

The New Reality of Home Insurance: Readiness, Resilience, and the Power of Trust

How Homebuilders, Buyers, and the Housing Industry Can Adapt to a Permanently Changed Insurance Landscape

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Executive Summary

Home insurance in the United States has entered a new era of volatility. Rising climate risks, surging premiums, and widespread insurance carrier withdrawals are reshaping the financial and operational realities for homebuilders, developers, buyers, and the entire housing ecosystem.

The challenge is no longer just affordability—it is availability, stability, and long-term financial resilience. Builders and developers must proactively integrate insurance considerations into their strategies, ensuring that their homes and communities remain insurable, cost-efficient, and attractive to buyers.

This white paper explores the evolving realities of home insurance—from climate-driven risk factors and regulatory changes to technological advancements and financial strategies. It also provides a roadmap for readiness and resilience, anchored in trust-based relationships, real-time data integration, and risk-mitigation strategies that enable homebuilders to future-proof their businesses.

Section 1

The New Landscape: Why Home Insurance is No Longer a Given

Climate Risk Escalation

Extreme weather events are no longer rare. In 2024, the U.S. recorded 27 separate billion-dollar disasters, totaling over \$177 billion in damages, [according to NOAA](#)¹. Hurricanes, wildfires, and flooding events are growing both in severity and frequency, directly impacting the insurability of homes.

A 2024 update from the [First Street Foundation](#)² shows that nearly 45 million U.S. properties now face elevated risk from at least one climate hazard—up from 39 million in 2022. Their most recent “Hazardous Heat” report also outlines the growing threat of extreme heat zones in southern U.S. states, with 12 counties projected to experience more than 100 days annually over 100°F by 2050.

“These events happen on schedule every year. Winter storms, hail, hurricanes—they’re now baked into the calendar,” says Alan Umaly, President of Westwood Insurance Agency. “Insurers are recalibrating risk models because they can’t afford not to.”

A [June 2024 McKinsey study](#)³ finds that climate risk exposure could drive homeowner insurance premiums up 60% in high-risk zones by 2030 unless mitigated by regulation or subsidy.

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Alan Umaly
President, Westwood Insurance Agency

Shrinking Coverage Options

More than a dozen major insurance carriers have either pulled out of or reduced operations in high-risk states like California, Florida, Louisiana, and parts of Texas. According to a [2024 report by S&P Global Market Intelligence](#)⁴, 11 states have experienced double-digit drops in private insurance market participation since 2020.

In June 2024, Farmers Insurance announced new non-renewals in North Carolina and South Carolina, citing increasing losses from wind, flood, and wildfire exposure. [The Washington Post \(May 2024\)](#)⁵ reported that policy non-renewals in high-growth exurban areas—including parts of Idaho, Arizona, and Tennessee—are also on the rise, fueled by outdated infrastructure and under-resourced emergency response systems.

“What we’re seeing is a contraction of the market. Carriers are saying no to entire counties, and not just in coastal zones,” notes Naimish Patel, President of Personal Lines at MSI. “Even in historically low-risk areas, premiums are jumping double digits.”

¹ NOAA Billion-Dollar Weather and Climate Disasters – <https://www.ncei.noaa.gov/access/billions/>

² First Street Foundation – Flood Factor and Fire Factor Tools – <https://firststreet.org/>

³ McKinsey & Company – Navigating shifting risks in the insurance industry (2024) – <https://www.mckinsey.com/capabilities/risk-and-resilience/our-insights/navigating-shifting-risks-in-the-insurance-industry>

⁴ Standard & Poor’s Market Intelligence - 2024 P&C Insurance Market Report - <https://pages.marketintelligence.spglobal.com/2024-US-PC-Insurance-Market-Report.html>

⁵ Washington Post – Why More and More Homeowners Are Dropping Insurance - <https://www.washingtonpost.com/business/2024/05/27/home-insurance-dropped-coverage/>

⁶ Joint Center for Housing Studies – Harvard University – The Insurance Crisis Continues to Weigh On Homeowners <https://www.jchs.harvard.edu/blog/insurance-crisis-continues-weigh-homeowners>

Rising Costs & Buyer Hesitation

A December 2024 [report](#) by the Joint Center for Housing Studies at Harvard⁶ shows that average homeowners insurance premiums increased by 36% from 2020 to 2023 — and by over 50% in Texas, Florida, and California.

In wildfire-prone parts of Northern California, premiums have risen more than 21% in the past three years, according to data from [Policygenius](#)⁷.

[Redfin reported](#)⁸ in May 2025 that one in seven (14.%) home-purchase agreements fell through in April. The share was higher in many parts of Florida -- home to 5 of the 10 metros with the highest cancellation rates. The report notes that “buyers in the Sunshine State are getting cold feet due to increasing natural disasters and soaring insurance.”

“We’re hearing from builders that last-minute insurance surprises are killing deals,” Umaly explains. “Buyers get a quote they weren’t expecting, and suddenly their debt-to-income ratio doesn’t work.”

[Freddie Mac \(September 2024\)](#)⁹ now includes home insurance premiums as a flagged affordability factor in its lending risk assessments.

Regulatory & Policy Uncertainty

Across the U.S., states and municipalities are implementing stricter building codes to address hazard mitigation. Florida’s 2024 [Building Resiliency Act](#)¹⁰ mandates new storm-proof standards, while

California’s expanded [Wildland-Urban Interface \(WUI\)](#)¹¹ maps are triggering rezoning and construction delays in dozens of counties.

FEMA’s Risk Rating 2.0 program—fully implemented in 2023—is still roiling markets. In some ZIP codes, flood insurance premiums have risen by 300%–500% over historical NFIP rates, according to a July 2024 [Congressional Budget Office](#)¹² review.

“Builders are not just building homes anymore. They are building for compliance, for insurance viability, and for long-term sustainability,” Patel adds.

Global reinsurers have increased catastrophe reinsurance premiums by over 35% since 2021, per a 2024 [Swiss Re report](#)¹³, causing ripple effects across all home insurance product lines.

“Builders are not just building homes anymore. They are building for compliance, for insurance viability, and for long-term sustainability.”

Naimish Patel

President of Personal Lines, MSI

⁷Policygenius - Home insurance prices up 21% as homeowners are left to deal with climate change, turbulent market - <https://www.policygenius.com/homeowners-insurance/home-insurance-pricing-report-2023/#where-have-home-insurance-premiums-increased-the-most-over-the-last-two-years>

⁸Redfin - U.S. Home Purchases Were Canceled at the Second Highest April Rate on Record - <https://www.redfin.com/news/home-purchase-cancellations-april-2025/>

⁹Freddie Mac-SEPT2024 SPOTLIGHT:Natural disasters and decision making: evidence from the Survey of Household Economics and Decision Making <https://www.freddiemac.com/research/forecast/20240923-us-economy-continues-expand>

¹⁰Florida Senate - “Resiliency and Safe Structures Act” <https://www.flsenate.gov/Session/Bill/2024/1526>

¹¹Frontline Wildfire Defense – Wildland Urban Interface (WUI) Risks <https://www.frontlinewildfire.com/wildfire-news-and-resources/wildland-urban-interface-wui-and-wildfire-risks/>

¹²Congressional Budget Office – Flood Insurance In Communities at Risk of Flooding - <https://www.cbo.gov/publication/60510>

¹³Swiss Re Institute – Global economic and insurance market outlook 2025–26 – <https://www.swissre.com/institute/research/sigma-research/sigma-2025-01-natural-catastrophes-trend.html>

Section 2

The Opportunity: Future-Proofing Homebuilders and Their Partners

Integrating Insurance Readiness into Development Planning

Builders can no longer wait until closings to think about insurance. Forward-thinking firms are incorporating insurance risk into land acquisition and planning phases.

According to [John Burns Research & Consulting's May 2025 update](#)¹⁴, hazard insurance pressures are contributing to lower lot valuations in high-risk zones. Projects in southern California, Central Texas, and Florida have seen residual value declines of 10–18% based solely on perceived insurability risks.

“Builders are coming to us before a community is even platted,” says Umaly. “They’re asking, ‘Will this be insurable in two years?’ That’s a major mindset shift.”

Jody Kahn of John Burns Research notes:

“We’re now hearing that hazard insurance is forcing builders to reduce density in wildfire-prone zones. In some Southern California projects, builders had to pivot from 8-plex to duplex units just to meet insurability thresholds.”

Embedding Trust and Transparency into the Homebuying Process

[Zillow's 2024 Consumer Housing Trends Report](#)¹⁵ found that 72% of buyers now ask about insurance costs before closing—a 40% increase from 2021.

“We embed insurance quotes at the point of contract,” Umaly says. “That way, buyers know what they’re getting into. It builds trust and removes guesswork.”

Patel adds, “The cost of insurance is now sometimes higher than property taxes. Builders can’t treat it as an afterthought anymore.”

According to the [Urban Land Institute's 2024 Insurance on the Rise: Climate Risk and Real Estate Investment Decisions](#)¹⁶, communities with integrated insurance quoting capabilities saw an average 15% faster time-to-close.

Leveraging Data & AI for Smarter Risk Management

Many insurers, including MSI, use dynamic modeling and AI to price risk accurately, and have done so for years. AI tools integrate NOAA weather history, GIS hazard overlays, and property-level variables (roof age, elevation, construction type). Westwood helps builders understand how these AI tools can positively impact their businesses.

“Home insurance is now a data-driven business. We use risk modeling not only to price, but to guide builders on design decisions,” Patel explains.

“We talk materials, home layout, vent closures, fire zones—resilience has become operational,” Umaly emphasizes.

[McKinsey \(April 2024\)](#)¹⁷ identifies AI-enabled underwriting as a top-five innovation expected to transform the insurance sector by 2030.

¹⁴ John Burns Research & Consulting May 2025 Update
<https://www.thebuildersdaily.com/spring-land-slowdown-signals-deeper-strain-for-homebuilders/>

¹⁵ Zillow 2024 Housing Trends Report – Buyers – <https://www.zillow.com/research/buyers-housing-trends-report-2024-34383/>

¹⁶ Urban Land Institute's 2024 Insurance on the Rise: Climate Risk and Real Estate Investment Decisions
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¹⁷ McKinsey & Company – Navigating shifting risks in the insurance industry (2024) –
<https://www.mckinsey.com/capabilities/risk-and-resilience/our-insights/navigating-shifting-risks-in-the-insurance-industry>

Strengthening Strategic Partnerships for Resilience

Insurance agencies like Westwood are aligning with builders earlier in the development timeline to ensure projects are marketable and insurable.

“Our job is to walk in lockstep with the builder from planning to closing,” says Umaly. “If one market closes, we find another that’s open. That’s our role in de-risking the process.”

The Bipartisan Policy Center¹⁸ urges expanded public-private insurance pilot programs and early collaboration between developers and underwriters.

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Alan Umaly

President, Westwood Insurance Agency

Section 3

The Roadmap: Building Readiness, Vigilance, and Resilience

PHASE 1

Assess & Adapt

- Use hazard prediction platforms like First Street Foundation or ClimateCheck.
- Incorporate projected premiums into monthly payment modeling.
- Identify insurability red flags (e.g., outdated zoning, inadequate egress routes).

PHASE 2

Embed Resilience

- Specify impact-rated roofing, fire-resistant siding, and elevated mechanical systems.
- Work with insurance experts to design homes that improve insurance affordability.
- Train design teams on hazard zone map overlays.

PHASE 3

Transparency & Data

- Integrate insurance agency API-based insurance quoting tools in sales workflows.
- Educate sales teams to speak about insurance affordability and availability confidently.
- Provide homebuyers with documentation on climate resilience features.

¹⁸ Bipartisan Policy Center - Rising Property Insurance Costs: Opportunities for Federal Action
https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2025/02/BPC_Housing-White-Paper_RV06.pdf

PHASE 4

Future Proof Relationships

- **Engage Westwood during entitlement for insurability review.**
Early involvement from trusted insurance experts helps identify red flags and position communities for long-term coverage viability.
- **Use insurance readiness as a buyer trust-builder.**
Builders who proactively integrate insurance visibility into their sales process are winning trust with both buyers and financial partners.

- **Proactively adopt advanced building science practices to harden homes against escalating climate hazards.**

Applying field-tested standards—such as the IBHS FORTIFIED Home™ program—can significantly reduce damage risk from wind, wildfire, and water events. These enhancements not only protect buyers but improve the home’s insurability, often lowering premiums and strengthening lender confidence.

“Trust is currency now,” Ulmaly concludes. “Builders who can prove that they’re offering reliable, fully insurable homes will win.”

Alan Ulmaly
President, Westwood Insurance Agency

Conclusion

The Power of Trust in an Unpredictable Market

The home insurance crisis is no longer just a buyer concern—it’s a strategic imperative for homebuilders.

Trust, transparency, and readiness are now non-negotiables. Builders who lead with data, embed resilience, and build strategic relationships will not only future-proof their communities but also capture the trust of a skittish market.

In the words of Ulmaly:
“Experience beats disruption. We’ve been doing this for 73 years. And the reason we’re still here is because we’ve evolved with the homebuilding industry.”

Call to Action

1. **Secure Your Sales Pipeline:** Learn how embedded insurance solutions can offer stability and confidence for your buyers.
2. **Request a Risk Assessment Consultation:** Contact Westwood Insurance Agency to evaluate your projects for insurance readiness.
3. **Integrate Insurance Readiness into Strategy:** Make insurance considerations a proactive part of your development model.

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About Westwood Insurance Agency

As a leading, full-service personal lines agency, Westwood facilitates seamless home closings by connecting builders, lenders, insurance companies and homebuyers with click-to-bind technology.

- Licensed in 50 states
- More than 70 years experience
- Market for 99%+ of all builder clients' communities nationwide
- Helps builders close more than 100K homes each year

westwoodinsurance.com

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