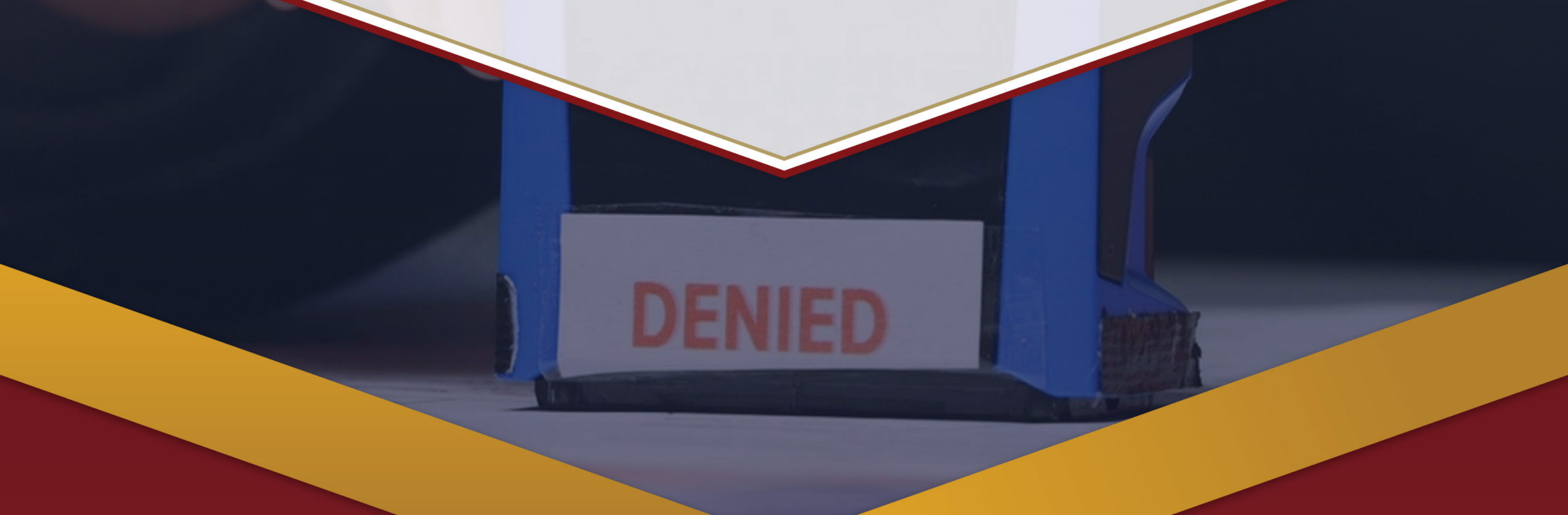
Six Sneaky Tactics Home Insurers Are Using to Stiff Consumers

(ESPECIALLY IN THE WAKE OF CLIMATE CHANGE)



weiss ratings

DECEMBER 15, 2025

Six Sneaky Tactics Home Insurers Are Using to Stiff Consumers

(ESPECIALLY IN THE WAKE OF CLIMATE CHANGE)

by

Martin D. Weiss, Founder

December 15, 2025

11780 US Highway 1 | Palm Beach Gardens, FL 33408-3080
Coalition and Press Contact: Nicole Brown nbrown@weissinc.com 727-900-5293

Six Sneaky Tactics Home Insurers Are Using to Stiff Consumers

(Especially in the Wake of Climate Change)

Introduction

In the home insurance industry, sneaky ways to slash, delay, deny and fight legitimate claims are nothing new. Most have been around since we began looking at the industry in 1971. But today, it's different for three fundamental reasons.

First, 54 years ago, most of the shenanigans were limited to smaller, often fly-by-night companies. Now, major, established companies are pulling many of the same tricks.

Second, the bad behavior was typically sporadic, ad hoc, centered around certain individuals, branches or unique circumstances. Now, it is often built into standard operating procedures.

Most concerning of all, when we first began looking at these issues in the 1970s, we could not discern a clear trend. But in the 21st century, the trend is unmistakable: *It's getting progressively worse year after year.*

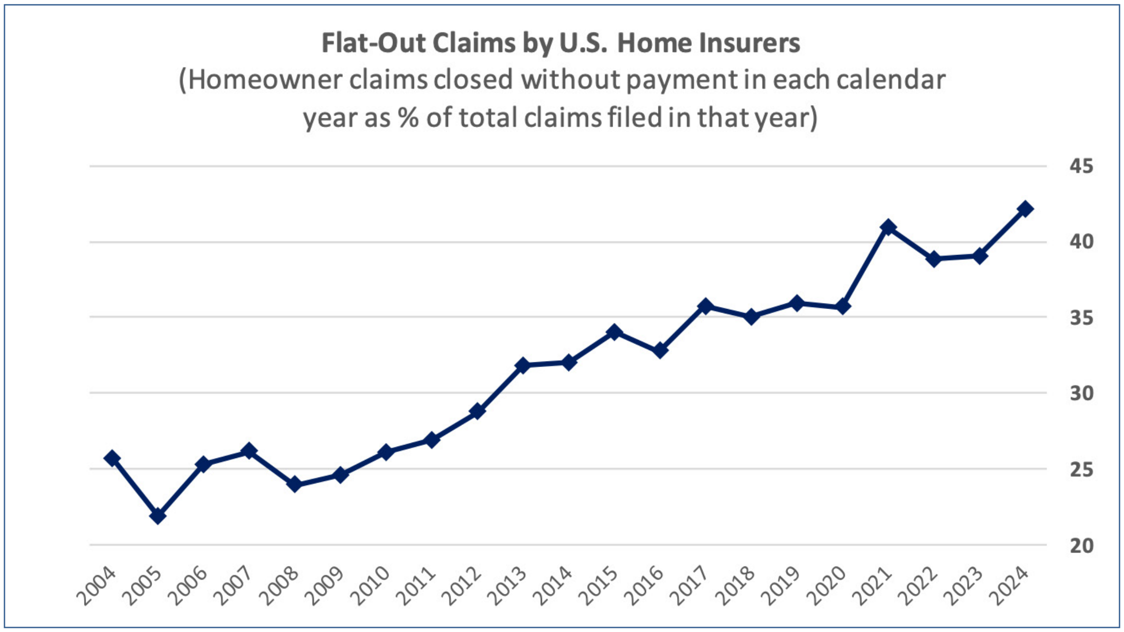
In this report, we highlight six of the most prominent tactics.

Sneaky Tactic #1
Flat-Out Denials

In 2004, U.S. insurers closed 25.7% of home damage claims with no payments. In 2024, they closed 42.1%, or a total of 2,850,583 claims, all without paying a penny.

And if one includes the period from 2020 through 2024, the total number of homeowner claims thrown under the bus is far bigger — 11,497,610.

We call these “flat-out denials” — those without serious review, often based on the mention of particular words in a claim that can be flagged by a systemic operating procedure.



Source: Weiss Ratings. Data: NAIC Annual Statutory Financial Statements 2004-2024, Schedule P, Part 3A – Homeowners/Farmowners, columns 11 & 12, row 11

Insurers often seek to downplay the high level of flat-out denials or blame the trend on consumer error and fraud. However, despite multiple requests, they have routinely failed to provide data to back up their arguments. Nor do they have answers for key questions that we’ve raised:

Why is it so much worse today than 20 years ago?

Why are so many companies flat-out denying more than half of claims, while others are still able to keep their denial rates below 30%, much like they did in the early 2000s?

And here’s another big question: If homeowner claims are frivolous or fraudulent, why are so many homeowners suing, such as in states like Florida? More to the point, why are so many winning in court?

Consider these companies operating in Florida:

Large Florida Insurers Closing More Than Half of Homeowner Claims with No Payment

(% of total claims closed at yearend)

Insurance Company Name	2024	2023
People's Trust Insurance Co.	**75.4%**	**38.8%**
Kin Interinsurance Network	**68.3%**	**44.0%**
Amer Integrity Insurance Co. of Florida	**64.6%**	**43.9%**
Olympus Insurance Co.	**61.9%**	**37.3%**
State Farm Florida Insurance Co.	**59.2%**	**46.4%**
Castle Key Indemnity Co.	**57.2%**	**47.1%**
Security First Insurance Co.	**56.6%**	**35.0%**
Castle Key Insurance Co.	**55.1%**	**46.0%**
ASI Preferred Insurance Corp.	**53.3%**	**23.7%**
Florida Peninsula Insurance Co.	**52.8%**	**36.2%**
First Protective Insurance Co.	**51.9%**	**36.4%**
Loggerhead Recpl Interinsurance	**51.4%**	**22.7%**
Safepoint Insurance Co.	**51.2%**	**31.6%**
Slide Insurance Co.	**50.3%**	**30.6%**

Source: Weiss Ratings. Data: Companies' annual statements at yearend 2023 and 2024, Schedule P, Part 3A – columns 11 & 12, row 11

Castle Indemnity flat-out denied 57.2% of homeowner claims in 2024.

State Farm Florida — 59.2%.

Olympus Insurance — 61.9%.

American Integrity — 64.6%.

Kin Interinsurance — 68.3%.

People's Trust flat-out denied 75.4% of homeowners' claims in 2024. More than three out of four.[1]

Just outliers? Unfortunately, not. In the aggregate, insurers operating in Florida are the worst in the country. They rank number one in terms of claims closed with no payment in 2024.

But they're not the only ones. The flat-out denial rates in Alaska, California and Texas are not far behind.[1]

Moreover, we count 14 major insurers operating nationally that, in the aggregate, have closed 48% of claims with no payment in 2024.

Most concerning of all, it's often the largest insurers with the most business, receiving the highest number of claims in 2024, that deployed this flat-out denial tactic most frequently.

Large Home Insurers Nationwide Closing 40%-51% of Homeowner Claims with No Payment in 2024

Insurer (State of Domicile)	**Claims Received and Closed in 2024** (number)	**Claims Closed without Payment** (% of 2024 claims closed)
Allstate Vehicle & Property Insurance Co. (IL)	630,930	50.9%
Allstate Insurance Co. (IL)	952,222	49.8%
United Services Automobile Assn. (TX)	547,782	49.5%
USAA Casualty Insurance Co. (TX)	425,965	48.7%
USAA General Indemnity (TX)	272,617	48.7%
Farmers Property & Casualty Ins. Co. (RI)	66,857	45.6%
American Bankers Insurance Co. of FL (FL)	115,112	44.9%
Homesite Insurance Co. (WI)	81,980	44.4%
Homesite Insurance Co. of the MW (WI)	192,568	43.9%
State Farm Lloyds (TX)	153,028	41.6%
American Strategic Insurance Corp. (IN)	79,591	41.4%
Farmers Insurance Exchange (CA)	110,546	41.1%
Peerless Insurance Co. (NH)	60,521	40.7%
Universal P&C Insurance Co. (FL)	63,166	40.1%
TOTAL (14 Largest Reporting Insurers): **ALL Reporting Insurers:**	**3,752,885** **6,773,050**	**AVG: 48.0%** **AVG: 42.1%**

Data: Companies' 2024 annual statement, Schedule P, Part 3A – columns 11 & 12, row 11. Includes insurers with at least 50,000 claims received and closed in business in 2024 and with $1 million in homeowners premiums, representing at least 30% of their business.

Allstate Vehicle & Property Insurance Co. (domiciled in Illinois) received 630,930 homeowner claims, closing 50.9% of them without payment.

Allstate Insurance Co. (IL) received 952,222, flat-out denying 49.8%.

United Services Automobile Association (TX) got 547,782 claims, flat-out denying 49.5%.

USAA Casualty Insurance Co. (TX) had 425,965 claims and nixed 48.7%.

Same for its affiliate, USAA General Indemnity (TX), with its 272,617 claims received in 2024.

All strong evidence that some of the worst practices, traditionally associated with smaller upstarts, have now become systemic at many of the nation's largest, most established insurers.

Sneaky Tactic #2

Payment Delays

On average, insurers in 15 disaster-prone states delayed payment for 60 days or more on 28.11% of claims in 2024, up from 25.55% in 2018.

In Hawaii, due to historic wildfires, the percentage of homeowners who were kept waiting more than 60 days for their claims payments was the highest in the nation — nearly 44%.

In Alaska, close to 34% homeowners were kept waiting 60 days or more.

California homeowners had a similarly bad experience with payment delays.

And, in Florida, homeowners had to wait more than 60 days to receive payments on nearly one-third of their claims.

Among the 15 disaster-prone states, only two managed to reduce the percentage of homeowners who had been kept waiting for 60 days or longer. In nearly all others, the percentage rose significantly or dramatically.

State	Primary Risk	Payment Delays Rank (1 = worst)	Claims Payments Delayed Beyond 60 Days (%) 2024	2025	Change from 2018 to 2024 (%)
Hawaii	Wildfire	1	43.64%	29.27%	49%
Alaska	Wildfire	2	33.84%	24.60%	38%
California	Wildfire	3	33.75%	26.41%	28%
Florida	Storms	4	32.79%	36.84%	-11%
Idaho	Wildfire	5	28.42%	26.86%	6%
Washington	Wildfire	6	27.36%	26.76%	2%
Oregon	Wildfire	7	27.34%	27.17%	1%
Kentucky	Wildfire	8	26.49%	19.35%	37%
Wyoming	Wildfire	9	25.46%	22.69%	12%
Montana	Wildfire	10	25.30%	26.94%	-6%
Nevada	Wildfire	11	25.13%	22.33%	13%
Arizona	Wildfire	12	24.21%	18.74%	29%
Louisiana	Storms	13	23.09%	18.81%	23%
Alabama	Storms	14	22.46%	19.63%	14%
Utah	Wildfire	15	22.42%	21.79%	3%
Average			**28.11%**	**24.55%**	**15%**

Source: Weiss Ratings. Data: National Association of Insurance Commissioners' Market Conduct Annual Statement (MCAS).

Sneaky Tactic #3

Cutting Claims to the Bone

A married couple's home suffers severe damage in a storm — a roof ripped apart, walls and contents lost. The on-site adjuster reports $100,000-plus in legitimate damages. But then the claim goes to a so-called "desk review" by someone who never sees the home and whom the homeowners never see. Instead of getting a check for $100,000-plus, they get a notice that their payment will be less than $10,000.

In one sense, this tactic is especially problematic for the simple reason that insurance regulators don't request the data, and insurers don't provide it.

They're perfectly content with the reality that no one knows how widespread this issue really is. However, here's a small sampling of recently reported cases:

- After Hurricane Ian, Florida homeowners Jeff and Ginny Rapkin received a field estimate from independent adjuster Jordan Lee valuing their damage at $231,368.57. However, when the claim was processed by Heritage Property & Casualty, a desk reviewer who never visited the home deleted large sections of Lee's report and issued a drastically reduced payout of about $15,000. The Rapkins' case became one of the most prominent examples of alleged systematic underestimation by insurers and was featured on CBS' 60 Minutes.[3]

- In two other Hurricane Ian claims handled by adjuster Jordan Lee, he reported on-site damages of approximately $488,000 and $239,000. Both reports were later replaced by desk-adjusted versions that slashed the estimates to roughly $13,000 and $3,000, respectively — again bearing Lee's name and license number, even though he did not write or approve the altered versions.[4]

- Another highly publicized incident involved Daniel and Amy Van Sickle of Venice, Florida. Adjuster Jordan Lee inspected their home — described as "basically totaled" — and estimated nearly $200,000 in covered damage. Heritage's internal desk review reduced the estimate to $24,619.46, eliminating major components such as drywall removal, water-damage remediation and insulation tear-out. After the deductible, the Van Sickles initially received only $3,204.60.[5]

- Adjuster Ben Mandell testified before the Florida House Commerce Committee that in 80% of Hurricane Ian claims he handled for one insurer — and in claims for six separate carriers overall — his on-site estimates were significantly reduced by desk reviewers, often with roof replacements replaced by minor patching.[6]

Beyond Hurricane Ian, a similar pattern is becoming apparent in the handling of damages in the wake of Hurricanes Helene and Milton. For example …

- After Hurricane Helene sent a 70-foot oak tree crashing onto her home in Sandy Springs, Georgia, homeowner Natalia Migal filed a claim with Allstate. The first Allstate estimate to repair extensive structural and interior damage came in at about $46,000. Unsatisfied, Migal hired a public adjuster, who carefully re-inspected the property and concluded the true cost of repairs was upward of $500,000.

  Allstate then brought in another adjuster and, after internal review, produced a much higher — but still sharply reduced — figure of about $100,000. According to Migal's sworn Senate testimony, that adjuster later told her Allstate had rejected his initial, higher estimate and instructed him "to remove numerous line items — not once but twice — until the amount was reduced to a fraction of the actual loss."[7]

- In the same Senate hearing on claims handling after Hurricanes Helene and Milton, independent adjusters Nick Schroeder and Clifford Millikan (working via Pilot Catastrophe Services for Allstate and with experience on State Farm claims) described a broader pattern that closely mirrors the Ian scandals.

  They testified that desk reviewers who never visited the properties repeatedly altered or deleted their field findings, pressured them to *"remove line items"* from estimates and pushed them to relabel clear storm damage as ordinary wear-and-tear. Both adjusters said that if they resisted these cuts, the claims were simply taken away and reassigned to someone more compliant, suggesting a systemic, top-down effort to keep Helene/Milton payouts well below what field inspections supported.[8]

Storms are not the only source of frequent efforts by insurers to slash claims. Cutbacks of fire and smoke damage claims are also widespread.

In California, a court has ruled that the smoke-damage policy of the California FAIR Plan (CPF) is illegal because it covered only smoke that could be seen or smelled, ignoring microscopic contamination — a violation of the state's mandatory "all loss by fire" standard. Policyholder lawsuits and insurance regulators accuse FAIR of denying or minimizing smoke claims and refusing to honor lab-based evidence of contamination.

Meanwhile, State Farm of California has been under active investigation by the California Insurance Commissioner and Los Angeles County Counsel for allegedly failing to properly investigate smoke damage. They say State Farm refused to pay for testing, disregarded toxic residue findings and underpaid claims after major wildfires.

Sneaky Tactic #4

Policy Non-Renewals

Consider this scenario: You've been a loyal policyholder for a long time. You've been paying higher premiums without much protest. You've faithfully renewed your policy year after year. So, you'd think your insurance company would want to do everything to keep you as a customer.

The reality is that the percentage of homeowners dropped by insurers is surging. In fact, just since 2018, the rate of policy non-renewals has approximately …

Doubled in Florida, Mississippi, Texas and New Mexico;

Tripled in South Carolina, Virginia, Kentucky and Kansas;

Quadrupled in Arizona and California.

Plus, in Washington, nonrenewal rates jumped 4.7 times; in Louisiana, they surged 5.4 times.

All from 2018 to 2024. All because the insurance company — not the customer — decided to call it quits. And all this despite continuing growth in homeowner revenues since the early 2000s.

Where do you go when you're dropped by your insurance company? And what choice do you have if no other regular insurer will step in to pick up your business?

Homeowners Hit by Wildfires and Storms in 2024
Were Dropped by Their Insurers at Alarming Rates

State	Primary Risk	Payment Delays Rank (1 = worst)	Non-Renewal of Policies in Force (%) 2024	2018	Rise in Non-Renewal Rate from 2018 to 2024 (times increase)
Florida	Storms	1	3.35%	1.98%	1.7x
California	Wildfire	2	3.18%	0.82%	3.9x
Arizona	Wildfire	3	2.97%	0.81%	3.7x
Louisiana	Storms	4	2.97%	0.55%	5.4x
Texas	Both	5	2.62%	1.04%	2.5x
South Carolina	Storms	6	2.46%	0.81%	3.1x
Nevada	Wildfire	7	2.31%	0.65%	3.6x
Mississippi	Storms	8	2.17%	0.94%	2.3x
Kentucky	Wildfire	9	2.01%	0.70%	2.9x
Oklahoma	Wildfire	10	2.01%	0.66%	3.0x
Washington	Wildfire	11	1.86%	0.40%	4.7x
Virginia	Storms	12	1.83%	0.68%	2.7x
Utah	Wildfire	13	1.73%	0.53%	3.3x
Kansas	Wildfire	14	1.71%	0.60%	2.9x
New Mexico	Wildfire	15	1.66%	0.80%	2.1x
Average			**2.32%**	**0.80%**	**2.9x**

Source: Weiss Ratings. Data: National Association of Insurance Commissioners' Market Conduct Annual Statement (MCAS).

Sneaky Tactic #5

Surplus Line Gouging

In most states, most of the time, after you're dropped by your regular insurer, you're chased off to companies selling surplus line insurance, which charge a lot more and give back a lot less.

Overall, for every dollar homeowners paid in premiums in 2024, their regular insurance company paid back about 54 cents in damage claims, leaving a margin of 46 cents on the dollar.

But anyone who might think that's a fat margin for the insurer should take a look at how *surplus line insurers* are ripping off their customers: For every dollar that these insurers collected in premiums in 2024, they paid back only 16 cents in damage claims, leaving a margin of 84 cents for them to spend or stash away.[9]

Ironically, this is not an age-old problem with surplus line insurers. Just five years earlier, in 2020, surplus line insurers paid out 64 cents per dollar of premium, even more than regular insurers. And, to repeat, in 2024, they paid out only 16 cents on the dollar. That's a 75% decline in their payout ratio.

Sneaky Tactic #6

The Push for Tort Reform

After flat-out denials of 2.85 million claims closed with no payment in 2024 …

After payment delays of 60 days or more on up to 44% of claims …

After claims slashing of up to 90% with desk reviews …

After non-renewal rates that have surged by double, triple, quadruple — even 5.4 times since 2018 …

Sneaky Tactic	Home Insurance Facts (2024)
Flat-out denials	**2.85 million claims** closed with no payment
Payment delays	**Up to 44% of claims** delayed 60+ days
Claims slashing	**Up to 90% payout cuts** after desk review
Non-renewals	**Up to 5.4x surge** in drop rate from 2018-2024
Surplus-line gouging	**Average payout rates of 16¢** per dollar of premium collected

And after surplus-line gouging with average payout rates of 16 cents per dollar of premium collected …

Insurance companies, feigning shock at how many customers are going to court, have decided to lobby hard for tort reform.

They abuse the customer. They literally steal from the customer. And then, when the customer files suit, they lobby legislatures to squash whatever's left of policyholder rights.

The good news is that policyholder lawsuits are only a big problem in a few key states. The bad news is that insurance companies are pushing for tort reform in other states, too.

Consider Minnesota, for example. Among homeowners whose claims were closed with no payment in Minnesota, only a minuscule 0.6% filed suit in 2024. In other words, for every 1,000 claims that were flat-out denied, only six homeowners went to court. By contrast, in Florida, 129 per thousand filed suits. That's 21 times more than the rate of lawsuits filed by Minnesota homeowners.[0]

And yet insurers in Minnesota are pushing tort reform modeled after Florida's. This makes no sense, and yet we see a similar push for tort reforms spreading throughout the nation, whether the states are prone to disaster or not.

Moreover, the data show that Florida tort reform has backfired.

In 2022, the state of Florida succumbed to the insurance lobby, enacting new laws governing lawsuits, which were widely expected to reduce consumer lawsuits. But rather than passively accept claims denials, homeowners went to court even more often.

Here are the facts:

Companies Operating in Florida	2024	2022	Change in Rate
Claims closed with no payment as a % of total claims	46.7%	40.0%	+17%
Lawsuits as a % of claims closed with no payment	12.9%	12.4%	+4%

Notes: (1) We compare 2024 with 2022 because 2023 was a transition year when new laws restricting lawsuits were being enacted, prompting a rush by policyholders to sue and distorting the data for that year. (2) The closed claims data source is the Annual Statutory Financial Statements of insurers operating in Florida, Schedule P, Part 3A, Homeowners/Farmowners, columns 11 & 12, row 11, while the lawsuit data source is the Market Conduct Annual Statement (MCAS) issued by the National Association of Insurance Commissioners (NAIC). (3) With its MCAS report, the NAIC also provides closed claims data but at moderately lower levels due to a somewhat different selection of companies, while revealing the same trend: Per MCAS, Florida Insurers closed 40.3% of claims with no payment in 2024 versus 35.4% in 2022, an increase of 14%.

Flat-out denials: In 2024, the first full year after the tort reform laws went into effect, insurers operating in Florida denied homeowner claims at a record rate. On average, they closed 46.7% of claims without payments, compared to 40.0% in 2022, the last full year before tort reform.

Consumer lawsuits: In 2024, after tort reform, among Florida homeowners whose claims were denied without payment, 12.9% filed lawsuits against their insurers. In 2022, before tort reform, 12.4% filed lawsuits.

This implies two trends: First, many insurers, perhaps assuming that tort reform would help them get away with abusive practices, denied claims more aggressively. In other words, tort reform seems to have encouraged insurers to flat-out deny an even larger percentage of claims. Second, homeowners responded by going to court at an even higher rate.

The pattern is clear. Insurers abuse their own customers, blame their own customers and then get legislatures to protect them from their own customers' ire. In the end, it only makes things worse for both sides.

It's about time they learn the lesson from those insurers who do right for their customers, rarely denying legitimate claims and rarely getting sued.

Why We Demand Urgent Disclosure

Insurance policyholder advocates have proposed various remedial actions. Nearly all merit serious consideration. However, one in particular stands out as among the least expensive and most efficient: *Disclosure.*

By probing each company's statutory filings, Weiss Ratings is able to collect the needed data to offer consumers **this list of U.S. home insurers**. It reveals each company's recent history of flat-out claims denials, helping to guide consumers to the companies with the best track records.

However, that is just one of the six sneaky tactics we highlight in this report. Company-specific data, the other five — (a) claims payment delays, (b) claims payment cutbacks, (c) non-renewals, (d) surplus-line gouging and (e) consumer lawsuits against their insurers — is *not* made available either by the companies or their regulators.

This data does exist. Each company has its records. And, with the exception of claims payment cutbacks, so do the regulators.

We demand disclosure of this valuable data. It is essential in order to empower consumers to make the best choices, give them the opportunity to vote with their dollars and use market forces to naturally pressure the industry to end their sneaky tactics.

We firmly believe such disclosure can be among the most efficient ways to repair and build a sustainably strong home insurance marketplace.

We urge consumers and their advocates to demand this data from each individual insurance company so the public can clearly identify which companies have the worst and best track records on all the metrics covered in this report.

***

About Weiss Ratings: Weiss rates 53,000 institutions and investments, including safety ratings on insurers, banks and credit unions, as well as investment ratings on stocks, ETFs, mutual funds and cryptocurrencies. Since its founding in 1971, Weiss Ratings has never accepted any form of payment from rated entities for its ratings. All Weiss insurance company ratings are available at **https://weissratings.com/en/insurance**.

The U.S. Government Accountability Office (GAO) reported that the Weiss ratings of U.S. life and health insurers outperformed those of A.M. Best by 3-to-1 in warning of future financial difficulties, while also greatly outperforming those of Moody’s and Standard & Poor’s. The New York Times reported that Weiss “was the first to warn of the dangers and say so unambiguously.” Barron’s called Weiss Ratings “the leader in identifying vulnerable companies.”

Endnotes:

1. **Source:** https://weissratings.com/en/weiss-news/14-florida-insurers-closed-over-half-of-homeowner-damage-claims-with-zero-payment-in-2024

2. **Source:** https://weissratings.com/en/weiss-news/3-ways-homeowners-hit-by-disasters-are-abused-by-their-insurers

   Data: NAIC's Market Conduct Annual Statement (MCAS), ratio 1: Claims closed without payment to the total claims closed.

3. See CBS News' 60 Minutes

4. Featured on CBS News' 60 Minutes Overtime

5. This case was exposed by Washington Post investigation

6. While most individual numbers remain redacted in public records, the pattern was confirmed through legislative testimony and follow-up reporting in Insurance Journal

7. See The Washington Post

8. See Insurance Journal

9. **Data:** NAIC Annual Statutory Financial Statements 2024:

   Schedule T – Exhibit of Premiums Written, Allocated by States and Territories, column 1 (Active Status - Eligible Surplus Lines).

   Exhibit of Premiums and Losses - Statutory Page, p.19, columns 1 & 5: Homeowners Multiple Peril - line 4

10. **Data:** NAIC's Market Conduct Annual Statement (MCAS), ratio 7: Suits opened during the period to claims closed without payment.