

# Helping Homeowners Buy Insurance: Rating the States

A report from the Rutgers Center for Risk and Responsibility  
at Rutgers Law School

March 2024

Homeowners need information about three things when shopping for insurance:

- what the policy covers,
- its price, and
- the quality of the company offering it.

This report explains what state insurance departments should be doing to provide information to homeowners insurance consumers and ranks every state against those standards.

*More on homeowners insurance from the Rutgers Center for Risk and Responsibility:*  
<https://crr.rutgers.edu/homeowners-insurance/>

*Contact:*

Professor Jay Feinman  
Distinguished Professor Emeritus, Rutgers Law School  
Co-Director, Rutgers Center for Risk and Responsibility

[feinman@law.rutgers.edu](mailto:feinman@law.rutgers.edu)  
856-225-6367  
<https://crr.rutgers.edu/>

# Helping Homeowners Buy Insurance

## Introduction

Homeowners need information about three things when shopping for insurance:

- what the policy covers,
- its price, and
- the quality of the company offering it.

Homeowners can shop effectively if they have good information, and their buying choices will spur competition to produce better products at lower prices. Particularly as homeowners insurance becomes less available and more expensive in many states, good information is important to consumers.

Insurance companies and their agents typically provide minimal information about coverage, some information about price, and a vague, warm-and-fuzzy feeling about quality. State insurance departments have the responsibility to improve the information available to consumers.

How well do insurance departments fulfill this responsibility? A few insurance departments do a great job (but still could improve). In many states, however, regulators don't adequately serve the needs of homeowners for good information about coverage, price, and quality.

This report explains what state regulators should be doing to provide information to homeowners insurance consumers and ranks every state against those standards.

This report is part of a series of projects by the Rutgers Center for Risk and Responsibility to improve homeowners insurance. More information is available on the Center's [website](https://crr.rutgers.edu/).  
<https://crr.rutgers.edu/>

## The standards

### State insurance departments should:

- Post on the department's website the homeowners insurance policies offered by all insurers in the state, or at least the largest insurers.
- Develop a standard form summary of homeowners insurance coverage, and then
  - Make the form available to consumers as a checklist to use when shopping.
  - Require companies to complete the form for each policy offered and make the completed forms available to homeowners shopping for insurance and on renewal.
  - Post the companies' completed forms on the department's website.
- Post a tool that compares premiums of different companies by type of policy, amount of coverage, and specified geographic area.
- Publish consumer complaint data, indexed to show companies' performance relative to the state average and other companies.
- Post information about insurance companies' record in paying claims for consumers to view and compare.
- Design a department website that clearly presents useful information for homeowners, including the tools described above.

## Key findings

- No state received a five-star ranking because no state makes claims payment information available to consumers.
- Only six states (California, Maine, Missouri, Nevada, Oklahoma, and Texas) make homeowners insurance policy forms available online. Only two of those states (California and Texas) provide online summaries of the policies.
- About a dozen states provide a form that consumers can use to compare policy terms on their own.
- About a dozen states provide premium comparisons online.
- About twenty states provide data on complaints filed against insurance companies.
- Many department websites are poorly designed, making it hard for homeowners to find important information.

## Rating the States

<i>[None]</i>	★★★★★	Oregon	★★★★★★
California	★★★★★	Pennsylvania	★★★★★★
Texas	★★★★★	Rhode Island	★★★★★★
Maine	★★★★★	South Carolina	★★★★★★
Missouri	★★★★★	Utah	★★★★★★
Oklahoma	★★★★★	Virginia	★★★★★★
Colorado	★★★★★	Washington	★★★★★★
Louisiana	★★★★★	West Virginia	★★★★★★
Nevada	★★★★★	Wisconsin	★★★★★★
Alabama	★★★★★	Wyoming	★★★★★★
Alaska	★★★★★	Arizona	★★★★★★
Connecticut	★★★★★	Arkansas	★★★★★★
Delaware	★★★★★	District of Columbia	★★★★★★
Florida	★★★★★	Georgia	★★★★★★
Hawaii	★★★★★	Idaho	★★★★★★
Indiana	★★★★★	Illinois	★★★★★★
Kentucky	★★★★★	Iowa	★★★★★★
Maryland	★★★★★	Kansas	★★★★★★
Michigan	★★★★★	Massachusetts	★★★★★★
Mississippi	★★★★★	Minnesota	★★★★★★
Nebraska	★★★★★	Montana	★★★★★★
New Hampshire	★★★★★	New Mexico	★★★★★★
New Jersey	★★★★★	New York	★★★★★★
North Carolina	★★★★★	South Dakota	★★★★★★
North Dakota	★★★★★	Tennessee	★★★★★★
Ohio	★★★★★	Vermont	★★★★★★

## The details

### Coverage

**State insurance departments should post on the department’s website the homeowners insurance policies offered by all insurers in the state, or at least the largest insurers.**

Homeowners insurance policies vary widely among companies in what things and risks they cover—and don’t cover—and what they pay for losses. Many people only discover the limitations of their coverage when they have a claim and find they don’t have adequate coverage.

The state is reporting a spike in complaints from homeowners whose insurance claims were denied following recent storms, according to the Minnesota Department of Commerce. The department is issuing an alert, asking Minnesotans to review their insurance policies, particularly in the areas of hail and wind damage.

“I just thought it would be covered, so I was really taken aback that it wasn’t and it made me angry,” said Sue Evans, who owns a townhome in Belle Plaine. Evans said her roof was hit by hail during a storm in May 2021. “It was probably pretty close to golf ball size,” Evans said.

Source: KSTP-TV, August 18, 2022

The full terms of a homeowners insurance policy determine what the policy covers. But most insurers refuse to make policies available to homeowners shopping for insurance. The present system for policy filing, provided by the National Association of Insurance Commissioners, is confusing, opaque, and incomplete. Therefore, complete policies are generally unavailable to consumers before they buy.

Although few homeowners would read or be able to evaluate homeowners insurance policies, making full policies easily available would be of considerable benefit to them because of information intermediaries. Consumer Reports can easily acquire dishwashers to test and rate simply by going out in the marketplace and buying them. CR and similar intermediaries, whether nonprofit or commercial, cannot acquire homeowners insurance policies as easily. If they could acquire policies, they would be able to provide the same type of accessible information about coverage as they provide for important features of other consumer products.

*[RU InsureScore](#)— developed by the Rutgers Center for Risk and Responsibility—is an example of the kind of information that could be provided to homeowners by intermediaries. [RU InsureScore](#) rates the coverage of homeowners policies offered by 11 of the 20 largest insurance companies in the country. Like Consumer Reports and innumerable other product rankings, it rates policies overall on a 100-point scale and key features on a five-star scale.*

*<https://crr.rutgers.edu/homeowners-insurance-policy-scoring/>*

**State insurance departments should develop a standard form summary of homeowners insurance coverage, and then:**

- Make the form available to consumers as a checklist to use when shopping.
- Require companies to complete the form for each policy offered and make the completed forms available to homeowners shopping for insurance and on renewal.
- Post the companies' completed forms on the department's website.

For consumers, too much information can be as bad as too little. Information that is accurate and useful must be provided in an accessible manner. That is particularly true for complex products such as homeowners insurance.

State insurance departments should promulgate a standard form for providing key information in an understandable way. Homeowners could use the blank form to compare policies when shopping for insurance. Insurance companies also should be required to complete the form for each policy offered and to make the completed forms available to shoppers and to policyholder on renewal. Departments should publish the companies' completed forms on the department website. These steps would make it easy for homeowners to compare coverage of different policies.

The Affordable Care Act's required Summary of Benefits and Coverage offers a health insurance precedent for the effectiveness of this type of form. The Summary of each policy on [healthcare.gov](http://healthcare.gov) provides useful, well-designed, timely information to health insurance consumers. The ACA's Summary provides a template for Important Questions, Answers, and Why This Matters, and instructions for completing the template as to form and content. It brings home differences among policies using examples such as "Peg is having a baby" and "Managing Joe's Type 2 Diabetes."

*The Rutgers Center for Risk and Responsibility has prepared a model [Homeowners Insurance Coverage Summary](https://crr.rutgers.edu/homeowners-insurance-coverage-summary/) as a template for an accessible summary of key terms, following the example of the ACA's Summary. The project documents include a Blank Template, Template with Options that prescribes the answers in standard form, a Sample Completed Template, and a Glossary.*

<https://crr.rutgers.edu/homeowners-insurance-coverage-summary/>

## Price

**State insurance departments should post a tool that compares premiums of different companies by type of policy, amount of coverage, and specified geographic area.**

The price of homeowners coverage is the information most widely available to consumers. Numerous regulator and commercial websites provide average premiums on a state-by-state basis. When consumers shop for their own policies, companies quote premiums through agents and online. Many referral sites or online agents provide individualized price comparisons, too.

Despite the availability of those sources, it is helpful for homeowners to have a rough price comparison among companies to inform their shopping. A number of states offer premium comparison tools that use examples of the type of dwelling and amount of coverage to show representative premiums of different companies in different cities or counties within the state.

## Quality

Quality is an important attribute of any product, including insurance. There are two key measures of quality for an insurance company: financial stability and claims quality.

A homeowner who buys insurance is buying security—the financial and emotional security that comes from the insurance company’s promise that it will indemnify them in the event of loss. The financial stability of the company is key to that security. Regulators provide little if any information about financial stability to consumers, but they do not need to. Financial stability of insurers is almost universal and few companies ever lack the resources to pay claims.

Therefore, the key measure of quality for homeowners insurance is an insurance company’s record of paying claims promptly and fairly—of keeping its promises. Also, as with any business, consumers expect that their insurance company will provide other forms of customer service, such as being available to answer questions, facilitate renewal and bill payment, and, increasingly, to offer collateral services such as advice about loss prevention and detection devices for the home.

Here’s a scary statistic: About 70 percent of homeowners who filed claims after the 2020 California wildfires reported problems with their insurer, including difficulty getting claims paid, according to a survey by United Policyholders, a nonprofit that advises consumers on insurance claims.

Source: AARP, March 20, 2023

Some reliable data on insurance companies’ customer service in general is available to consumers. Consumer Reports and J.D. Power provide well-regarded reports on customer satisfaction with insurance companies. The reports and the studies on which they are based are large in scope, reliable, and trustworthy. The ratings are widely distributed and also are reported on by other entities and often featured in advertising, and consumers appropriately have come to rely on them. The ratings also include subcategories for consumer ratings specifically on claims satisfaction.

Actual statistics on claims quality are harder to come by, so consumers need more..

### **State insurance departments should publish consumer complaint data, indexed to show companies’ performance relative to the state average and other companies**

The principal means by which regulators currently provide information to consumers on insurers’ claim practices is through the publication of consumer complaint data. Consumers file complaints about their insurance companies with the insurance department, which evaluates

the complaints and often seek resolution. Most consumer complaints are about improper claim practices.

The strength of consumer complaint data depends first on consumers identifying wrongful behavior and then on having sufficient incentives to report that behavior. The reporting rate is low, as demonstrated by surveys of disaster victims by United Policyholders. Then regulators must present the data in comprehensible form, which often is not the case.

Therefore, consumer complaint data is limited but still useful—particularly in identifying outliers—companies that have substantially more or substantially fewer complaints than average, relative to their market share.

Many insurance departments publish the data collected with a Consumer Complaint Index, showing the number of complaints relative to policies in force or premiums written or relative to complaints made against other insurers, which provides a simple measure to compare companies. All departments should do.

**State insurance departments should post information about insurance companies' record in paying claims for consumers to view and compare online information about insurance companies' practices in paying claims for consumers to view and compare.**

Consumer complaint figures are helpful, but what consumers need most are accurate, helpful statistics with which consumers can compare companies as to how promptly and fairly they pay claims.

Insurance companies currently report claims statistics each year to regulators on the National Association of Insurance Commissioners' Market Conduct Annual Statement. The statistics reported include key measures such as median days to final payment, number of claims closed without payment to policyholders compared to the total number of claims closed, and lawsuits filed against the company during the period compared to claims closed without payment. These statistics would provide homeowners with a sound basis for evaluating how well an insurance company keeps its promises.

*The Rutgers Center for Risk and Responsibility has prepared a template that regulators can use to inform homeowners as to insurance companies claim practices. The [Claims Quality Summary](#) identifies key statistics available to insurance departments and most useful to homeowners in evaluating insurance companies.*

<https://crr.rutgers.edu/homeowners-insurance-claims-quality-summary/>

## Presentation

**State insurance departments should design a department website that clearly presents useful information for homeowners, including the tools described above.**

State insurance department websites must be well-designed to be useful to consumers. Some websites provide much useful information, easily understandable links, and clear pathways.



Unfortunately, many other websites fail consumers seeking information. Important information is not prominently featured, a degree of insurance expertise is required to find and interpret results, and links to key data are buried. Websites may provide links to information on the National Association of Insurance Commissioners website, but the pages referenced were confusing.

Presentation of the information was not a metric used in the rating of websites, but many state insurance departments clearly need to do a better job.



## **Rutgers Center for Risk and Responsibility**

<https://crr.rutgers.edu>

Professor Jay Feinman  
Distinguished Professor Emeritus, Rutgers Law School  
Co-Director, Rutgers Center for Risk and Responsibility

[feinman@law.rutgers.edu](mailto:feinman@law.rutgers.edu)  
856-225-6367  
<https://crr.rutgers.edu/>