manufactured homes lack homeowners insurance. By comparison, 5 percent of homeowners of single-family homes are uninsured.

Manufactured homes represent a significant and growing share of our nation's affordable housing stock, including for lower-income families and older adults, as well as in rural areas. With lower production costs, they represent an excellent opportunity for entry-level homeownership.<sup>26</sup>

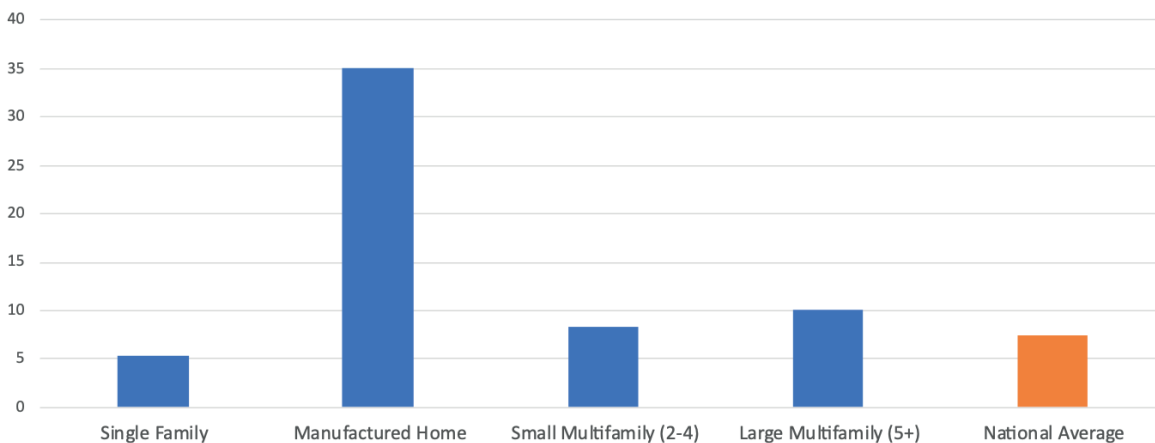
However, many of them are located in land lease communities, in which homeowners rent space on which to place homes that they own. Most new manufactured homes are titled as "personal property" rather than real estate, as owners rarely own the land on which the structure is located.<sup>27</sup> Considering the lower financial value of this housing stock and the unique challenges of getting titled as real estate and of securing a low-balance mortgage, manufactured housing owners are much less likely to have a mortgage compared to other homeowners.<sup>28</sup> Research has also found that mobile home parks are uniquely vulnerable to destruction in case of disasters, such as through the way that they concentrate vulnerable populations such as older adults and how relatively "immobile" this housing stock is, despite the name.<sup>29</sup>

Beyond housing stock, housing finance also helps to describe which homeowners lacked home insurance. Uninsured homeowners were much more likely to have no outstanding mortgage, having either paid off their mortgage or having never bought the home with a mortgage.

**Figure 4** shows that only 2 percent of homeowners with a mortgage reported having no home insurance, compared to 14 percent of homeowners without a mortgage. This is unsurprising, as almost all mortgage lenders require homeowners to buy and maintain homeowners insurance as a condition of being approved for a mortgage. Mortgage

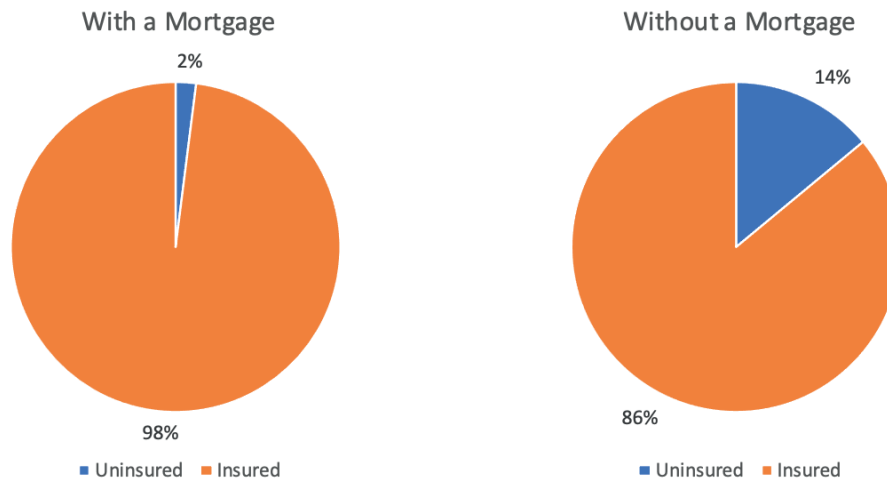
## Figure 3: Owners of Manufactured Homes Are Most Likely to Not Have Home Insurance

Share of Households without Homeowners Insurance by House Type (Percent)



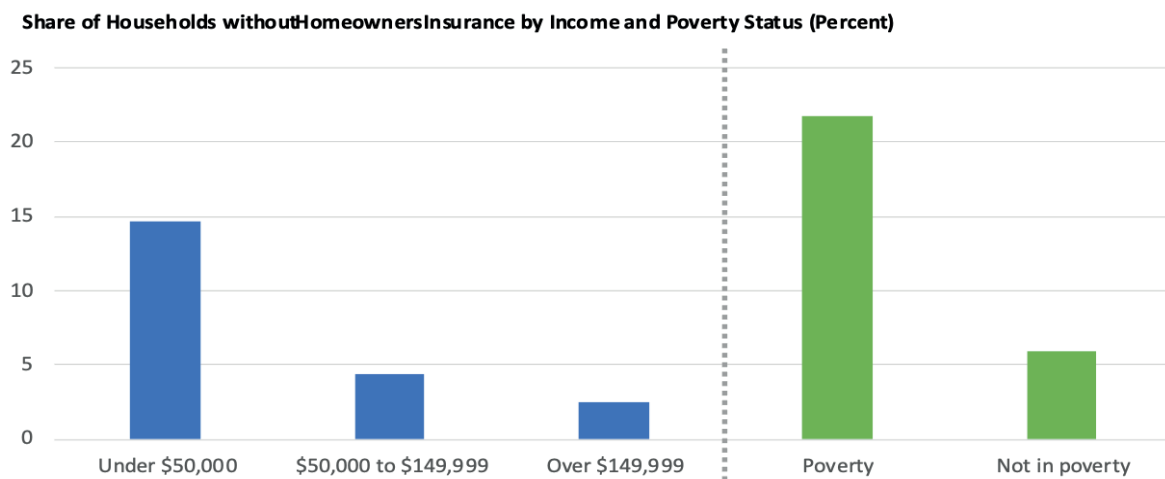
Source: Consumer Federation of America analysis of 2021 AHS data.

## Figure 4: Most Uninsured Homeowners Have No Mortgage



Source: Consumer Federation of America analysis of 2021 AHS data

## Figure 5: Homeowners with Lower Incomes are More Likely to be Uninsured



Source: Consumer Federation of America analysis of AHS data 2021.

Note: Poverty indicates households live below the federal poverty thresholds created by Census.

applicants and holders also include older homeowners seeking to tap equity from their home through a reverse mortgage, such as the Federal Housing Administration's HECM (Home Equity Conversion Mortgages) loans.<sup>30</sup>

With respect to the two percent of homeowners with a mortgage who reported having no insurance, we surmise that virtually all of them pay for a property insurance product known as "force-placed" or "lender-placed" insurance. These policies often provide only single-interest coverage, meaning they only protect the lender, but the cost is borne by the homeowner through an insurance charge paid as a line item on their mortgage bill. However, because it often does not provide coverage to the homeowner and is not paid directly to an insurer, most homeowners with force-placed or lender-placed coverage may not report that payment as an insurance premium. A 2015 GAO study estimated that between one and two percent of mortgaged properties are covered by this type of insurance, which closely matches our findings.<sup>31</sup>

Looking in more depth at mortgaged homeowners who report having no insurance, we find that homeowners

in poverty (7 percent), and those owning manufactured homes (12 percent) are much more likely to report being uninsured while having a mortgage, indicating that this is a likely population paying for force-placed insurance.

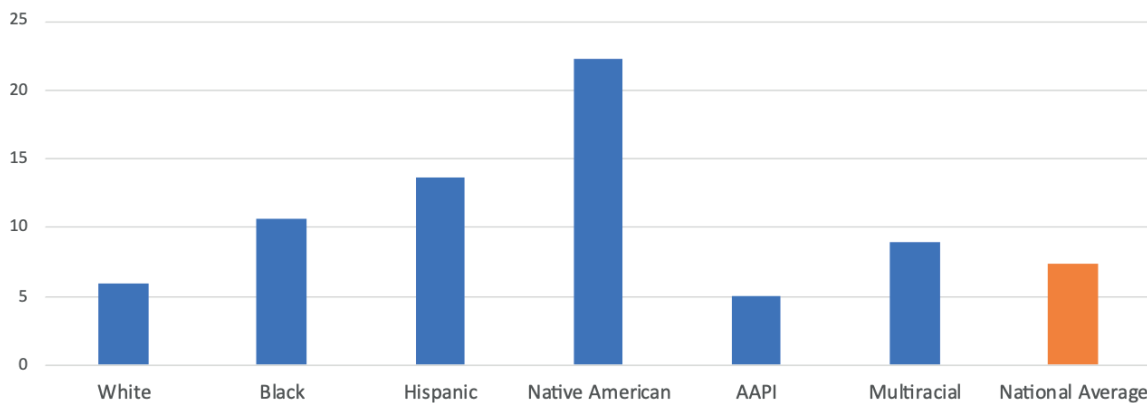
**Demographics**

Considering the demographic characteristics associated with going bare, we found that lower-income homeowners are much more likely to be uninsured. **Figure 5** shows that only 3 percent of homeowners making \$150,000 or more a year have no homeowners insurance, compared to 22 percent of homeowners who live below the federal poverty threshold. Our findings indicate that not having homeowners insurance aligns closely with homeowners' financial constraints. Lower-income homeowners are also much more likely to have no mortgage, leaving them the option to forego homeowners insurance.<sup>32</sup> As a result, homeowners who are among the least likely to have the financial resources to pay for unexpected damage are the most likely to be unprotected by property insurance.

These findings raise important questions about how the unaffordability of insurance increasingly threatens lower-

## Figure 6: Homeowners of Color are Much More Likely to Not Have Home Insurance

Share of Households Without Homeowners Insurance by Race and Ethnicity (Percent)



Source: Consumer Federation of America analysis of AHS data 2021.

Note: Black, White, Asian and Pacific Islander, Native American and Multiracial are non-Hispanic. Hispanic can be of any race(s).

income homeowners' ability to maintain and hold onto their homes, referred to as "homeownership sustainability." As insurance premiums have risen sharply over the last few years and climate disasters continue to become more frequent and costly, we expect this trend of vulnerability among lower-income homeowners to intensify.

We also found racial and ethnic inequalities in who did not have insurance. **Figure 6** shows that 14 percent of Hispanic homeowners and 11 percent of Black homeowners do not have homeowners insurance, compared to 9 percent of multiracial homeowners, 6 percent of white homeowners, and 5 percent of Asian American and Pacific Islander (AAPI) homeowners. Indeed, Hispanic homeowners are more than twice as likely as white homeowners to not have homeowners insurance. This unequal vulnerability to being uninsured is particularly concerning as communities of color are disproportionately exposed and susceptible to natural disasters.<sup>33</sup>

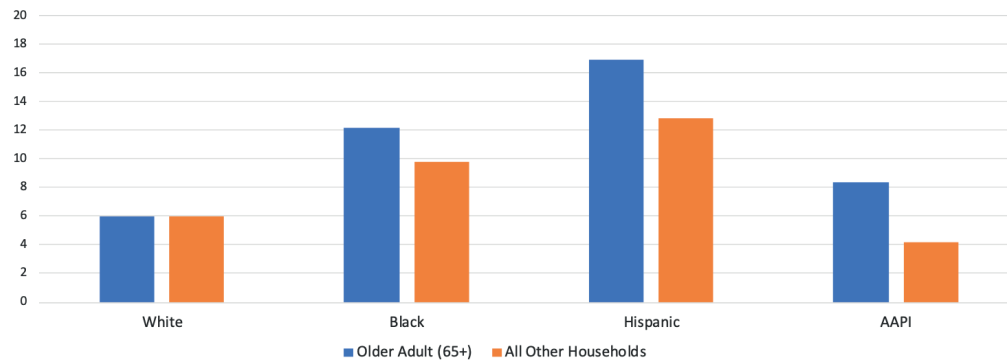
lack homeowners insurance. Initially, we expected that households headed by adults aged 65 and older would be most likely to not have homeowners insurance. After all, older adults are much more likely to be long-time homeowners who have paid off their mortgage, which would give them the option to forego insurance.<sup>36</sup> Many older adults also rely on lower-income fixed incomes, including Social Security, which in recent years has not kept up with rapidly rising costs of living.<sup>37</sup>

But surprisingly, we found no significant difference by age in those who did and did not have homeowners insurance. When we looked closer, however, we found that this finding was entirely driven by white homeowners. **Figure 7** shows that Black, Hispanic, and Asian American and Pacific Islander older adults were more likely to have no home insurance than younger adults.

This striking disparity illustrates the unique vulnerability of older homeowners of color who go without homeowners insurance, for a variety of reasons. Older homeowners tend to have less time to recover from disasters, may deal with mobility issues or health challenges, and many live on limited or fixed incomes, such as Social Security.<sup>38</sup> For these older households, lacking insurance can imperil the safety and adequacy of their home. Damage caused by accidents or disasters may jeopardize their ability to stay in their house as they age in place. This

## Figure 7: Older Adults Are More Likely To Not Have Home Insurance, Except Among White Households

Share of Households without Homeowners Insurance by Race & Ethnicity and Age Group (Percent)



Source: Consumer Federation of America analysis of 2021 AHS data.

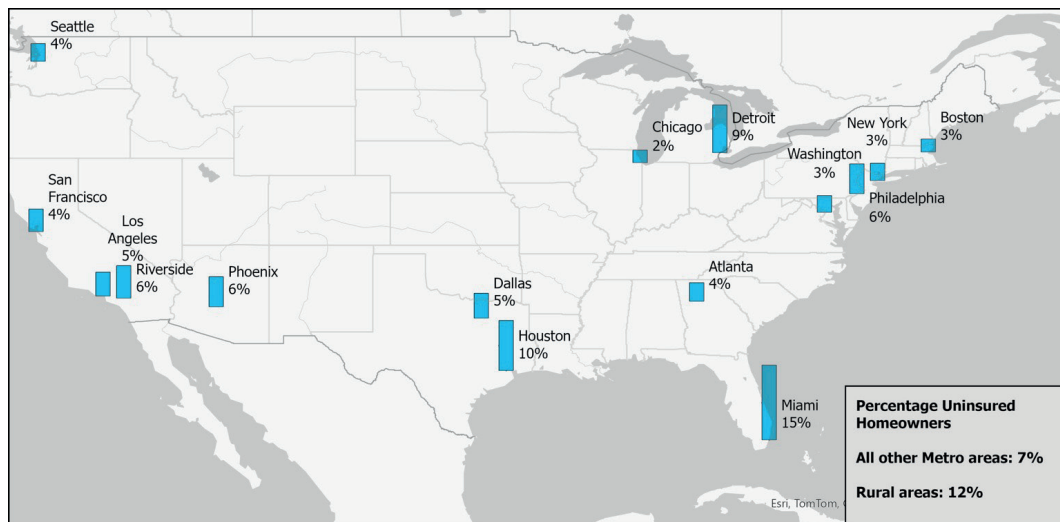
Note: White, Black, and Asian and Pacific Islander are non-Hispanic. Hispanic can be of any race(s). Older adult households are headed by someone over 64 years.

As Native Americans only constituted a small group in our survey sample (a sample size of 185 respondents), reported estimates for this group have greater uncertainty. With this caveat, Native Americans seemed to have the worst outcomes of all demographic groups, with an estimated 22 percent of Native American households not having homeowners insurance.<sup>34</sup> We need more research on the unique challenges of acquiring and maintaining affordable insurance among Native Americans and in Tribal areas.<sup>35</sup> We also analyzed what age groups were more likely to

observed "insurance gap" may deepen racial wealth and homeownership gaps.

We also found a high incidence of uninsured homeowners among those who had inherited their home. Almost one in three (29 percent) homeowners who had inherited their home reported having no homeowners insurance. While home inheritance is relatively uncommon, with only 4 percent of all homeowners across the nation having inherited their home, we found that home inheritance was twice as common among Black households than among all

## Figure 8: Highest Shares of Uninsured Homeowners Found in Rural Areas and Metro Miami and Houston



Source: Consumer Federation of America analysis of 2021 AHS data.

Note: Metro Areas Based on Census 2023 OMB CBSA code. Map made in ArcGIS.

other races: 8 percent of Black homeowners reported that they had inherited their home.

Given the high incidence of going uninsured among homeowners who inherited their home, lenders, housing counseling agencies, housing advocates and estate attorneys should do more to help reach and protect this vulnerable group. In recent years, much attention has been devoted to heirs property, and the legal issue of “tangled titles,” where homes become entangled with multiple ownership claims after owners pass away without a will. Tangled titles have disproportionately impacted Black property owners and eroded descendants’ ability to qualify for important public benefits, such as property tax payment relief programs or FEMA assistance after a disaster.<sup>39</sup> As a result, owners of inherited property are uniquely vulnerable to losing their homes to disrepair or tax foreclosure. Our report highlights the additional exposure of going without insurance among homeowners who have inherited their homes: helping us better understand the unique challenges of heirs property.

### Geography

The incidence of being uninsured does not only vary across housing types and demographic groups, but also across

places. **Figure 8** shows shares of uninsured homeowners by metropolitan areas and in rural areas nationwide.<sup>40</sup> This map shows that uninsured homeowners can be found across the country: this issue cannot be reduced to just a handful of states or places.

Being uninsured is much more common in rural areas, where 12 percent of homeowners lack insurance, compared to a national average of 7.4 percent. In addition, among the 15 metropolitan areas for which we have data, we find the highest share of uninsured homeowners in Miami (15 percent) and Houston (10 percent). Both cities are among the most vulnerable to climate disasters, including hurricanes and flooding. Detroit also stands out as a metropolitan area where 9 percent of homeowners lack insurance. This reality is shaped by the unique challenges of lower-income homeowners owning lower-valued homes in this disinvested city.<sup>41</sup>

Finally, we examined variation across states. As AHS does not offer state-level information, we looked at American Community Survey five-year data (2018–2022), which we normalized based on our AHS estimates.<sup>42</sup> **Figure 9** shows the top ten states with the highest percentages of uninsured homeowners. At the top of the list are Mississippi

and New Mexico, where an estimated 13 percent of homeowners do not have insurance. States with the highest shares of uninsured homeowners generally are the places with the highest shares of homes valued less than \$150,000, of lower-income homeowners, and of homeowners without a mortgage. The full list of states can be found in Appendix Figure 1-A.

### Figure 9: Top Ten States with Most Uninsured Homeowners

Source: State-level estimates based on ACS five-year data (2018-2022), normalized based on AHS 2021.

Rank	State	Percent Uninsured Homeowners
1	Mississippi	13%
2	New Mexico	13%
3	Louisiana	12%
4	West Virginia	11%
5	Alaska	11%
6	North Dakota	11%
7	Alabama	11%
8	Oklahoma	11%
9	Florida	10%
10	Texas	10%

### It All Adds Up: The Market Value of Uninsured Homes

With their homes unprotected, uninsured homeowners are not only extremely vulnerable to losing their most valuable financial asset and family home, but also represent a trillion-dollar liability in our housing system. As shown in **Figure 10**, we estimate that uninsured homes owned by homeowners represented roughly **1.6 trillion dollars in property market value**.<sup>43</sup>

This unprotected housing stock is disproportionately owned by lower-income homeowners, as well as by Hispanic, Black, and Native American homeowners. We estimate that around \$339 billion in market value for Hispanic-owned houses went uninsured in 2021, as did approximately \$206 billion in market value for houses owned by Black

households. Consequently, amidst rising insurance costs nationwide, the disproportionate levels of uninsured homes in communities of color helps to perpetuate the long-standing racial wealth and homeownership gaps. Insurance access will play a growing role in who can afford to buy a home, maintain their home, and build intergenerational wealth through homeownership. Hispanic and Black communities are particularly vulnerable, as homeowners of color are not only more likely to go uninsured, but also most often live in historically disinvested communities uniquely vulnerable to climate disasters.<sup>44</sup>

## Conclusions and Recommendations

In this report, we highlight the national issue of uninsured homeowners. In 2021, one in thirteen (7.4 percent) homeowners lacked homeowners insurance, equivalent to 6.1 million households. Over the last two years, insurance premiums have risen nationwide at unprecedented levels. Facing ever more costly and frequent climate disasters, some major insurers have pulled out of certain communities and some states altogether. Documenting the broad incidence of uninsured homeowners in 2021, this report is a harbinger of deeper inequalities to come. Our estimates remain conservative, as we only looked at homes owned and occupied by homeowners. Many renters stand the risk of losing all their belongings and their homes in disasters as well. Moreover, the skyrocketing increase of homeowners insurance premiums in the years since these data were collected make it likely that many more households are uninsured in 2024 than were in 2021.

We conclude with three key take-aways for future research and policy interventions.

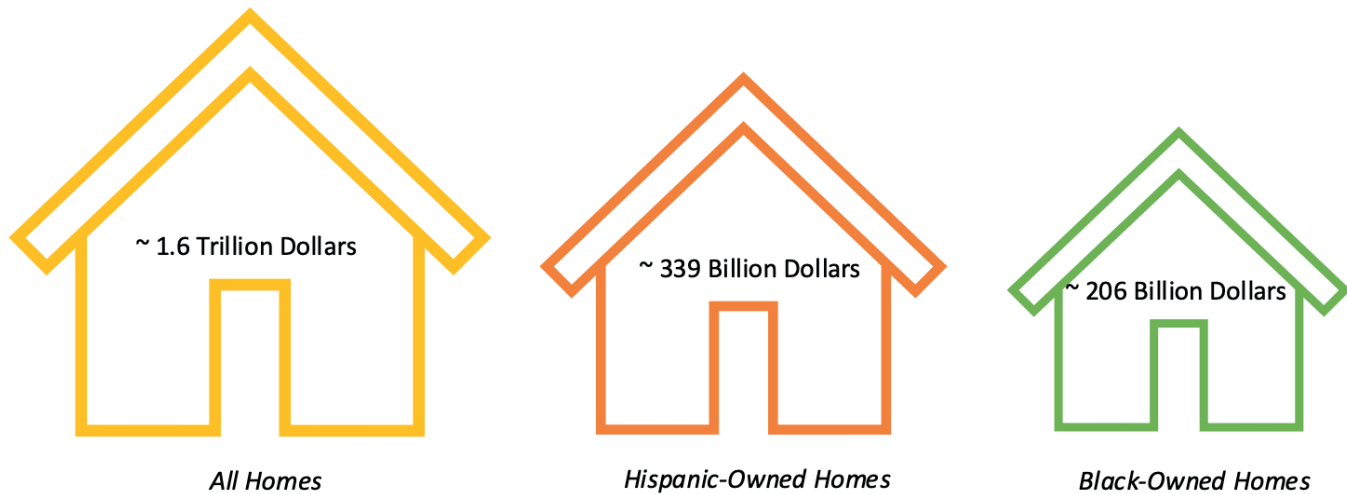
### 1. More data are needed to track insurance gaps and pre-existing and emerging inequalities in insurance markets.

Despite decades of proposals for state insurance regulators to collect the type of data needed to meaningfully assess insurance market outcomes for consumers, regulators have consistently failed to collect the granular and timely data necessary for thorough research. As a result, information and analysis about unequal insurance access and pricing is still in its infancy. The Federal Insurance Office (FIO) recently



## Figure 10: Being Uninsured Puts Trillions of Dollars of Owned-Occupied Homes at Risk

Estimated Amount of Home Value of Uninsured Owned-Occupied Property in 2021 (US Dollars)



Source: Consumer Federation of America, estimates based on 2021 AHS data.

launched an initiative that would require major insurers to provide limited data about homeowners insurance costs by zip code. However, even this limited request received major pushback by industry and FIO has not committed to making the data publicly available if they collect it. The National Association of Insurance Commissioners (NAIC) has recently announced that it, too, will issue a data call to help state insurance regulators collect data from insurers on property markets, but the specifics of the data call are still in the early stages.<sup>45</sup>

This lack of information about where, to whom, and at what costs insurance companies write insurance policies can be contrasted against the high level of data transparency and accountability in the mortgage industry. Indeed, since 1974 mortgage lenders have been required by the Home Mortgage Disclosure Act (HMDA) to publicly report all loan applications that they receive, including denied loan applications, as well as the race, ethnicity, and geographical location of applicants and borrowers.<sup>46</sup> Annually updated, the HMDA database is managed by the Consumer Financial Protection Bureau (CFPB), which makes its data highly accessible through data downloads and simple table and mapping tools.<sup>47</sup> HMDA has been widely used by

government agencies, advocates, and the media to track and expose potential cases of racial discrimination in home lending. Given rising worries about the racial insurance gap amidst rising costs, as well as long-standing concerns about racial discrimination in insurance origination, we urge that Congress look at HMDA as a model to require the insurance industry to make data on insurance sales, pricing, and coverage available to the public.

### **2. The precarity of the insurance market poses a systemic risk to national housing markets and housing finance.**

Trillions of dollars of wealth are at stake because the market fails to meet the needs of millions of homeowners. Recognizing this risk illustrates the importance of public policy efforts to address the two intersecting drivers of the property insurance crisis: increasing climate risk and the high cost of reinsurance. On the one hand, the insurance gap that this research exposes will require investments in risk reduction: ranging from fortifying homes and neighborhoods to helping vulnerable homeowners relocate to safer communities. On the other hand, we also need to reduce insurers' over-reliance on unregulated reinsurance,

such as through the creation of a public reinsurance mechanism that would reduce costs for insurers and homeowners.

### 3. Unavailable and unaffordable homeowners insurance continue to impact the racial wealth and homeownership gaps.

Historical work about racial discrimination in insurance markets has demonstrated the broad incidence of insurance “redlining,” analogous to the denial of mortgage credit in communities of color.<sup>48</sup> While we have done extensive work to counter redlining in mortgage markets, including through the recently modernized Community Reinvestment Act, and the required bank reporting of Home Mortgage Disclosure Act (HMDA) data, there has not been a similar movement towards greater accountability for insurance companies. Insurance markets, which are regulated at the state level, face widely varying regulatory oversight and enforcement from state to state, and insurers wield significant influence over state lawmakers and regulators. The Fair Housing Act, however, does provide a tool that could help bring national accountability to insurance companies when communities of color face disproportionately higher premiums and reduced access for this critical piece of the homeownership puzzle.<sup>49</sup>

More research is needed to deepen our understanding of the scale and locus of the homeowners insurance gap facing millions of Americans. But it is also clear that policymakers and regulators cannot wait to address the drivers of the insurance crisis that leaves so many American families and their homes at risk.

## Appendix: Data on Homeowners Insurance

This research report was written based on the American Housing Survey (AHS), which represents some of the best, nationally representative data on homeowners insurance that is currently publicly available. However, in general, public data on homeowners insurance remains incomplete and the insurance industry has resisted efforts to make this much-needed information available and transparent.

Survey-based data on property insurance also leave much room for improvement. We found large inconsistencies


in reported homeowners insurance data between two Census surveys: the American Housing Survey (AHS) and the American Community Survey (ACS). Specifically, looking at the insurance question on the American Community Survey, 12.1 percent of homeowners nation-wide reported not having insurance: much higher than the 7.4 percent reported in the American Housing Survey, which we relied on in this report. With some exceptions around housing vacancy, homeownership rates, and lower-valued homes, the American Community Survey and American Housing Survey normally track closely on housing statistics.<sup>50</sup>

### What is the reason for this big difference and why did we choose the American Housing Survey as the most reliable source on who does not have homeowners insurance?

The key answer lies in how each survey asks the homeowners insurance question.<sup>51</sup> AHS asks consumers a clear and direct question, with a yes or no answer: “Does this household have homeowner’s insurance?” They also rely on the common term of homeowners insurance, to ask a simple question that most homeowners can be expected to answer.

By contrast, ACS asks a more complicated question, trying to capture how much consumers spend on housing-related insurance costs every year as they try to calculate an overall measure of annual housing costs. They ask: “What is the annual payment for fire, hazard, and flood insurance on this property?” Consumers are asked to provide a dollar amount estimate (\$\_\_\_\_.00), or answer “none.” The combination of fire, hazard, and flood insurance in one question is confusing and is a fundamentally different question than looking at basic homeowners insurance alone. Many consumers may not be familiar with the term “hazard insurance.” Finally, given this request for a dollar amount (a so-called continuous survey item), we expect a higher non-response rate, which may have become falsely grouped into “no insurance.” This explains the much higher reported “uninsured” rate in ACS data and highlights the importance of clear, direct survey questions.

AHS is considered the best survey for housing-related questions. As demonstrated in this report, AHS has a rich array of housing-related information, ranging from housing type to whether homeowners had inherited their home. As a nationally representative long-running Census survey,




Public data on homeowners insurance remains incomplete and the insurance industry has resisted efforts to make this much-needed information available and transparent.

AHS is also a much more reliable source than some reported numbers that have been cited in the media on uninsurance.<sup>52</sup>

We used ACS data in one place on this report: to give an estimate of how the share of uninsured homeowners varied by states. To do so, we normalized ACS estimates (which as noted above, may overestimate the number of uninsured homeowners) by using AHS estimates as a correction. Specifically, we multiplied state-level ACS estimates by an

AHS-derived weight, to get normalized estimates (each estimate was multiplied by a 7.4/12.1 proportion, which is derived from national estimates). This basic normalization relied on the important assumption that the overreporting of being uninsured in ACS did not systematically vary by state. Despite data limitations, this allowed us to still provide estimates at the state level.



**Unavailable and unaffordable homeowners insurance continue to impact the racial wealth and homeownership gaps. We need more research that examines racial discrimination in insurance markets.**

**Figure A-1: Uninsured Homeowners by State**

Source: State-level estimates based on ACS five-year data (2018-2022), normalized based on AHS 2021.

Rank	State	Percent Uninsured Homeowners
1	Mississippi	13
2	New Mexico	13
3	Louisiana	12
4	West Virginia	11
5	Alaska	11
6	North Dakota	11
7	Alabama	11
8	Oklahoma	11
9	Florida	10
10	Texas	10
11	Arkansas	10
12	Kentucky	9
13	South Carolina	9
14	South Dakota	9
15	Montana	9
16	Kansas	9
17	Michigan	8
18	Wyoming	8
19	Arizona	8
20	Indiana	8
21	Nebraska	8
22	Tennessee	7
23	Iowa	7
24	Missouri	7
25	Maine	7
26	Wisconsin	7
27	North Carolina	7
28	Georgia	7
29	Ohio	7
30	Minnesota	6
31	Hawaii	6
32	Rhode Island	6
33	Delaware	6

34	Nevada	6
35	Idaho	6
36	New York	6
37	Pennsylvania	6
38	Vermont	6
39	Illinois	6
40	Connecticut	6
41	Washington	6
42	New Jersey	5
43	Virginia	5
44	Colorado	5
45	California	5
46	Massachusetts	5
47	New Hampshire	5
48	Maryland	5
49	District of Columbia	5
50	Oregon	5
51	Utah	4

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## End Notes

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51 We'd like to thank Harvard Joint Center for Housing Studies and survey experts for their feedback on this issue, including Jonathan Spader.

52 An estimate that 12 percent of American homeowners are uninsured has been cited in a range of media stories. However, this number is based on a 2023 survey by the Insurance Information Institute and reinsurer Munich Re, which only surveyed 1,103 homeowners and does not report any sampling background, how questions were

asked, or how they ensured their data was nationally representative. While this represents an important survey initiative, AHS is a much more robust source. See Insurance Information Institute. 2023. Homeowners Perceptions of Weather Risk: 2023Q2 Consumer Survey. : [https://www.iii.org/sites/default/files/docs/pdf/2023\\_q2\\_ho\\_perception\\_of\\_weather\\_risks.pdf](https://www.iii.org/sites/default/files/docs/pdf/2023_q2_ho_perception_of_weather_risks.pdf)



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