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Close the Information Gap by Requiring Insurers to Disclose How They Really Treat Their Customers

The Problem

Insurance companies do not have to publicly disclose data on where they offer coverage, how much they charge, and how they treat their customers who buy residential and small business insurance policies. This means that insurance policyholders have no way of knowing when they are being financially taken advantage of.

Insurers say climate-related disasters like fires and hurricanes are leading to financial loss, which is why they must raise costs for policyholders or cancel their coverage altogether. While it is true that disasters are increasingly costly, property insurers still pocketed $169 billion in profits in aggregate across their businesses in 2024—a 90 percent increase from 2023 and a 333 percent jump from 2022. Insurance companies make the majority of their profits by investing their customers' premiums, including in fossil fuel companies and projects that worsen extreme weather and damage to property. And at the same time, the 14 largest property insurers closed 40 to 51 percent of claims without payment in 2024.

Seems unfair? It is. But *why are insurers claiming financial hardship if their profits are growing?*

This playbook has actually been used before. Since the 1970s, insurance companies have seized any opportunity to raise rates using scare tactics like coverage denials to win rollbacks of rules designed to protect the public from corporate wrongdoing.

So how does this impact you?

In the face of rising disaster costs, insurance giants are turning to those well-worn tactics and using the climate crisis to gain excessive rate increases, undermine consumer protections, and to abandon communities while maintaining their own short-term profitability.

These practices are largely hidden from the public right now, but we can lift the veil.

A Critical First Step: Public Data on Insurance

States and territories can demonstrate leadership by creating the nation's first comprehensive state insurance data disclosure law on the availability, affordability, and quality of residential and small business insurance policies across the state—including for Fair Access to Insurance Requirements (FAIR) plans and surplus lines—broken down by census tract and policyholder demographics.

Here are four steps that your state department of insurance will take if you pass this bill:

1. Annually collect, publish, and map property insurance data by the race, ethnicity, gender and income level of policyholders alongside the number of policies held, premiums, deductibles, non-renewals, and claim denials.

2. Publish annual reports to the public on the availability, affordability, and quality of residential and small business insurance policies by census tract with particular attention to low- and moderate-income census tracts and census tracts in disadvantaged communities. The reports will also identify any other patterns in the data that could indicate redlining or other unfairly or illegally discriminatory practices (direct or disparate impact) like bluelining–the practice of retreating from a whole region because of climate risk.
3. Require insurers to disclose "force-placed" insurance policies, when mortgage servicers are the entity protected by the insurance policy, not the homeowner.
4. Disclose insurance companies' underwriting of and investment in fossil fuel companies and fossil fuel projects, which are the primary driver of climate-driven disasters.

Why It Matters

Policyholders and the public deserve real-time, public data on insurance. This would be a step towards addressing the information asymmetry between the insurance industry and affected policyholders. This data can also offer early warning signs of when insurers are colluding on prices and allow customers to compare insurance companies on crucial components like how quickly companies settle claims and how many claims they deny.

These requirements are similar to what mortgage lenders have had to follow since 1975. Mortgage data has been an essential tool for enforcing anti-discrimination laws and holding lenders accountable. Just like mortgage data, with insurance data advocates and policymakers will be able to back up lived experiences with statistics and trends that show how specific groups and neighborhoods are being treated differently. This will also help researchers and policy advocates better understand the insurance marketplace to propose further solutions for improving affordability.

How to Take Action

You can help introduce this bill in your state.

1. Share the model bill with your state representative.
2. Request a meeting with their staff to explain why it matters to homeowners or renters like you.
3. Ask them to introduce it in the next legislative session.

The model bill can be customized for your state, but the goal is clear: Protect consumers, provide public data, reveal insurer-funded pollution, and break the cycle.

We want to work with you! If you'd like to talk about the model bill and its potential in your state, please don't hesitate to contact us at contact@insurancejustice.org. We are ready to provide training on the issues, help customize the bill to your state context, and coach you or your organization through the legislative process.