HOW CLOSE ARE WE TO AN INSURABILITY CRISIS?

METHODOLOGY DEVELOPMENT FOR MAPPING AN UNINSURABLE COUNTRY

I. OVERVIEW

The Insurability Scorecard evaluates how close each U.S. state is to experiencing a breakdown in homeowners' insurance availability and affordability. The methodology is designed to identify early signals of stress in insurance markets, recognizing that insurability challenges typically emerge gradually as climate risks intensify and insurers respond by adjusting pricing, coverage, and underwriting practices.

To capture these dynamics, the scorecard brings together multiple indicators that reflect both future hazard exposures and observable market responses. These indicators are selected to highlight patterns that tend to precede more widespread disruptions, with particular attention to changes that signal accelerating pressure or emerging instability. Consistent classification thresholds are applied across states to support comparability while the overall framework emphasizes clarity and interpretability so that results can inform decision-making.

II. FOUR WARNING SIGN INDICATORS

The scorecard is structured around four warning signs that represent distinct but interrelated drivers of insurability risk.

- **Projected damages:** Captures increasing losses from climate-influenced hazards, including hail, hurricane, and wildfire risk. These risks are measured using reconstruction cost estimates and forward-looking, expected loss projections.
- **Rising costs:** Assesses changes in homeowners' insurance premiums over time, reflecting how quickly costs are increasing relative to recent baselines.
- **Dropped coverage:** Evaluates changes in policy nonrenewal rates, which provide an early signal that insurers are restricting or withdrawing coverage in certain markets.
- **Last-resort plans:** Measures growth in FAIR (Fair Access to Insurance Requirements) and Beach Plan policies, which serve as insurers of last resort and expand when private market options become limited.

In addition to these primary indicators, the scorecard includes supplemental metrics—such as household insurance burden, average premiums, and uninsured rates—to provide additional context. These variables are not directly incorporated into scoring but help inform interpretation of results.

Because strain in any one of these areas can meaningfully affect market conditions, the scorecard is designed to capture elevated risk, even when it is driven by a single dominant factor. Taken together, these measures provide a forward-looking assessment of where insurance systems are under pressure and where conditions may be approaching a tipping point.

AUGUST 2026
FS: 26-08-A

III. DATA AND SCORING

Each indicator is constructed using state-level data drawn from publicly available and proprietary sources as outlined below. To ensure comparability across states, indicators are standardized through transformations such as percent change calculations or relative rankings. Each primary indicator is translated into a standardized risk classification—Low, Moderate, or High—based on either relative rankings or defined thresholds. Missing data is explicitly identified and excluded from scoring rather than estimated, consistent with a transparent and replicable approach.

Projected damages: Projected damage from climate-influenced hazards and disasters	
Hail: Reconstruction cost value (Cotality) **Hurricane: Expected annual loss total (NRI Future Index)**[1] **Wildfire: Expected annual loss total (NRI Future Index)**	For each hazard, states were ranked from highest to lowest based on their reported values. The top five states were assigned 3 points to reflect the highest relative risk. States in the bottom quartile were assigned 1 point to represent lower relative risk. All remaining states received 2 points, indicating moderate risk. States with missing data were assigned 0 points and were not included in the ranking distribution. To produce a single measure of rising damage risk, the maximum score across the three hazards was taken for each state, since a high risk in any one hazard is sufficient to elevate overall risk. Final scores were then grouped into categories: States receiving 3 points were classified as High risk, 2 points as Moderate risk, and 1 point as Low risk.
Rising costs: Rapidly increasing insurance rates and premiums	
Percent change in home insurance rates 2020–2025 (LendingTree 2026 Home Insurance Stability Report)	States were assigned point values based on the magnitude of premium increases. States with increases below 25% were assigned as Low risk, reflecting lower relative change. States with increases between 25% and 49% were assigned as Moderate risk. States with increases of 50% or greater were assigned as High risk to reflect the highest level of increase. States without available data were assigned 0 points.
Supplemental data ■ Percent of household income on home insurance (LendingTree 2026 Home Insurance Stability Report)	Not used for scoring
Dropped coverage: Growing numbers of homeowners without insurance, due to it being either unaffordable or unavailable	
Percent change for nonrenewal rate 2018–2022 (U.S. Department of the Treasury)	Percent change was calculated using state-level nonrenewal rates for 2018 and 2022; defined as the difference between 2022 and 2018 rates divided by the 2018 baseline. States were assigned point values based on the direction and magnitude of change. States with increases greater than 100% were assigned as High risk, reflecting a substantial rise in nonrenewals. States with increases between 0% and 100% were assigned as Moderate risk, indicating moderate growth. States with negative change (a decrease in nonrenewal rates) were assigned as Low risk, representing lower or improving pressure.
Supplemental data ■ Percent of homes without insurance (LendingTree)	Not used for scoring
Last-resort plan: Rising enrollment in state-created insurers of last resort	
PIPSO FAIR and Beach Plan policy growth 2020–2025	States were classified based on the direction and magnitude of policy growth for FAIR and Beach Plans. States with increases greater than 100% were classified as High, reflecting substantial growth and increased market strain. States with increases between 0% and 100% were classified as Moderate, indicating moderate growth. States with negative change (a decline in policies) were classified as Low, representing lower pressure. States without available data were classified as No Data.
Supplemental data ■ Percent of household income on home insurance	Not used for scoring

1 NRI Future Index: The Future Risk Index uses two forward-looking windows, both built from 30-year aggregations of downscaled climate model data: (1) Mid-century: 2036–2065 and (2) Late-century: 2070–2099. These are run against two emissions pathways — RCP 4.5/SSP 2-4.5 (lower/"intermediate" warming) and RCP 8.5/SSP 5-8.5 (higher/"worst-case" warming)—producing the tool's four scenario combinations (lower-mid, lower-late, higher-mid, higher-late). In June 2026, the IPCC decided to end use the RCP8.5 projections, since global emission reductions have made this 'worst case' scenario less likely. However, it still provides a useful upper bound on possible future damages.

IV. DATA SELECTION AND LIMITATIONS

The scorecard focuses on four warning signs that together capture how state-level insurability challenges emerge and evolve. These indicators were selected to reflect both underlying climate-driven risk and observable changes in insurance markets, such as rising costs, reduced availability, and increasing reliance on last-resort options.

The selected datasets prioritize measures that are consistent across states, publicly available or widely used, and are sensitive to recent changes. Where possible, data was chosen to reflect forward-looking risk (such as projected hazard damage) as well as real-world market responses (such as premium increases and nonrenewal rates).

While no single dataset fully captures insurability conditions, combining these indicators provides a more complete and earlier view of where insurance markets are under stress. This approach is designed to highlight emerging pressure before it results in widespread loss of coverage or affordability. This approach does not capture all dimensions of risk, and data availability varies across states; however, the selected indicators provide a consistent and transparent framework for comparing relative conditions nationwide.

Note on data: A stronger approach would have used a fully standardized, current, and comprehensive dataset that directly measures insurability conditions across all states, including actual premiums paid, insurer nonrenewals and withdrawals, policyholder coverage gaps, hazard-specific losses, and last-resort plan enrollment using consistent definitions and time periods. However, in practice, no public dataset currently provides that level of national coverage, consistency, and transparency.

As a result, the map uses the best available sources that could be compared across states and tied directly to the four warning signs. These datasets were selected not because they capture every dimension of insurability risk but because they provide a replicable and defensible basis for comparing relative conditions nationwide while still reflecting the major drivers of insurance market stress: projected losses, rising premiums, declining availability, and growing reliance on last-resort coverage. The scorecard should be viewed as an evolving tool and will continue to be updated as more complete, current, or comparable data becomes available. We also welcome recommendations for additional data sources that should be considered in future updates.

Projected damages datasets

The projected damages datasets were selected to capture forward-looking risk from the most significant and evolving climate hazards affecting insurance markets. Insurers are increasingly using future-looking models to set rates and determine where they are willing to insure against perils. Hail (represented by reconstruction cost value) reflects severe convective storm risk, which is one of the fastest-growing drivers of insured losses nationwide. Hurricane and wildfire risks (measured using expected annual loss) provide indicators of large-scale, climate-influenced hazards with substantial potential for property damage. Together, these datasets offer a representative view of future loss exposure across different regions and hazard types.

These datasets were selected because wind, hail, and wildfire are major drivers of homeowners' insurance losses. Flood losses are also significant but were excluded because flood risk is typically not covered by standard homeowners' insurance. The selected sources provide publicly available national coverage, support consistent cross-state comparison, and combine future hazard risk with loss and damage projections.

The primary limitation of the projected damages indicator is the lack of publicly available, forward-looking loss data across the full range of hazards included in home insurance. Much of the relevant data is proprietary, held behind paywalls, or produced by modeling firms for commercial use. As a result, no single dataset was available that evaluated all relevant hazards on a consistent, forward-looking basis. The indicator therefore relies on multiple datasets with differing methodologies, making this the most constrained component of the scorecard because most public data remains historical.

The Insurability Scorecard prioritizes forward-looking datasets because severe convective storms are becoming a material underwriting risk. The 2026 Cotality Severe Convective Storm Risk Report uses property exposure and storm simulations to estimate hail risk, supporting a shift beyond historical loss patterns. However, the report does not explicitly incorporate climate projections, and because its methodology is based on exposed homes, larger states such as Texas show higher total reconstruction value.

Hurricanes' expected total loss and wildfires' expected total loss: The Insurability Scorecard aims to capture projections of future damages for these indicators to illustrate the effects of potential climate-influenced perils on costs to homeowners and insurers. The datasets for hurricanes and wildfires were selected because of their projections, which included future climate change scenarios. Both the hurricane and wildfire datasets originated from FEMA's Future Risk Index but were found in a GitHub rebuilt version. The original FEMA dataset was released on December 12, 2024, but was taken down on January 12, 2025. The original dataset's purpose was to show the costs of climate change to American communities. Within this dataset,

there is a climate change multiplier to FEMA's National Risk Index to illustrate the impacts of climate change. As the data is no longer available on FEMA, the data was sourced from a public GitHub page. For further technical documentation, see the National Risk Index: Future Risk Technical Documentation. The FEMA National Risk Index (NRI) was considered for this indicator because of its comprehensive risk values for each peril, but because it is based on historical losses rather than projected losses, the scorecard decided to use the FEMA Future Risk Index dataset.

Rising costs datasets

The rising cost dataset was selected to capture how insurers are responding to increasing risk through pricing. Changes in home insurance rates provide a clear and observable signal of market pressure, as premiums often rise in response to growing losses or anticipated risk. Supplemental measures, such as household insurance burden and average premiums, help contextualize affordability and show how cost increases affect households across states.

In the attempt to capture the presence of market pressure, the dataset for this indicator illustrates year-over-year price changes in insurance premiums for homeowners. The LendingTree's 2026 Home Insurance Stability Report analyzes rate changes, loss ratios, insurance costs as a percentage of household income, percentage of uninsured homes, and market share. The report notes that LendingTree is committed to providing accurate data and that their partners have not commissioned or endorsed this content. Given the analysis of these categories and the public availability of the report, extraction of percentage change in home insurance rates over five years could be used to support the cross-state analysis of rising home insurance costs. The limitations of this data originate from the rates being based on a standardized coverage profile of a $400,000 dwelling with a $1,000 deductible. The report explicitly states that this should be used for comparative purposes only as the actual quotes likely differ. Wyoming is also excluded from this dataset due to a lack of available data.

Supplemental data

While it isn't a primary indicator in determining overall ratings, the 2026 Home Insurance Stability Report also contained data for insurance costs as a percentage of household income. This data was recorded for support around the severity/urgency of these increasing rates. It can also be used in subsequent studies around accessibility of homeowners' insurance with a focus on low- to middle-income families.

Bankrate's home insurance rates by state (2025) was used as supplemental data because it provides standardized rate estimates for homeowners' insurance by state (benchmarked to $300,000 in dwelling coverage). Bankrate utilized Quadrant Information Services to analyze July 2025, July 2024, and July 2023 rates for all zip codes and carriers in all 50 states and Washington, D.C. Bankrate did use quoted rates for a hypothetical standard property rather than actual annual premiums, which is why it serves as an important cross-reference instead of a primary source. The use of Bankrate as a supplemental data source alongside LendingTree's State of Home Insurance (2026) strengthens the rising cost indicator because there can be an apples-to-apples comparison across states that aligns with the primary data source. The limitations of the Bankrate data come from the fact that quoted rates may not reflect true costs to customers after underwriting adjustments, credits, or surcharges. In addition, the standardized coverage amount may not reflect the true replacement costs needed in high-cost states.

Ideal data would capture how insurers are looking at future positions and underwriting based on those. However, while underwriters look at possible worst-case scenarios, they are pricing based on current market conditions. The dataset for this indicator does not directly measure a willingness to write at a forward-looking level.

Dropped coverage datasets

The dropped coverage dataset was chosen to reflect changes in insurance availability within the market. Nonrenewal rates provide a direct signal of when insurers reduce or withdraw coverage, often in response to heightened risk or profitability concerns. This measure captures early shifts in market access while supplemental data on uninsured rates helps contextualize how these trends translate into coverage gaps for homeowners.

The U.S. Department of the Treasury Federal Insurance Office (FIO) report was published in January 2025. It was selected as the primary source for nonrenewal data because it is a comprehensive and granular federal dataset on the homeowners' insurance market. The report covers 330-plus insurers across more than 246 million homeowners' insurance policies from 2018 to 2022. It was collected from a partnership with the National Association of Insurance Commissioners (NAIC), state insurance regulators, and FIO. For this scorecard, the percent change in nonrenewal rates between 2018 and 2022 was used to capture the trajectory of declining market availability. Ideally, the scorecard captures the most recent market trends, but this dataset offered the most comprehensive state-level data that could be found. As such, major limitations include the coverage window, as the most recent dates were from 2022. This doesn't allow the scorecard to fully capture more recent market exits and nonrenewal spikes. Additionally, the data that was made public was only available for zip codes with at least 10 insurers and at least 50 policies. As a result, the sparsely insured areas of the country are underrepresented in this dataset. Finally, the report excludes flood-related perils because flooding is not typically covered by standard homeowners' insurance policies.

Supplemental data

The percentage of homes without insurance was drawn from LendingTree's 2026 Home Insurance Stability Report to contextualize coverage gaps across states. This metric from the LendingTree report was derived from the U.S. Census Bureau 2024 American Community Survey. The report classifies owner-occupied homes that report annual home insurance costs less than $100 as uninsured. This is one limitation for reporting the percentage of homes without insurance as it may misclassify homes with low-cost policies as uninsured. In addition, the metric only applies to owner-occupied homes and does not capture renters or nonstandard housing arrangements. Because of these reasons, this dataset was used as a directional indicator instead of a main source.

Last-resort plan datasets

The last-resort plan dataset was selected to capture growing reliance on state-backed insurance options when private market coverage becomes limited. Increases in FAIR and Beach Plan policies indicate that more homeowners are unable to obtain coverage through traditional insurers. This metric serves as a key signal of market strain, as expansion of these programs often reflects broader challenges in insurance availability.

The PIPSO reports of operations (2025 and 2026) were used for the "Last-resort plan: Rising enrollment in state-created insurers of last resort" because it is the most comprehensive source for residual market insurance data in the United States. PIPSO collects operational data directly from FAIR Plans and Beach/Wind Plans and publishes annual reports, including policy counts, written and earned premiums, losses, and underwriting results. For this scorecard, we extracted growth in plans to measure the expansion of the nontraditional insurance market to reflect private insurer retreats. There are limitations around the incomplete state coverage in which plans that had unavailable policy counts were substituted with application accounts. Also, PIPSO data reflects fiscal years that end in September through December, rather than a standard calendar year. Finally, the PIPSO report does state that direct comparisons between plans should be avoided. We want to make note of this with a caveat that we understand the differences between plans and believe direct comparison in this application provides meaningful insights but does not reflect the intention of the original report.

Supplemental data

LendingTree's 2026 Home Insurance Stability Report was used as supplemental data for the Last Report Plan Indicator. Specifically, the percentage of household income spent on home insurance combines self-reported annual home insurance costs with household income data to calculate a state-level income burden ratio. This adds further context to support the affordability indicator of homeowners' insurance. As this does rely on self-reported data, it may not reflect the actual premiums paid. Secondly, this data represents a single point in time instead of a year-over-year change as the PIPSO data reflects. Finally, the state-level averages can mask the variation within the states that have large geographic diversity or high-risk areas with disproportionate costs compared to lower-risk areas. The data from the LendingTree report is used as a directional indicator or affordability pressure rather than a precise measure of insurance cost burden.

While the datasets used serve as a solid base for comparison, if new data emerges that more clearly captures any of the four indicators, the scorecard will continue to be updated to most accurately reflect the insurability crisis.

One of the largest limitations was that the available data doesn't predict which states are most likely to face a crisis next; it captures the past market conditions and risk factors.

V. OVERALL SCORECARD CATEGORIES

States are grouped into four overall categories based on the number and severity of high-risk signals across the four warning sign indicators. This classification framework is designed to reflect both current conditions and forward-looking trends.

In Crisis: All four warning sign indicators are "High"
States where high hazard exposure and significant insurance market strain are already overwhelming existing resilience capacity. Conditions indicate active or near-active breakdown in insurance availability or affordability.

Approaching Crisis: Two or three warning sign indicators are "High"
States where high or rapidly increasing risk and insurance strain are close to exceeding resilience capacity. Without intervention, these states are likely to enter crisis conditions in the near term.

Elevated Risk: One warning sign indicator is "High" or three to four warning sign indicators are "Moderate"
States showing notable hazard exposure or market strain, but impacts are not yet system-wide. These states face growing pressure and may move toward crisis conditions if trends continue.

Lower Risk: Two or fewer "Moderate" and "Low" warning sign indicators only
States with lower current levels of strain but with underlying risks present. Conditions still warrant proactive action to strengthen resilience and prevent escalation.

Resilience datasets

Building resilience: Measures used to show how states are acting to reduce risk, protect homes, and defend against an insurability crisis	
FEMA's Building Code Adoption Tracking (BCAT) system ■ WUI hazard code adoption ■ Damaging wind or hurricane building hazard code adoption ■ Hail hazard code adoption	FEMA's BCAT system was selected because it represents the most comprehensive and publicly available dataset, tracking building code adoption status at the census tract level across all 50 states. Three hazard-specific code adoption measures were extracted for use in scoring: Wildland Urban Interface (WUI) hazard code adoption, Damaging Wind hazard building code adoption, and Hurricane Wind building hazard code adoption. These measures capture whether jurisdictions have adopted code standards tailored to the specific perils that are most relevant to the insurability crisis, providing a targeted assessment of state-level mitigation action rather than general building code adoption alone. FEMA evaluates states based on how many at-risk jurisdictions within their borders require current, hazard-resistant building codes: ■ **Higher resistance:** ≥ 75% of tracked jurisdictions are resistant ■ **Moderate resistance:** ≥ 25% but < 75% of tracked jurisdictions are resistant ■ **Lower resistance:** < 25% of tracked jurisdictions are resistant There are no specific requirements for hail resistance of roofing products in modern building codes. We mark all states as having "No code" to bring attention to this gap.
Home Hardening Program Name	Shows which states have some form of home retrofit program, the status of each program, the hazard focus of the peril, and the grant amount offered.
Premium discounts	The data shows premium discounts, the percentage of discount, income limitations, and other incentive mechanisms, such as tax credits for risk reduction implementation within the state.

This dataset represents an initial effort to characterize how states are building structural and policy-level resilience to climate-driven insurance risk. Documentation of building codes already embedded in law and policy incentives that encourage further mitigation allowed an initial review of state reactions to climate change perils and increasing climate vulnerability. The intent is to be a starting point rather than a comprehensive assessment, with the metrics included here measuring the presence and adoption of resilience mechanisms rather than their funding adequacy, enforcement, or measurable impact.

Ideal data includes enforcement and inspection records showing how consistently adopted codes are applied and a measure of existing housing stock that is built to code rather than only new construction. However, based on what is currently available publicly, FEMA's Building Code Adoption Tracking (BCAT) system was used as the primary source. For this resilience indicator, building code adoption and three hazard-specific metrics were extracted: WUI Hazard Code Adoption, Damaging Wind or Hurricane hazard code adoption, and Hail hazard code adoption. The FEMA BCAT is currently the most comprehensive, federally maintained, publicly available dataset, tracking code status at the census tract level nationwide. The three hazards tracked illustrate adoption data to the specific perils, making it more directly relevant to insurability than general code adoption alone. The data was compiled manually from FEMA regional fact sheets. The adoption status itself reflects legislative or regulatory action and does not represent enforcement, meaning a state may have adopted a current code without consistent local implementation. This data only shows which codes apply going forward rather than the share of existing housing stock actually built to the historical standards.

Home hardening data would ideally include enforcement and inspection records showing how consistently adopted codes are applied and a measure of existing housing stock that is built to code rather than only new construction. As more data becomes available, we will continue to update this metric. Currently, home hardening grant programs and premium discount mandates were compiled using multiple sources. These include the National Association of Insurance Commissioners' (NAIC) January 2026 Resilience Policy Resource Guide and Retrofitting Program Playbook Addendum, serving as the primary source for identifying which states have mandated premium discounts. Compiling data that was most current and comprehensive of the entire country led toward the centralized compilation of state-level resilience policy across NAIC member states. This was supplemented by Insurance Institute for Business & Home Safety's FORTIFIED incentives database and Smart Home America's state-by-state FORTIFIED program pages, which were used to verify program-level details and confirm individual state discount figures against primary sources where available, such as Louisiana's Act 533 Department of Insurance report and the Mississippi Insurance Department's consumer-facing discount page. These figures capture presence rather than funding level, enrollment, or real-world utilization, and not every state's figures could be traced to an equally authoritative source. Some state-specific incentives and discounters were not reported, and in those cases, industry-reported ranges (e.g., for Alabama and South Carolina) were used. It should be noted that the industry-reported ranges are not as certain as figures confirmed through regulator or DOI sources. Another challenge arose around the variance of premium discount structures. Some states require insurers to offer a discount, while others only require insurers to consider mitigation in underwriting, and much of the time, discount size is often undisclosed. For those cases, our methodology counted states as having a mandated discount, but these discounts may not reflect a meaningful benefit to homeowners.