

Who Lacks Homeowners Insurance? The Demographics of Homeowners Without Coverage

**By Sharon Cornelissen, PhD, Douglas Heller, and
Michael DeLong**

Consumer Federation of America



Background

- In March 2024 CFA released a report on uninsured homeowners nationwide
- Research questions: Which households are more likely to lack homeowners insurance, what is their housing like, and where do they live?
- What is the value of the uninsured homes and what percentage of uninsured homes belong to Black and Hispanic homeowners?

Report Methodology

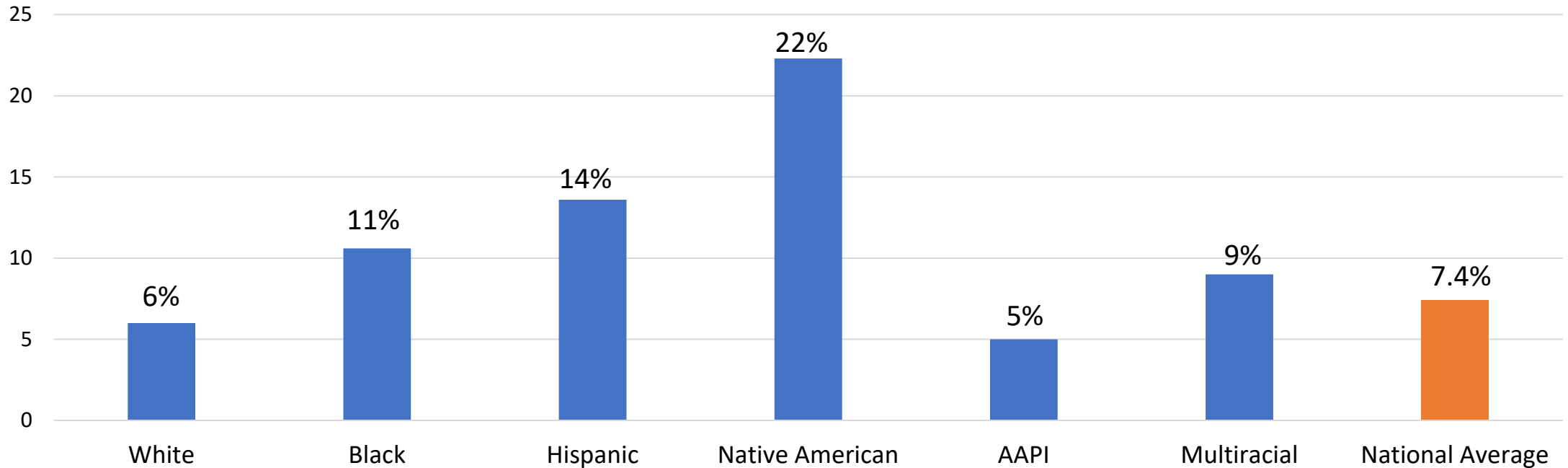
- Nationally representative US Census data: 2021 American Housing Survey
- Survey provided information about composition and quality of housing stock, housing expenses including homeowners insurance, demographics, and geographic variation
- Survey responses weighted to ensure estimates were representative
- Conducted statistical analyses to ensure robust results
- Final sample included 31,669 observations

Summary of Homeowners Insurance Report

- One in thirteen homeowners (7.4%, or 6.1 million) lacked homeowners insurance
- Homeowners of color were disproportionately without coverage
- Rural homeowners and those living in Houston and Miami were disproportionately without insurance
- \$1.6 trillion in homeowners' property value was not covered by insurance

Homeowners of Color Were More Likely to Lack Homeowners 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).



Black Consumers and Homeowners Insurance: Further Analysis

- 11% of Black homeowners lacked insurance, well above the national average
- Inequalities of who has homeowners insurance perpetuate racial wealth gap
- Black consumers are disproportionately exposed and susceptible to natural disasters
- Long legacy of redlining—denying Black homeowners insurance, charging exorbitant prices, or offering inferior policies

Hispanic Consumers and Homeowners Insurance: Further Analysis

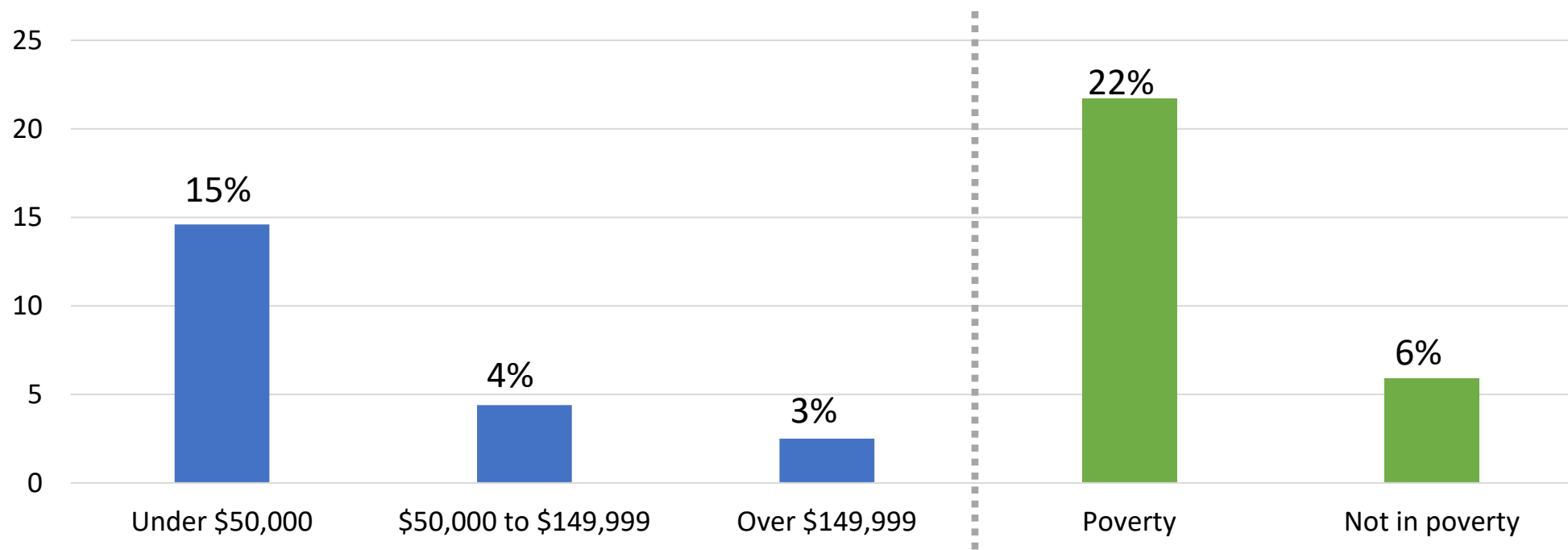
- 14% of Hispanic homeowners lacked insurance: almost twice the national average
- Racial wealth gap also a serious problem for Hispanics
- Hispanic homeowners located in some of more climate-vulnerable regions
- Different but similar history of discrimination—denying Hispanics homeowners insurance, charging exorbitant prices, or offering inferior policies

Native American Consumers and Homeowners Insurance: Further Analysis

- 22% of Native American homeowners lacked insurance (although our data is limited and further research is needed)
- Inequalities of who has homeowners insurance likely perpetuate racial wealth gap
- Native Americans often live in manufactured homes, on reservations, or below the poverty line
- Long history of racism and being underserved

Homeowners with Lower Incomes Were More Likely to be Uninsured

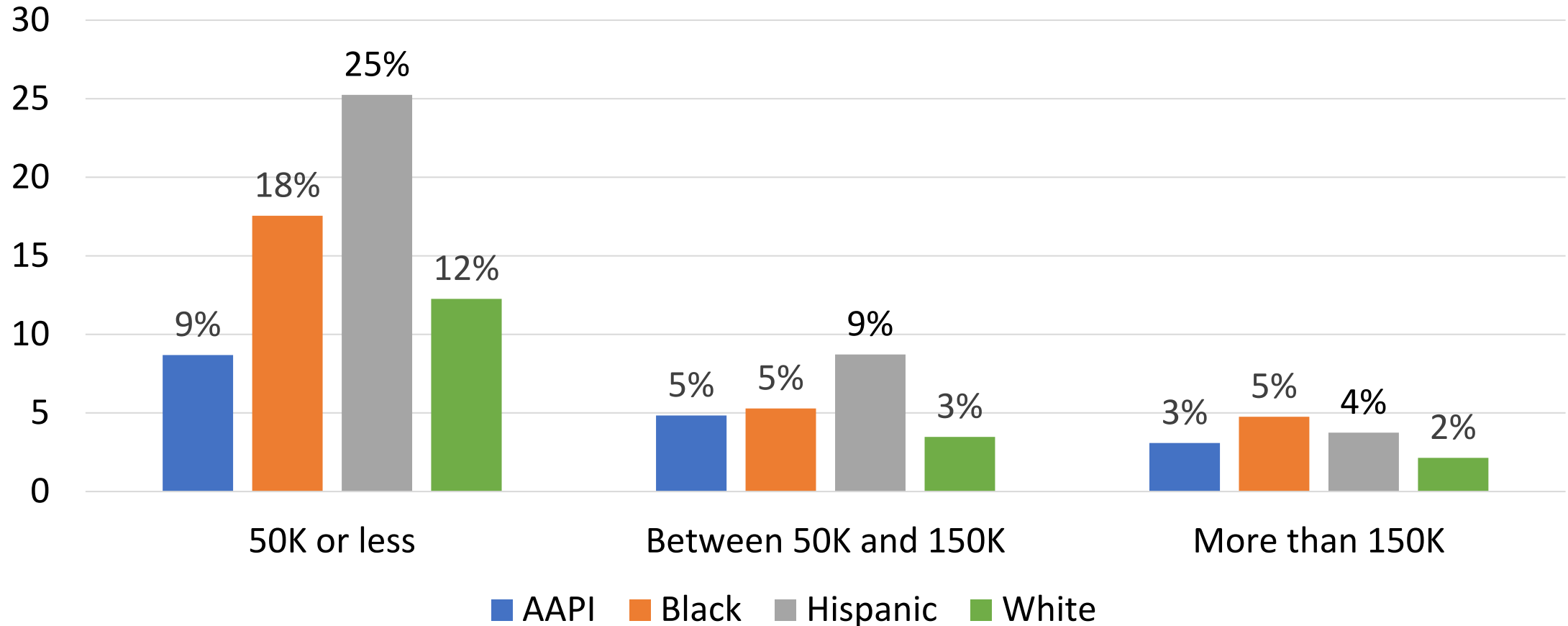
Share of Households Without Homeowners Insurance by Income and Poverty Status (Percent)



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

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

Lower-Income Hispanic and Black Homeowners Were Especially Likely to Be Uninsured

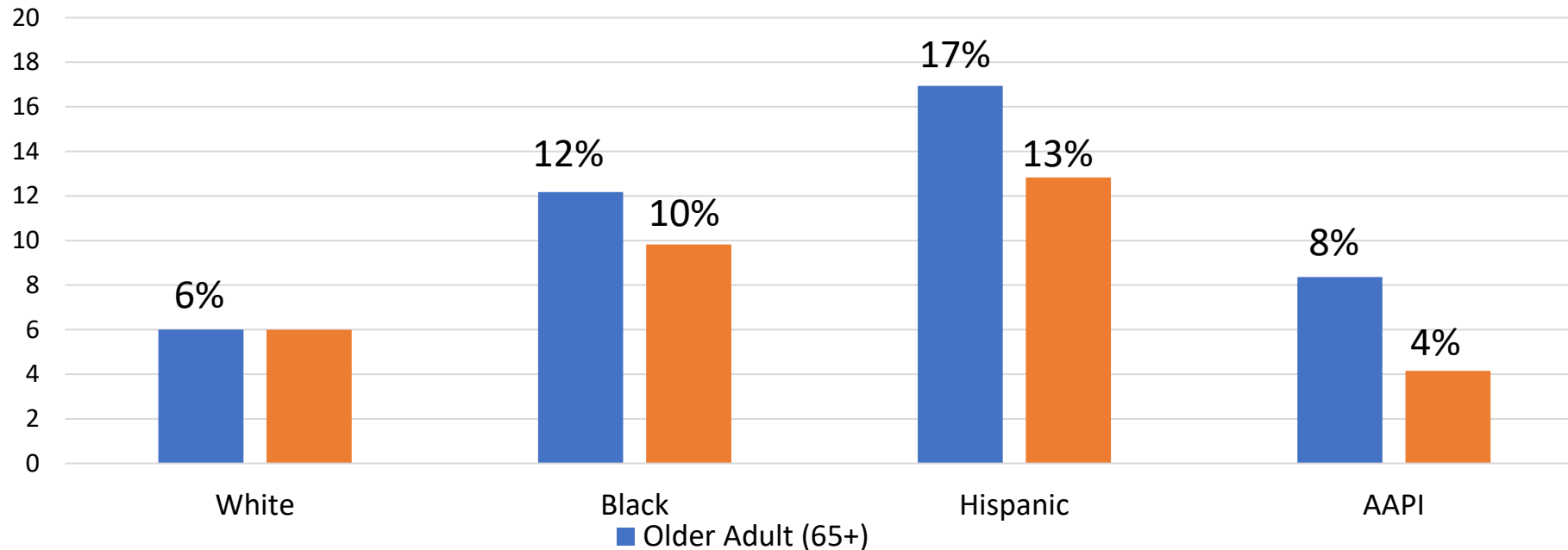


Source: Consumer Federation of America analysis of AHS data 2021.

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

Older Adults Were More Likely To Lack Homeowners Insurance, Except Among White Households

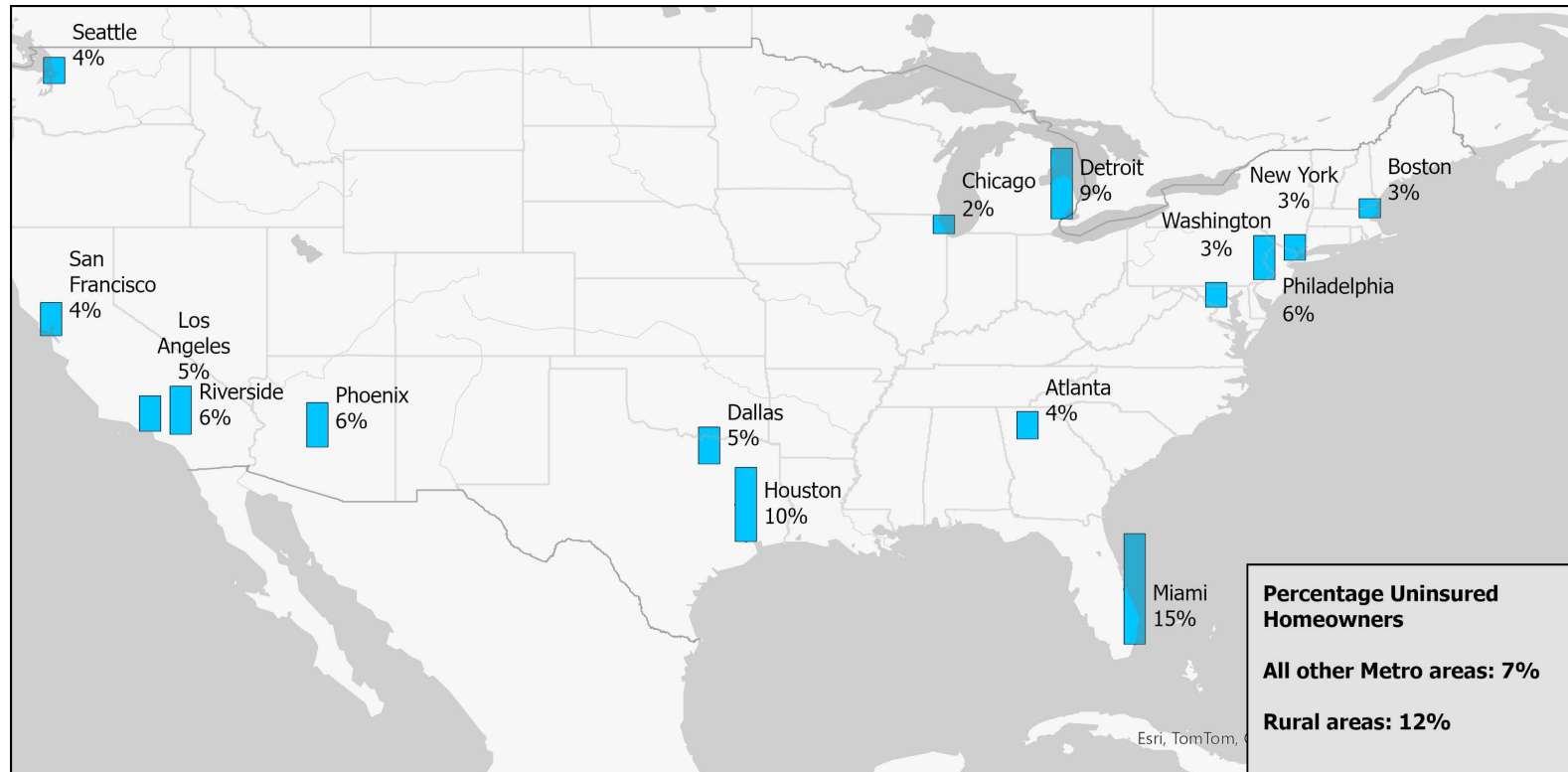
Share of Households without Homeowners Insurance by Race & Ethnicity and Age Group (Percent)



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.

Highest Shares of Uninsured Homeowners Found in Rural Areas and Metro Miami and Houston

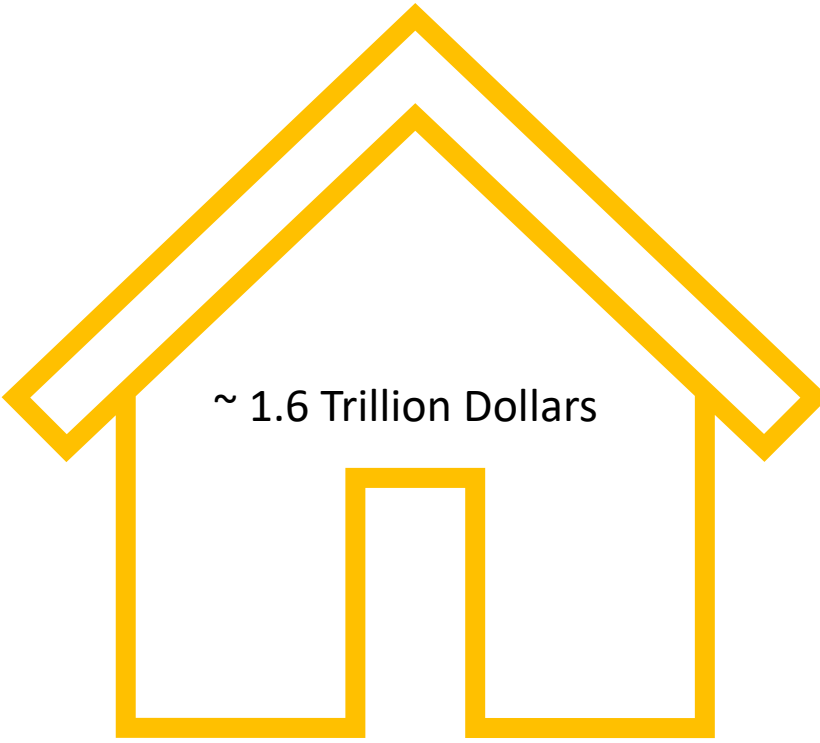


Source: Consumer Federation of America analysis of 2021 AHS data.

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

Being Uninsured Puts Trillions of Dollars of Owned-Occupied Homes at Risk

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



All Homes



Hispanic-Owned Homes



Black-Owned Homes

Top Ten States With the Most Uninsured Homeowners

Rank	State
1	Mississippi
2	New Mexico
3	Louisiana
4	West Virginia
5	Alaska
6	North Dakota
7	Alabama
8	Oklahoma
9	Florida
10	Texas

State Demographics With High Rates of Uninsured Homeowners

- Poverty and racism are important factors in the high rates of uninsured homeowners
- 36% of Mississippians are Black & 2022 median income is \$28,732
- 11% of New Mexicans are Native American & median income is \$31,063
- 33% of Louisianans are Black & median income is \$30,856
- West Virginia median income is \$29,892
- 20% of Alaskans are Alaskan Native or American Indian

Racial Equity Recommendation 1: Improve Collection of Insurance Denial and Coverage Data

- Homeowners insurance is part of *housing finance*: shapes who can afford to buy or stay in their home, and where they can live
- In home lending, every mortgage application is documented under the Home Mortgage Disclosure Act (HMDA)
- Homeowners insurance markets should have similar data transparency and collection requirements
- *How serious is the problem? How high are premiums? Which local conditions affect which consumers? Are Black consumers disproportionately impacted or getting denied insurance coverage?*

Further Racial Equity Recommendations

- Robust and consistent investments in risk mitigation measures at the individual, community, and state level: leverage investment portfolio for resiliency and claim prevention!
- Require insurance companies to provide discounts to consumers undertaking mitigation efforts
- Strengthen enforcement against insurer abuse and unfair bias: including in insurance applications, pricing, and claim payouts
- Require insurers to conduct tests for algorithmic bias and disparate impacts in all aspects of homeowners insurance

Any Questions?



Michael DeLong

mdelong@consumerfed.org