



## REPORT

# Profits to Paychecks: How Rising Premiums Become Fortunes While Homeowners Struggle

### Executive Summary

American homeowners are trapped in an insurance crisis manufactured by an industry that claims to require higher premiums while reporting billions in profits. From 2023 to 2024, home insurers hiked premium rates by [double-digits](#) across the country, with average premiums expected to grow by another [16% over the next two years](#). Meanwhile, just in the third quarter of 2025, major publicly-traded home insurers reported over \$9 billion in underwriting income from their core business of collecting premiums and paying out claims. Billions in profit as these companies paid their top executives over \$115 million in 2024 and spent more than \$76 million on federal political campaigns since 2016. This report examines the growing gap between industry claims of financial necessity and the reality of huge profits, massive executive compensation, and widespread consumer harm across multiple states.

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### The Premium Crisis: Double-Digit Rate Increases Nationwide

Home insurance premiums have skyrocketed across the United States in recent years, with insurers implementing some of the steepest rate increases in decades. The scale and speed of these increases have left millions of American families struggling to afford basic protection for their homes.

#### Dramatic Rate Increases

In 2023 and 2024, US home insurers [hiked premium rates by double-digits](#), according to S&P Global Market Intelligence's RateWatch application. Based on approved filings through December 27, 2024, the national calculated weighted average effective rate increase for homeowners insurance reached **10.4%** in 2024. That uptick followed a **12.7%** rise in the previous year. The cumulative impact of these back-to-back increases has been devastating for homeowners already facing rising costs in other areas of their lives.



The geographic spread of these increases reveals a crisis that touches nearly every corner of the nation. In 2024 alone, **33 states** experienced [double-digit calculated effective rate increases](#), with the largest calculated increase occurring in Nebraska at **22.7%**. This means that in two-thirds of American states, homeowners saw their insurance costs rise by more than 10% in a single year.

## Projected Future Increases

The pain for homeowners shows no signs of abating. Average homeowners insurance premiums are expected to [grow by another 16%](#) over the next two years, according to projections shared by real estate analytics firm Cotality. Anand Srinivasan, the firm's head of research and development, projects that average U.S. homeowner insurance premiums will grow [8% in 2026](#) and another **8% in 2027**. For a family already stretched thin by previous increases, these additional hikes could mean the difference between maintaining coverage and going without insurance entirely.

## Regional Variations and Extreme Costs

While premium increases have affected the entire country, certain regions have been hit particularly hard. The Great Plains region has become a hot spot for insurance cost increases, with consumers in some parts of the region [paying upwards of 45% more](#) than the national average. This dramatic regional variation cannot be explained by coastal hurricane risk alone. Instead, the data reveals that rising losses from hailstorms have contributed to **\$54 billion** in insured losses from severe convective storms in the U.S. in 2024, according to the Insurance Information Institute, an industry-run think tank.

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## Industry Explanations: Blaming Costs and Consumers

As premiums have continued to climb, the home insurance industry has offered a consistent narrative to explain and justify these increases. Industry representatives have pointed to two primary factors: rising construction costs and consumer choices about where to build homes.

### The Construction Cost Argument

Insurance companies and industry experts have repeatedly cited [higher building costs](#) as a primary driver of premium increases. According to [Consumer Reports](#), between June 2019 and June 2024, labor for construction trade services rose **40%**, while the cost of construction materials increased by approximately the same amount. The industry's argument follows a simple logic: when material and labor expenses go up, so must premiums, because insurers need to ensure they can cover the cost of rebuilding homes after disasters.



This explanation has been echoed throughout the industry. Insurance representatives have emphasized that though prices have dropped for some building materials like lumber, inflation hasn't completely abated for other needed products. The implication is clear: insurers are simply passing along unavoidable cost increases to their customers.

## Blaming Homeowners for Their Location Choices

Beyond construction costs, industry representatives have also placed responsibility on homeowners themselves for choosing to build in risky areas. Robert Gordon, a senior vice president at the American Property Casualty Insurance Association, an industry group, [stated bluntly](#): “If people want to keep building more expensive homes in areas with high climate risk, the cost to insure those are going to increase.”

This framing suggests that homeowners bear responsibility for the insurance crisis by making poor location decisions. The industry narrative implies that if only consumers would stop building in fire-prone or hurricane-vulnerable areas, insurance costs would stabilize. This argument conveniently ignores the reality that millions of Americans already own homes in these areas, that climate change is expanding the geographic scope of weather-related risks, and that many families have limited choices about where they can afford to live.

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## The Profit Reality: Billions in Underwriting Income

Despite claims of financial distress and unavoidable cost pressures, major publicly-traded home insurers are generating enormous profits from their core insurance operations. The financial data from just a single quarter reveals an industry thriving while its customers struggle.

### Huge Quarterly Underwriting Profits

In the third quarter of 2025 alone, publicly-traded home insurers reported over **\$9 billion** in underwriting income. This figure represents income generated from insurers' core business of collecting premiums and paying out claims – including:

- **Progressive Insurance** – [\\$2.19 Billion](#)
- **GEICO** – [\\$506 Million](#)
- **Allstate Insurance** – [\\$2.894 Billion](#)
- **Travelers Companies** – [\\$1.378 Billion](#)
- **Chubb INA** – [\\$2.259 Billion](#)



## Total Net Income Figures

Beyond underwriting income, these companies also reported massive total net income figures for Q3 2025. Berkshire Hathaway, GEICO's parent company, reported [\\$30.2 billion](#) in net income. Chubb INA reported [\\$2.801 billion](#) in net income. Travelers Companies reported [\\$1.888 billion](#) in net income.

These total net income figures include investment returns and other revenue sources beyond underwriting, but they demonstrate the overall financial health of these corporations. Companies generating billions in quarterly profits are not companies on the brink of financial collapse requiring emergency premium increases to survive.

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## Executive Compensation: Millions for CEOs

While homeowners struggle to afford rising premiums and face the threat of losing coverage entirely, insurance company executives are taking home compensation packages worth tens of millions of dollars. The contrast between executive wealth and consumer suffering reveals the true priorities of the home insurance industry.

### Massive CEO Pay Packages

In 2024, the CEOs of five major publicly-traded home insurance companies received over **\$115 million** in total compensation. These figures represent not the salaries of entire executive teams but the compensation of individual chief executives.

- **Progressive Insurance** - [\\$16,377,514](#)
- **GEICO** - [\\$21,017,250](#)
- **Allstate Insurance** - [\\$26,744,295](#)
- **Travelers Companies** - [\\$23,700,000](#)
- **Chubb INA** - [\\$30,138,094](#)

The timing of this compensation is particularly galling. These executives received these massive pay packages during the same years that their companies were implementing double-digit premium increases, non-renewing hundreds of thousands of policies, and forcing families into more expensive last-resort insurance programs. The message to consumers is clear: there is plenty of money in the insurance system, but it is being extracted by executives rather than used to provide affordable, reliable coverage to policyholders.

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## Political Influence: Tens of Millions in Campaign Spending

The home insurance industry has not only enriched its executives and shareholders but has also invested heavily in political influence. Since the 2016 election cycle, the ten largest home insurers in the United States have spent over **\$76 million** on federal elections, funding candidates and campaigns that shape the regulatory environment in which they operate.

### Ten Largest Home Insurers' Federal Campaign Spending Since The 2016 Election Cycle

Ranking	Insurer	Amount Donated To Federal Candidates
1	<a href="#">State Farm</a>	\$10,088,769
2	<a href="#">Progressive</a>	\$932,482
3	<a href="#">USAA</a>	\$10,843,229
4	<a href="#">GEICO (Berkshire Hathaway)</a>	\$29,290,787
5	<a href="#">Liberty Mutual</a>	\$7,742,756
6	<a href="#">Allstate Insurance</a>	\$4,145,732
7	<a href="#">Travelers Companies</a>	\$3,882,664
8	<a href="#">Chubb INA</a>	\$2,837,122
9	<a href="#">Farmers Insurance (Zurich Insurance Group)</a>	\$5,237,244
10	<a href="#">American Family Insurance</a>	\$1,117,914
	<b>Total</b>	<b>\$76,118,699</b>

Data on Top 10 Insurers by Market Share from [ClaimsMate](#).

### The Purpose of Political Spending

This massive political spending serves a clear purpose: to shape the regulatory environment in ways that benefit insurance companies at the expense of consumers. Insurance companies fund candidates who support industry-friendly policies, oppose consumer protection regulations, and maintain a regulatory framework that allows insurers to raise premiums, deny claims, and non-renew policies with minimal oversight or accountability. This political spending is not a side



activity but a core part of the industry's strategy to maintain and expand its ability to extract wealth from homeowners.

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## State-by-State Consumer Harm: A National Crisis

While insurance companies report huge profits and pay executives millions, ordinary homeowners across the country face a mounting crisis of lost coverage, unsustainable premiums, and systematic abandonment.

### Florida: Abandonment and Uninsured

- [20% of Florida homeowners have no home insurance](#) at all—approximately one in five families completely unprotected
- [Highest non-renewal rates in the nation](#), reaching **3%** of policies statewide in each of 2022 and 2023
- [Highest non-renewals were in inland counties around Lake Okeechobee](#), not coastal areas with greater hurricane risk
- [Non-renewals concentrated in poorest counties](#)—Glades County (median income under **\$39,000**) had highest cancellation rates

### California: Millions of Non-Renewals and Hollowed-Out Policies

- Insurance companies [declined to renew 2.8 million homeowner policies](#) between 2020 and 2022
- State Farm announced [non-renewal of 30,000 residential and 42,000 commercial apartment policies](#) in March 2024
- When State Farm “reversed” non-renewals, [policyholders who needed fire coverage were forced into the California FAIR Plan](#)—more expensive coverage from the state’s insurer of last resort.
- Insurers [refusing to write new policies in high wildfire risk areas](#), encompassing large portions of the state

### Texas: Higher Deductibles and Resistance to Resilience

- Many insurers charge deductibles exceeding **\$5,000** for wind and hail damage; many coastal policies include [2-3% deductibles](#) for wind damage
- State Farm [doubled minimum wind/hail deductible from 1% to 2%](#) in Dallas-Fort Worth in July 2025
- Many claims closed because [homeowners can't afford to pay the deductible](#)

- Texas is [the only Gulf Coast state that doesn't offer incentives for resilient construction; insurers oppose being required to offer discounts \(2:08:05\)](#) despite evidence of a [20% reduction](#) in losses

## Minnesota: Rising Premiums and Surging Complaints

- [67% effective premium increase from 2019 to 2024](#)—one of the steepest in the nation
- [Rates projected to rise another 15% in 2025](#)—fifth-highest increase in the country
- [Complaints to state regulators more than doubled](#) from 569 in 2020 to 1,185 in 2023
- Contractors report [unreasonable delays and wrongful denials have become much more common](#) in recent years

## North Carolina: Non-Renewals and Avoid Filing Claims

- As of late last year, the [state's Beach Plan now holds 64% of coastal policies](#)—the insurer of last resort has become the primary provider
- Nationwide [non-renewed over 10,000 homeowners](#) in coastal areas in 2024; [nearly 1 in 25 policies non-renewed in 2023](#) in some coastal areas
- One family received \$3,626.42 for Hurricane Helene damage, then [had their policy canceled for filing the claim](#); state Insurance Commissioner confirmed it is “[legal and it happens fairly often](#)”
- The State Insurance Commissioner [publicly advises homeowners to avoid filing small claims](#) to reduce risk of non-renewal

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## Conclusion: A Crisis of Corporate Greed, Not Necessity

### What American homeowners face:

- Double-digit premium increases in 2023 and 2024, with another 16% increase projected over the next two years
- Over 2.8 million policy non-renewals in California alone between 2020 and 2022
- 20% of Florida homeowners with no insurance coverage at all
- Deductibles that can exceed \$5,000 or reach 2-3% of home value in Texas
- A 67% effective premium increase in Minnesota from 2019 to 2024
- Official advice from North Carolina regulators to avoid filing small claims to prevent policy cancellation
- Seemingly systematic abandonment by insurers of poor and vulnerable communities across multiple states



**What insurance companies are doing:**

- Reporting over \$9 billion in underwriting income in just the third quarter of 2025
- Paying their top executives over \$115 million in total compensation in 2024
- Spending over \$76 million on federal political campaigns since 2016
- Generating billions in quarterly profits while claiming financial distress
- Non-renewing hundreds of thousands of policies while reporting huge profits
- Opposing resilience standards that would reduce damage and stabilize costs
- Forcing families into more expensive last-resort insurance programs while enriching shareholders