

Shared Fates:

Rising Insurance Costs in Louisiana

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Nick Graetz, Moira Birss, and Lucy Block

Insurance companies are raising home insurance rates to unaffordable levels across the country, even as they shrink protections offered by insurance policies or stop offering any policies at all. Meanwhile, disasters of increasing frequency and severity, from hurricanes to wildfires, wreak havoc on communities. These disasters leave households with inadequate insurance coverage facing financial ruin and personal tragedy, and public coffers facing enormous strains.

Louisiana is no stranger to these dynamics. This year marks 20 years since Hurricane Katrina, and the number of billion dollar disasters hitting the state has only increased in the last two decades. Insurance companies have responded by jacking up premium prices; one analysis finds the state to have the 8th highest average premium rates in the country, burdening monthly household budgets.

To understand how the home insurance crisis is affecting households across Louisiana, we compared price quotes for a hypothetical private insurance policy that we standardized in every way except for the zip code in which a home is located (see appendix for details). **Our analysis reveals the immensely high and burdensome cost of home insurance and how rapidly private market insurance costs have increased in recent years.**

KEY TAKEAWAYS

Between 2021 and 2024, the cost of a standard private home insurance policy increased over 40 percent across Louisiana, from \$3,800 to \$5,400.

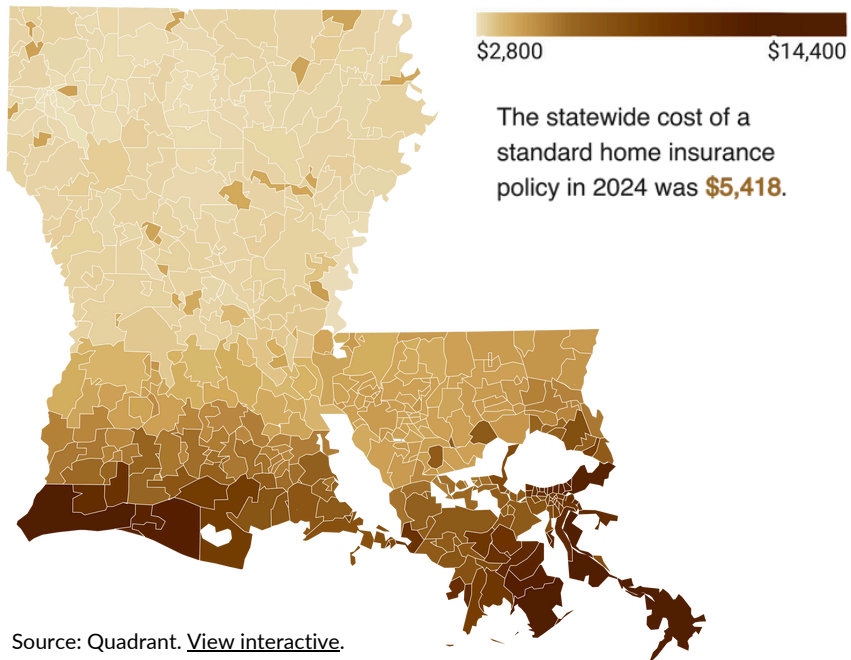
Three out of every five households in Louisiana would need to spend more than 10 percent of their income on a standard private home insurance policy. That means a household making \$50,000 would need to pay more than \$5,000 annually for home insurance.

This memo builds upon analysis in our report, [Shared Fates: A Housing Resilience Policy Vision for the Home Insurance Crisis](#), which found that almost 40% of people in the US live in areas with high risk of property damage. Today's insurance crisis is a housing justice issue impacting people across social lines. To fix our broken insurance system, we propose the creation of state Housing Resilience Agencies, an equitable solution to our escalating home insurance crises.

Across Louisiana, the cost of private home insurance increased over 40 percent from 2021 to 2024, from \$3,700 to \$5,400. Standard home insurance in Southern Louisiana costs as much as \$14,400 annually, and has increased as much as 135 percent since 2021.

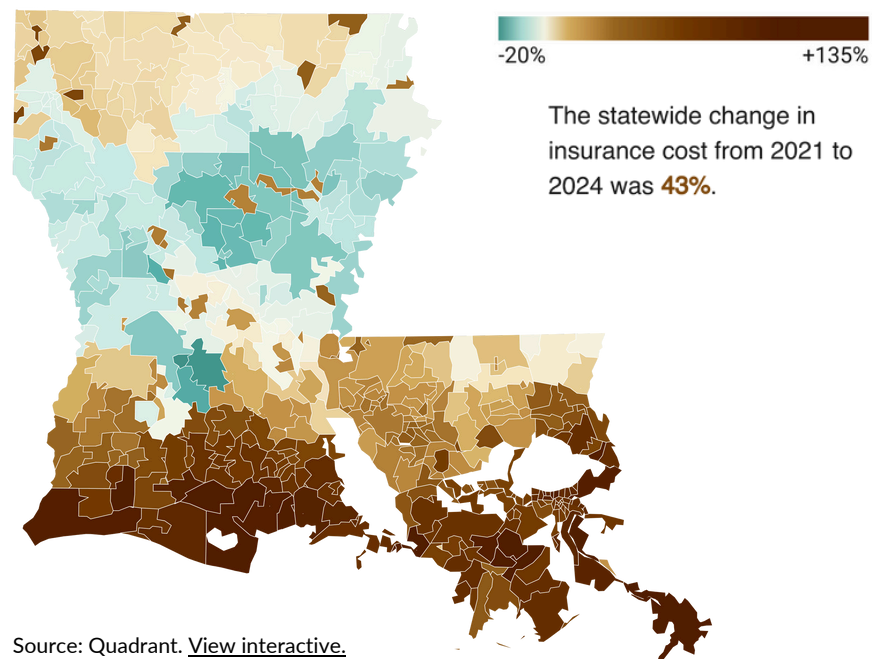
Home insurance costs in 2024

The annual cost of a standard home insurance policy by zip code



Changes in home insurance costs from 2021-2024

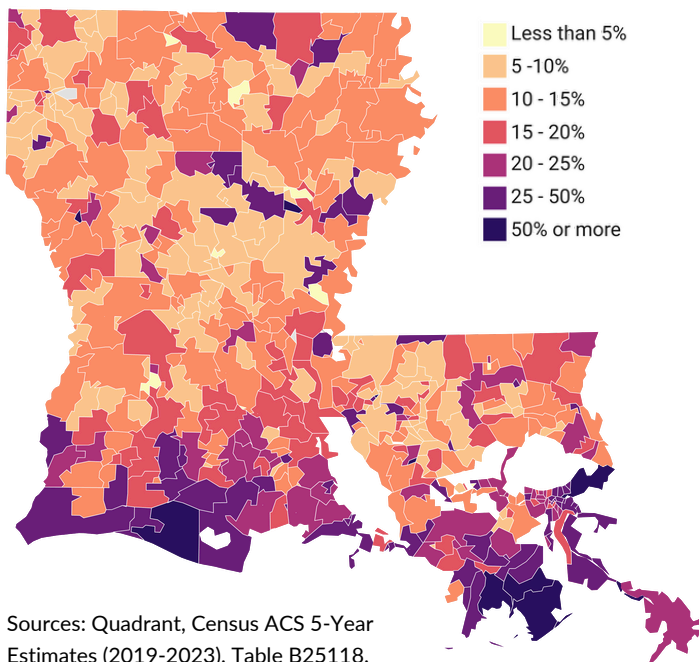
The change in cost of a standard home insurance policy by zip code



In zip codes from the north to the south of the state, Louisiana residents would have to spend more than 10 percent of their household income on a standard private market home insurance policy.

Premium burden

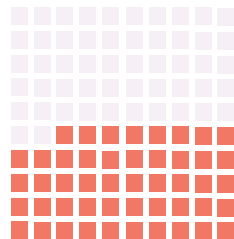
The standard premium cost per zip code in 2024 as a percentage of household income



Sources: Quadrant, Census ACS 5-Year Estimates (2019-2023), Table B25118. [View interactive.](#)

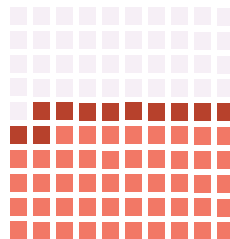
Statewide, 59 percent of Louisiana homeowners would need to pay more than 10 percent of their income on a standard policy, up from 48 percent in 2021. That means a household with an annual income of \$50,000 (pre-tax) would need to pay over \$5,000 for a standard policy.

2021



In 2021, **48 percent** of Louisiana households needed to pay over 10 percent of their income towards a standard home insurance policy.

2024



By 2024, that number increased to **59 percent**.

Our analysis shows how out of reach home insurance is for Louisiana homeowners, and the problem is worsening. We propose a better alternative: the creation of Housing Resilience Agencies, to bring down the costs of insurance and protect people during increasing disasters.

Acknowledgements

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Appendix

In this analysis, we compared price quotes for the exact same home insurance policy in each zip code across Louisiana in the years 2021 and 2024. The insurance premium values we show are what a hypothetical, standardized, private market policy would cost across the state—not what households are actually paying. Actual policy prices differ, especially if high prices force households to opt for reduced coverage—and therefore more risk exposure—in exchange for a lower premium. This analysis does not include data on Louisiana Citizens, the state’s insurer of last resort (residual market) program. Notably, the number of Citizens’ policies in Louisiana more than tripled from 2021-2022 (p.50).

For the purpose of this analysis, we defined a “standard” policy as:

- A standalone 2,500 square foot single-story family home constructed in 2000
- A composition roof that has been upgraded within the last 20 years
- A \$250,000 replacement value
- 2% deductible for hurricane damage

A limitation of this data is that all “standard” policy variables reflect the standard *national* values (e.g., the median square footage for all home insurance policies written nationally). The only variable that is specific to Louisiana is the \$250,000 replacement value, which is the median replacement value for all policies in Louisiana. While hurricane coverage is not part of typical home insurance policies nationally, it is in Louisiana, so we included it in our analysis. These standardized policy costs are useful for comparing an identical policy across all zip codes in Louisiana, because differences in these costs *only* reflect the location where the policy is purchased. This helps us understand how insurers are using geography to set and raise rates across Louisiana.

However, these standardized policy costs will be a conservative snapshot of actual policy prices across Louisiana because many of the standardized policy variables reflect the typical national policy. For example, 70% of owner-occupied homes in Louisiana were constructed before 2000.

Price Quote Data

We purchased a dataset from Quadrant, a third-party provider of pricing analytics for the insurance industry. Quadrant's primary product is a database of rating plans for virtually all active insurers in the country. Either by direct agreement with companies to provide data or through daily scans of state filing approvals, Quadrant reproduces and updates the rating plans of each company to reflect changes in overall rates and changes to their rating algorithm. Quadrant uses this database to provide a near real-time premium quoting service to their primary clients: online insurance sellers that allow consumers to compare rates across all the active insurers in their area.

Quadrant uses a list of 157 inputs to produce their quoting service by directly using or replicating insurer pricing algorithms. These inputs include policy details (e.g., coverage amounts) as well as various proxies of individual risk (e.g., credit score), asset risk (e.g., age of home), and environmental risk (e.g., zip code). We asked Quadrant to produce quotes for every unique zip code while holding all other inputs constant. We selected representative values for all variables that were held constant. We used statewide medians for continuous variables such as coverage amount (\$250,000) and modes for categorical variables (e.g., exterior wall type). We aggregated quotes to the average cost across all companies reporting in a zip code, weighted by the statewide market share of each company normalized to the zip code.

Income Data and Premium Burden Calculations

To calculate the proportion of all homeowners who would have to pay more than 10% of their annual gross income to afford a standard home insurance policy, we summed the number of households in each zip code at income levels where the premium burden is above 10% when dividing the standard premium cost for that zip code by the midpoint of each income level. We then summed the total households that met that 10% premium burden threshold in each zip code for all zip codes in the state and divided that number by the total homeowners in the state to obtain the number of households statewide with premium burdens over 10%. We did this for both 2021 and 2024.

Because we used our standardized home insurance policy cost rather than what households are actually paying for insurance, this measure of "premium burden" reflects affordability (i.e., "How affordable is the typical home insurance premium for homeowners living in this zip code?"), rather than actual premium burden (i.e., "How much of their annual income are homeowners living in this zip code spending on insurance"). If this measure is higher than actual premium burdens, it may suggest that homeowners are underinsured (e.g., buying coverage below the typical amount) or uninsured.

Contact | [Rithika Ramamurthy, rramamurthy@climateandcommunity.org](mailto:rramamurthy@climateandcommunity.org)