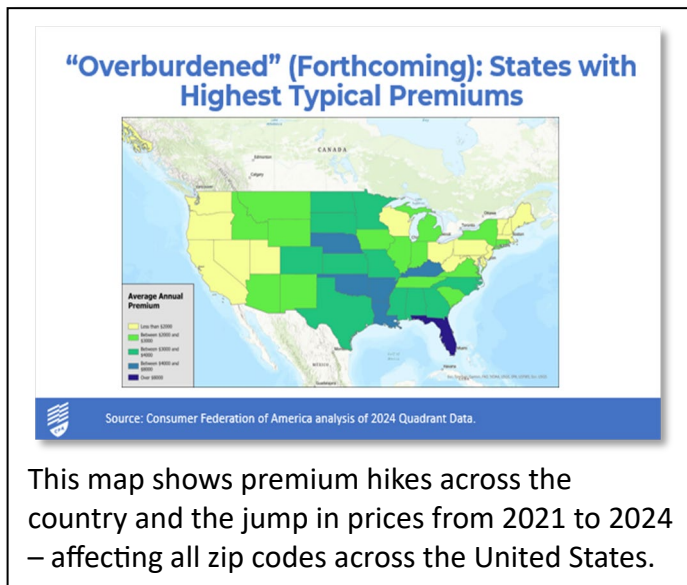


## Mitigating Risk and Managing Costs: How We Can Help Under- and Uninsured Homeowners in Middle Neighborhoods Protect Their Homes

Obtaining affordable, adequate homeowners insurance is a growing challenge throughout the U.S., but middle neighborhoods face distinct obstacles due to aging infrastructure and modest property values. These homeowners are further affected by rising inflation and rebuilding costs, increased risk from severe weather events and policy complexities. Rising insurance costs make adequate protection increasingly burdensome—or even out of reach—for many residents. In March 2024, the Consumer Federation of America released a report highlighting both the critical role of homeowners insurance in long-term financial stability and the growing difficulties that many face in maintaining or securing policies in these communities.

The report—***EXPOSED: A Report on \$1.6 Trillion Dollars of Uninsured American Homes***—outlines the growing crisis of uninsured homeownership in the United States and offers key policy recommendations to address it. The authors point out a major risk that many uninsured homeowners face: the possibility of losing their homes entirely in the event of a disaster or catastrophic event. In some cases, homes may not even qualify for insurance coverage due to age, condition, or location. While lower-income households are particularly affected, the report emphasizes that moderate-income homeowners are also struggling to keep up with rapidly rising insurance premiums.



Report data reflects average annual premiums for policies with a \$350,000 replacement value. While Florida remains the most expensive state for coverage, this map shows significant premium increases in several Midwestern states. This finding reinforces a critical insight: the affordability crisis is no longer confined to traditionally high-risk coastal regions—it is expanding nationwide, threatening the financial stability of homeowners across the country.

The report aims to answer several core questions about the number of homeowners across the country that do not have homeowners’ insurance, who they are, and who is most vulnerable. The authors also looked at the total market value of all uninsured homes owned by homeowners to calculate what’s at stake and what’s at risk for the individual and collectively. Report findings are based on a survey of approximately 32,000 homeowners conducted by the U.S. Census.. An overview of the findings includes:

**Widespread lack of coverage:** In 2021, approximately one in thirteen homeowners nationwide—7.4%, or more than 6 million people—did not have homeowners insurance at all.

**Unequal distribution:** Uninsured homeowners are not evenly distributed geographically or demographically. They are disproportionately concentrated among lower-income households who face the greatest financial vulnerability during disasters.

**Racial disparities:** Homeowners of color are significantly more likely to be uninsured. This includes Black, Hispanic, and Native American homeowners who face systemic barriers to accessing affordable insurance.

**Mortgage status matters:** Most uninsured homeowners either never had a mortgage or have paid it off. Those with active mortgages are typically required by lenders to maintain insurance coverage.

**Inherited homes and financial strain:** Lack of insurance is especially common among individuals who inherited their homes. These homeowners are often “house-rich but cash-poor”—they own valuable property but lack the income or savings needed to afford rising insurance premiums.

**Massive market exposure:** The report estimates that approximately \$1.6 trillion in property value—limited to owner-occupied homes—is currently uninsured. This represents a major exposure not only for individuals but also for the stability of entire communities.

**Vulnerable housing stock:** Many uninsured properties are located in disaster-prone areas or consist of older housing that is more susceptible to damage. These homes often require significant maintenance and upgrades to qualify for or maintain insurance.

### Nonprofit Strategies and Solutions

Below are practical solutions shared by two experts in the nonprofit world who have worked to develop solutions to improve situations in their communities: University of Chicago’s Mansueto Institute for Urban Innovation’s (Chicago IL) Urban Leader in Residence: Tiffany Smith; and Healthy Neighborhoods’ (Baltimore MD) President and CEO: Bob Pipik.

**Start with education.** In Chicago, Neighborhood Housing Services (NHS) partnered with neighborhood strategies teams and homeownership counselors to support residents struggling with rising housing costs. They found that the issue was rarely the mortgage itself—since principal and interest payments are typically fixed—but rather the increasing cost of taxes and homeowners insurance added to escrow, which was pushing many households into financial strain. In response, NHS launched ongoing education workshops to help residents understand how homeowners insurance works, why it should be reviewed annually, and how to shop around for the best rates. These workshops focus on reassessing coverage needs, comparing policies, and actively managing insurance to avoid unnecessary cost increases.

**Show how to compare rates.** Help residents learn how to evaluate and compare insurance policies by guiding them through what to look for—from essential coverage features to local risk factors and price variations. Since policies often differ in subtle but significant ways, it's rarely a straightforward “apples to apples” comparison.

**Show what coverage is needed.** Guide clients in understanding the appropriate level of coverage for their homes. It's not just about whether they have insurance, but whether they have enough. Many homeowners are underinsured—leaving them vulnerable if disaster strikes. Help them assess whether their policy would realistically cover the cost of rebuilding or major repairs. This process ensures they fully understand what they're signing up for and prevents unexpected gaps in protection that could jeopardize their financial recovery.

**Share how to get discounts.** Insurance discounts can significantly reduce premiums. Every opportunity to save matters, especially for cost-burdened households. Help homeowners identify common eligibility factors—such as having seniors or elders in the home, living near a fire hydrant, installing safety features, student success, or bundling policies.

**Get the data.** Collect relevant data that tells a compelling story, highlighting the real impact on residents in your community. Drawing attention to the issue with clear, localized data is a powerful way to build urgency, inform policy discussions, and advocate for targeted solutions. You may start by approaching your State Insurance Commissioner or a local advocacy group that has already collected data. However, at the neighborhood scale, you may need to survey residents to gain a better understanding of the extent of the problem.

**Build relationships.** Establish relationships with local insurance professionals and create a referral list for residents. Share clear information on who to contact and which advisors are trusted within the community. Engaging local brokers as partners ensures that homeowners have access to knowledgeable, affordable, and trustworthy insurance options.

**Partner with City or County government.** Collaborate with local government to identify and promote grants or financial assistance programs for upgrades such as roof replacements, tree removal, and other hazard mitigation efforts. Engage insurance professionals to better understand common coverage challenges and support city-led solutions. Once critical repairs are completed, homeowners may qualify for insurance discounts—especially when improvements enhance fire protection, reduce flood risk, or strengthen structures against wind damage.

**Look for flood zones in your area.** Research the flood zones in your area and prioritize support for homeowners living in high-risk locations. Provide guidance and resources for flood mitigation strategies, including the installation of sump pumps, French drains, backflow preventers, and proper grading around foundations. Reinforce or upgrade sewer and septic systems where needed. For flood zone maps and additional resources, visit FEMA's Flood Map Service Center: <https://msc.fema.gov>

**Include content in existing programs.** Incorporate homeowners insurance education in your existing programs. Managing insurance costs and understanding coverage needs are essential to long-term financial health, and this topic can be effectively embedded across multiple touchpoints—such as pre-purchase education and counseling, post-purchase counseling, and ongoing financial fitness workshops.

**Partner with banks to help mortgage clients.** Work with banks and mortgage lenders to support clients as they approach the end of their loan term. Provide materials, resource guides, or workshops to help homeowners understand the importance of maintaining homeowners insurance even after the mortgage is paid off. Ideally, this outreach should occur before the final payment, allowing homeowners time to prepare financially to cover the full annual premium themselves. Encourage banks to offer tools such as a dedicated savings account for insurance premiums, continuing escrow accounts after mortgage, or connecting them with insurers that offer monthly payment plans. These strategies not only protect homeowners from becoming uninsured but also allow financial institutions to maintain positive relationships with their clients beyond the life of the loan.

**Know Policy Avenues.** Vacant properties pose significant challenges not only for local governments but also for the surrounding neighborhood. These homes are often difficult or impossible to insure, leaving them highly vulnerable to damage, neglect, or loss. Communicating these potential costs can help spur action.

**Protect inherited homes.** Identify the number of inherited homes in your area and prioritize outreach to these households. Help them understand both the value of their inherited property and the risks associated with not having adequate homeowners' insurance.

**Know where this fits with disaster risks in your area.** Be informed about climate-related hazards specific to your region and consider how they could impact insurance needs.

**Know policies related to bluelining.** Like redlining, bluelining is a discriminatory practice that denies services to a particular community or charges increased prices for a particular service. Unlike the lending industry, the insurance sector is not subject to the same anti-redlining regulations. Insurers can deny coverage to individuals or entire buildings with little transparency or accountability. Most oversight falls to state governments, so it is essential to know who your state's insurance commissioner is and engage them in community conversations. Advocate for greater standardization, transparency, and equity in how insurance is priced and distributed.

**Know if your state has a FAIR (Fair Access to Insurance Requirements) Plan.** In areas where private insurers have pulled out of the market, homeowners are left with few options. State FAIR Plans are designed to ensure basic coverage is available when the private market fails. Know whether your state offers a FAIR Plan, learn how it works, and be prepared to guide residents through the process. Knowing this option exists can make the difference between a household being completely uninsured or having at least some level of protection.

**Organize a round table in your state.** Organizing a statewide roundtable is a good way to foster collaboration and drive policy improvements around homeowners insurance and housing stability. By bringing together a diverse mix of stakeholders—lenders, insurance providers, CDFIs, housing counselors, affordable housing developers, and market-rate homebuilders—practitioners can facilitate a shared understanding of the challenges facing uninsured and underinsured homeowners. These convenings provide an opportunity to identify data gaps, explore solutions such as post-mortgage escrow options or resilience-based premium discounts, and advocate for systems that better support low- and moderate-income homeowners. Roundtables can also serve as platforms for launching pilot initiatives or advocating for necessary reforms, such as increased transparency in underwriting or the creation of FAIR Plans.

### A Personal Story

A longtime homeowner in Detroit owned the house on the left. The homeowner did not have insurance and lacked cash reserves to cover home repairs as they arose. One winter, her roof began to leak. Some neighbors helped her put a tarp on the roof, but it wasn't enough. Another summer, her basement started flooding, which led to issues with mold in her home. The situation became so bad that this homeowner had to abandon her house and move in with her family. A couple of years later, the home was gone. The homeowner and her family lost the home, the neighborhood lost a neighbor, and the city demolished the home.



### Implications and Future Directions

For most individuals, their home is the largest financial investment they will ever make—and often the most significant asset they pass on to the next generation. Protecting that investment through adequate, affordable homeowners' insurance is essential to long-term financial security and intergenerational stability. Proactive education, strong community partnerships, and targeted outreach can make a difference in helping homeowners navigate insurance challenges and ensure that all homeowners—regardless of income, background, or property type—have the resources to protect their homes which is fundamental to community success.

### Resources

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

<https://consumerfed.org/reports/exposed-a-report-on-1-6-trillion-dollars-of-uninsured-american-homes/>

**United Policyholders (UP)** is a nonprofit 501(c)(3) organization that serves as a trustworthy information resource and a respected voice for insurance consumers across the United States.

<https://uphelp.org>

**The Greenlining Institute** is a California-based nonprofit organization dedicated to advancing racial and economic equity by empowering communities of color through advocacy, research, coalition building, and leadership development.

<https://greenlining.org>

**National Association of Insurance Commissioners** shares information on property insurance plans on their website: Fair Access to Insurance Requirements Plans

<https://content.naic.org/insurance-topics/fair-access-to-insurance-requirements-plans>

**California Fair Plan Property Insurance** is a good example of policy in motion to help Californians obtain basic fire insurance

<https://www.cfpnet.com>

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