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REPORT

North Carolina's Insurance Crisis: How Homeowners Pay More While Insurers And The Trump Administration Abandon Them After Disasters

Executive Summary

North Carolina homeowners are trapped in an insurance crisis where premiums have surged by 38% since 2019, major insurers are abandoning tens of thousands of policyholders, and more than 25% of Hurricane Helene claims were closed without any payment to devastated families.

In 2024, home insurance companies initially demanded rate increases of up to 99% in some areas. Making matters worse, a deceptive state law allows insurers to charge premiums at 250% of regulatory maximums by obtaining homeowner "consent" through payment alone – no explicit approval required. Meanwhile, coastal residents have been systematically forced into a last-resort state insurance program as private insurers flee the market, and state regulators now openly advise homeowners to avoid filing small claims to reduce their risk of policy cancellation.

To add insult to injury, the Trump administration has directly threatened storm resilience funding for North Carolina. Funding that helps communities prepare for and minimize damage from natural disasters.

This report exposes how North Carolina's insurance system has become a mechanism for extracting wealth from homeowners while providing less coverage, and how the federal government under Trump is threatening to make the problem even worse.

North Carolinian homeowners could now be facing another staggering rate increase of 68.3%. The state insurance commissioner scheduled a hearing on the rate increase for May.

The Premium Crisis: North Carolina Homeowners Face Relentless Rate Increases

In June 2025, the average home insurance rate in North Carolina increased by 7.5%, with another 7.5% increase scheduled for June 2026. The North Carolina Department of Insurance approved the 7.5% rate increase only after insurance companies initially asked for an increase of 42.2% on average, and 99% in some areas.

North Carolina homeowners now pay an average of $310 more per year in insurance premiums than the national average, placing the state among the more expensive markets for home insurance despite lacking the extreme hurricane exposure of Florida or the wildfire risk of California. Since 2019, there has been a 38% effective increase in North Carolina home insurance premiums. This dramatic growth has far outpaced inflation, wage growth, and the actual increase in insured property values.

Now, North Carolina Insurance Commissioner Mike Causey has scheduled an upcoming hearing on insurance corporations' request for a staggering 68% rate increase for homeowners insurance. Under the proposal, policyholders would face an average increase of 28.5% that would take effect on July 1, 2026 and another average statewide increase of 30.9% that would take effect on July 1, 2027. Commissioner Mike Causey has a track record of siding with home insurers, authorizing at least 16 rate increases during his tenure.

The Non-Renewal Epidemic: Insurers Abandon Tens of Thousands of North Carolina Homeowners

While extracting higher premiums from North Carolina homeowners, insurance companies have simultaneously launched a campaign of mass policy cancellations and non-renewals. The scale of this abandonment has become so severe that state regulators now openly advise homeowners to avoid using their insurance for fear of losing coverage entirely.

Mass Policy Cancellations Across the State

In 2024, Nationwide chose not to renew insurance policies for over 10,000 homeowners in Eastern North Carolina. This mass abandonment by a major national insurer left thousands of families scrambling to find replacement coverage, often at significantly higher rates or with reduced benefits. More than 4,700 homeowners were referred to the Beach Plan, the state's insurer of last resort.

In some parts of coastal North Carolina, nearly one in 25 home insurance policies were not renewed in 2023 alone. This 4% non-renewal rate in a single year represents a systematic withdrawal of coverage from entire communities. The geographic concentration of non-renewals reveals a deliberate strategy by insurers to exit markets they deem too risky, regardless of the premiums they have collected from these homeowners over decades.

State Regulators Advise Homeowners Not to File Claims

The non-renewal crisis has become so widespread that the North Carolina Insurance Commissioner has publicly advised homeowners to avoid filing small claims, saying that even minor claims are tracked by insurers and significantly increase the risk of non-renewal. This extraordinary admission by a state regulator reveals the complete breakdown of the insurance system's fundamental purpose.

Insurance exists to protect homeowners from financial losses due to property damage. When the state's top insurance regulator tells homeowners not to file claims because doing so will likely result in policy cancellation, the system has ceased to function as insurance in any meaningful sense. Homeowners are paying premiums for coverage they are advised not to use, creating a perverse incentive structure where the only way to maintain insurance is to never make a claim.

The "Consent to Rate" Scheme: How North Carolina Law Enables Massive Overcharges

North Carolina law allows insurance companies to charge premiums at up to 250% of the state maximums if policyholders give their consent. This provision creates a two-tier system where regulatory rate caps become essentially meaningless for home insurers willing to seek "consent" from their customers. The North Carolina Department of Insurance sets maximum rates to protect consumers from excessive premiums, but the "consent to rate" provision allows insurers to charge up to 2.5 times these maximums if they can obtain policyholder agreement.

55% of North Carolina homeowners pay premiums above the maximum set by the North Carolina Department of Insurance under "consent to rate" policies, which made up half of all premium dollars collected by insurers from North Carolina households as of 2022. This means that the majority of North Carolina homeowners are paying rates that exceed what state regulators determined to be the maximum reasonable premium, and these excess charges account for half of all premium revenue flowing to insurers.

A 2018 law made this consent automatic by allowing home insurers to treat payment as consent to a higher rate, even if homeowners do not explicitly sign a form. This legislative change transformed "consent" from an active, informed decision into a passive acceptance that occurs automatically when homeowners pay their premiums. Several homeowners report having their rates raised without realizing that they had consented, believing they were simply paying their regular insurance premiums, unaware that by making payment they were legally agreeing to rates that exceeded state maximums.

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Hurricane Helene: Insurers Respond to Disaster by Denying Claims and Canceling Policies

When Hurricane Helene devastated parts of North Carolina in 2024, insurance companies responded not by fulfilling their obligations to policyholders, but by closing more than 25% of claims without payment and announcing plans to cancel thousands of additional policies.

More Than One in Four Claims Closed Without Payment

More than 25% of home insurance claims filed after Hurricane Helene were closed without any payment to the homeowner. This extraordinary denial rate means that more than one in four North Carolina families who filed claims after the hurricane received nothing from their insurance companies despite years or decades of premium payments.

Some North Carolina homeowners' claims were denied after Hurricane Helene because their policies did not cover "land movement" such as landslides. These homeowners discovered only after disaster struck that their policies contained exclusions for types of damage that commonly occur during hurricanes and severe storms. The land movement exclusions allowed insurers to deny claims for damage that was directly caused by Hurricane Helene, leaving homeowners with destroyed property and no insurance compensation.

Post-Disaster Abandonment: Cancellations and Mass Non-Renewals

One North Carolina family's insurance policy was canceled immediately after they filed a successful claim for damages from Hurricane Helene. The North Carolina Insurance Commissioner said that such cancellations are a practice that "happens fairly often." This admission by the state's top insurance regulator confirms that insurers routinely punish policyholders for using their insurance by canceling their coverage.

Following Hurricane Helene, one insurance company stated its intent not to renew any policies on mobile homes in Western North Carolina. This blanket cancellation announcement means that thousands of mobile home owners in the region affected by Hurricane Helene will lose their insurance coverage regardless of their claims history, payment record, or property condition.

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Rejecting Resilience: Federal Officials Threaten To Cut Plans Upgrading North Carolina Infrastructure To Help Prevent Disaster Damage

Resilience Upgrades Protect Communities and Homeowners

According to FEMA, natural hazard mitigation saves an average of $6 for every $1 spent on federal mitigation grants, based on analysis by the National Institute of Building Sciences. These savings reflect avoided property damage, reduced emergency response costs, and faster recovery following disasters.

A U.S. Chamber of Commerce study found that every $1 spent on climate resilience and preparedness saves communities $13 in avoided damages, cleanup costs, and broader economic impacts. These findings indicate that resilience investments not only protect individual properties, but also reduce systemic economic disruption following disasters.

While these studies look at communitywide resilience, the relationship between individual home resilience and insurance affordability is well-established within the insurance industry. The North Carolina Insurance Underwriting Association (NCIUA) has publicly praised resilience upgrades, noting that they help minimize the economic impact of storms and strengthen coastal resilience. The NCIUA's recognition of more than 15,000 FORTIFIED homes reflects industry acknowledgment that stronger buildings reduce losses and improve risk outcomes.

Lower losses are fundamentally important to insurance pricing. When storms cause less damage, insurers face fewer and smaller claims, which helps moderate pressure for premium increases over time. Conversely, increased damage frequency or severity directly affects insurer loss ratios and rate filings.

The Trump Administration Threatens Resilience Funding

In April 2025, the Trump administration announced it was ending FEMA's Building Resilient Infrastructure and Communities (BRIC) Program going forward. BRIC and the Flood Mitigation Assistance program - another program cancelled by the Trump administration - were the "federal government's largest and second-largest programs focused on hazard mitigation—actions communities take before disasters to reduce the loss of life and property when disasters do occur."

Analysis by the Urban Institute showed that eliminating FEMA's BRIC program would jeopardize at least $151 million in resilience funding in North Carolina, while leaving "Americans nationwide at risk as disasters worsen." These funds were intended to support proactive mitigation projects designed to reduce disaster losses before storms occur.

North Carolina filed suit to maintain the funding, and in December 2025 a federal judge found that the Trump administration was wrong to cancel the BRIC program, calling it "unlawful executive encroachment" on funds appropriated by Congress for disaster mitigation.

North Carolina's Attorney General, Jeff Jackson hailed this court victory as a result that would mean that "fewer people are going to lose their homes and businesses to floods."

The Consumer Federation of America has specifically warned that dismantling FEMA's BRIC program will drive up insurance costs, explicitly linking federal resilience policy decisions to consumer insurance affordability. Reduced mitigation funding increases expected future losses, which insurers could price into premiums or use to justify rate increases.

This dynamic is particularly relevant in North Carolina, where regulators cite stronger storms and rising reinsurance costs as drivers of rate increases. Weakening resilience investments compounds these pressures.

If federal mitigation support remains unreliable or subject to further cuts, more disaster costs will inevitably be shifted onto homeowners, insurers, and state and local governments. Even if damage levels remain the same, more damage to commercial and government buildings and infrastructure means more competition for sometimes scarce resources or labor after a major storm. In this context, federal resilience funding serves as an important stabilizing force. Its removal is likely to increase downstream costs borne by homeowners and the insurance system.

Conclusion: A System Designed to Extract Premiums While Abandoning Policyholders To Maximize Profits

North Carolina's home insurance system has become a mechanism for extracting wealth through relentless premium increases while abandoning policyholders through mass non-renewals and widespread claim denials. This is a policy failure enabled by a 2018 law that allows automatic consent to excessive rates, sustained by regulators who advise homeowners not to file claims, and exploited by insurers who have perfected collecting premiums while avoiding obligations. The state must repeal the automatic consent provisions, prohibit cancellations after successful claims, and hold insurers accountable for abandoning policyholders.

What North Carolina homeowners face:

- Premium increases of 38% since 2019, with costs $310 above the national average
- Approved rate hikes of 7.5% annually

- A deceptive "consent to rate" system that allows insurers to charge 250% of regulatory maximums, affecting 55% of all homeowners
- Mass policy cancellations, with over 10,000 Eastern North Carolina homeowners dropped by Nationwide alone
- Non-renewal rates approaching one in 25 policies annually in coastal areas
- Official advice from state regulators to avoid filing claims to prevent policy cancellation
- Claims closed without any payment, including more than 25% of post-Hurricane Helene claims filed
- Immediate policy cancellations after the filing of successful claims, a practice regulators admit "happens fairly often"
- Forced reliance on the state's last-resort Beach Plan, which now holds 64% market share in coastal regions
- Reliance on municipal services and local infrastructure that may itself be damaged after major storms.

What insurance companies and the Trump administration are doing:

- Demanding rate increases of 42% on average and up to 99% in some areas
- Exploiting a 2018 law that treats premium payment as automatic consent to above-maximum rates
- Collecting premiums from 55% of North Carolina homeowners at rates exceeding state maximums
- Abandoning tens of thousands of policyholders through mass non-renewals
- Closing more than one in four Hurricane Helene claims without payment
- Canceling policies immediately after homeowners file successful claims
- Announcing blanket cancellations of all mobile home policies in disaster-affected regions
- Systematically withdrawing from coastal markets while forcing homeowners into state programs
- On top of all of this, the Trump administration is threatening resiliency funding that may help communities reduce storm damage, thereby saving homeowners money and reducing rebuilding needs after the next storm.