A DECISION COMPANION

Read the cover, not just the price

A renewal can change the risk a household carries even when the headline premium looks manageable.



Conceptual illustration. See source and provenance notes.

01 Compare the terms side by side.

02 Translate deductibles into actual money.

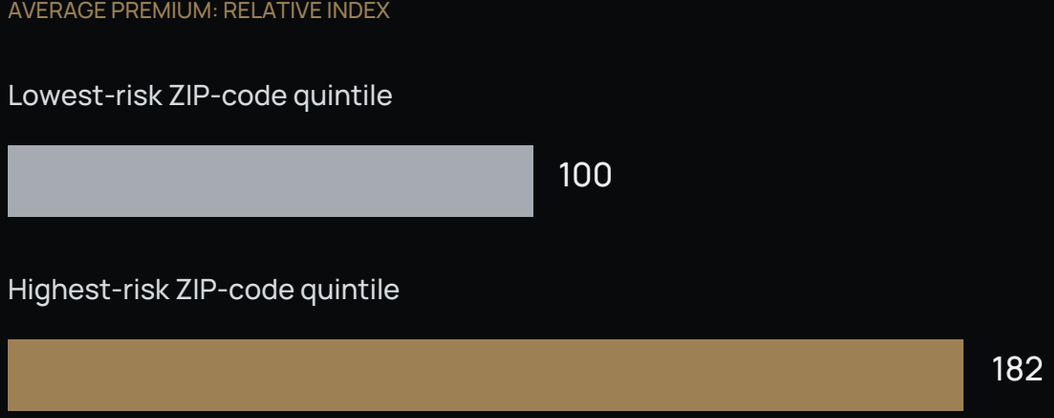
03 Separate market value from rebuilding cost.

Companion to the complete WTM article. A practical synthesis, not personalised financial, legal, medical or safety advice.

Climate risk can show up at renewal

US Treasury's historical study connects higher climate risk with higher average premiums. It is not a quote for your home.

AVERAGE PREMIUM: RELATIVE INDEX



82% higher

Average premium in the highest-risk group: US$2,321. The index is normalised to 100 for comparison.



Conceptual illustration. See source and provenance notes.

Treasury report published January 2025, using 2018-22 data. Association does not identify the cause of an individual premium change.

The six-line renewal review

Keep the old policy beside the proposed renewal. Ask the insurer to explain changes before deciding.

Premium	What will I pay over the same period?
Covered perils	Which events are included or excluded?
Deductible / excess	How much must I bear, and on what basis?
Settlement	Replacement cost or depreciated value?
Limits and sublimits	Is the amount adequate for the loss at issue?
Temporary living costs	What is covered if the home is uninhabitable?

Flood is generally excluded from standard US homeowners and renters policies. Check the actual contract and local rules; product names are not guarantees.

A percentage deductible can be a large bill

Illustrative example only. The applicable percentage, insured-value basis and event rules come from the policy.



Conceptual illustration. See source and provenance notes.

HYPOTHETICAL DEDUCTIBLE

2% × US$400,000 = US$8,000

That is the household's deductible in this example, not the premium and not necessarily 2% of the repair invoice.

THREE VALUES TO KEEP SEPARATE

Market value: what a buyer might pay.
Mortgage balance: what is still owed.
Rebuilding cost: what reconstruction may require.

NAIC explains actual cash value versus replacement cost. Rebuilding estimates depend on the home, local costs and policy terms.

Make the next decision better informed

Avoid treating a lower premium as a saving until you know how much protection and risk changed.

RISK REDUCTION

Ask before spending

Get written confirmation of eligible mitigation measures, evidence requirements and any discount.

California has a specific wildfire framework; do not assume it applies elsewhere.

COVERAGE CONTINUITY

Check timing

Flood cover commonly has a waiting period. NFIP policies usually have a 30-day wait, with exceptions.

Read renewal and non-renewal dates under the applicable rules.

HOUSEHOLD CASH FLOW

Review affordability

A premium change may flow into an escrow payment. That does not necessarily mean the mortgage interest rate changed.

Test the premium and the possible uninsured loss.

WHY THIS MATTERS

Insurance is a contract for sharing risk. When cover retreats, the risk does not disappear: more of it can remain with households and communities.

Sources: California insurance regulator, FloodSmart/NFIP and CFPB. No insurer, property or quote has been assessed.

What the evidence can carry

Linked primary sources, reporting periods and boundaries. Figures are dated evidence, not live operational advice.

01 US Treasury: homeowners insurance climate-risk analysis (16 January 2025)

02 FloodSmart / NFIP: buying flood insurance and waiting periods

03 NAIC: actual cash value versus replacement cost

04 CFPB: escrow or impound accounts

05 California insurance regulator: Safer from Wildfires

EDITORIAL BOUNDARIES

US-focused examples with jurisdiction limits. This is not a personalised recommendation or a coverage interpretation.

The Treasury comparison covers 2018-22. The US$8,000 example is hypothetical.

Confirm current deadlines, terms and programme eligibility locally. Do not cancel cover without understanding the consequences.

SOURCE REVIEW + VISUAL PROVENANCE

Sources reviewed 11 November 2026. AI-assisted research, drafting and visual production. Illustrations depict fictional people and scenes, not documented individuals, properties or events. No original interviews or field reporting are claimed.

Editorial review edition. Publication approval remains outstanding. Source and visual checks do not replace local professional advice.