



Bipartisan Policy Center

Policy Responses to the Residential Insurance Crisis

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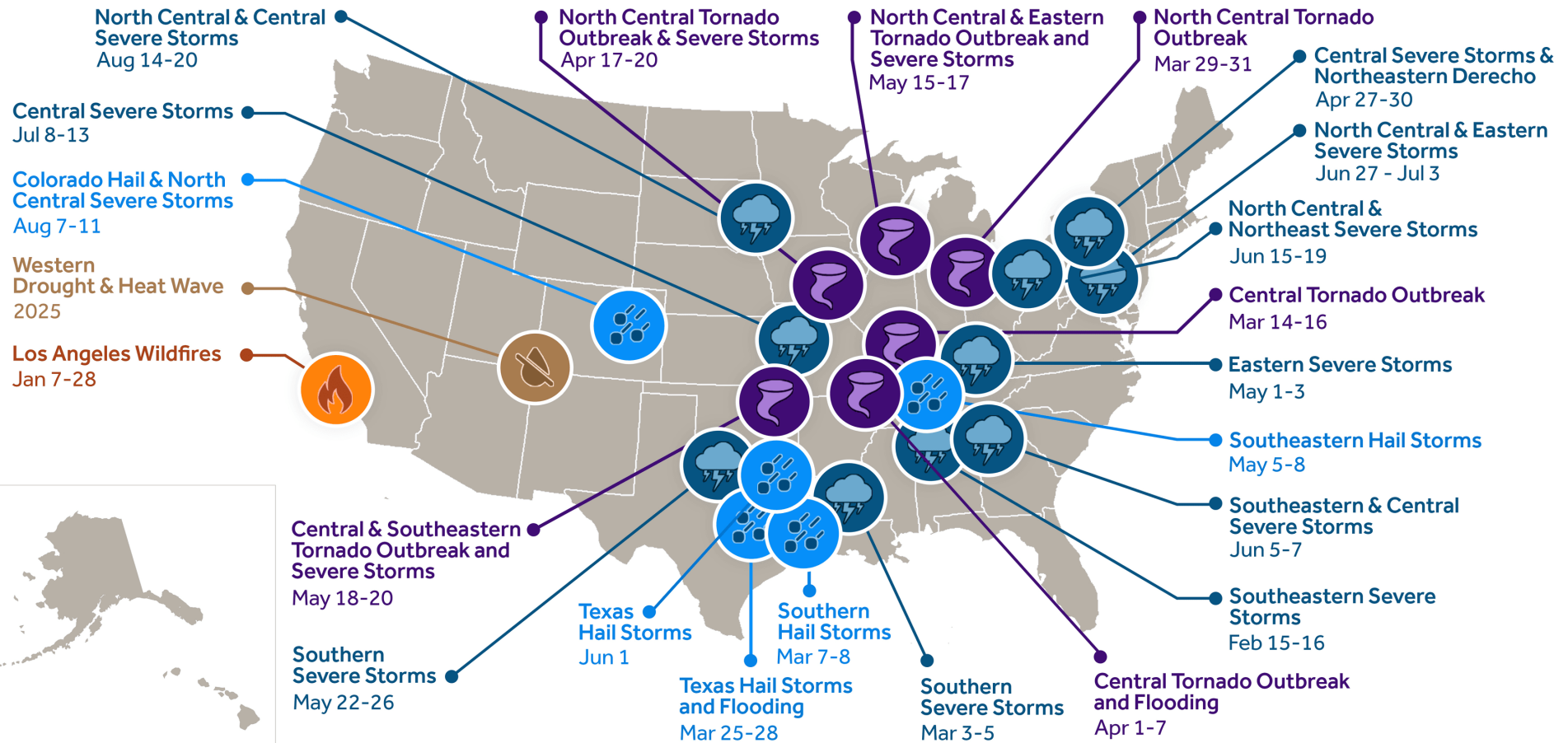
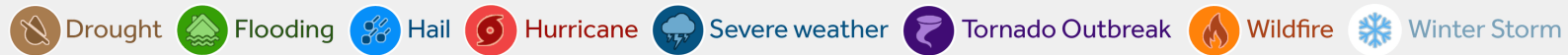
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Drivers of Rising Insurance Costs

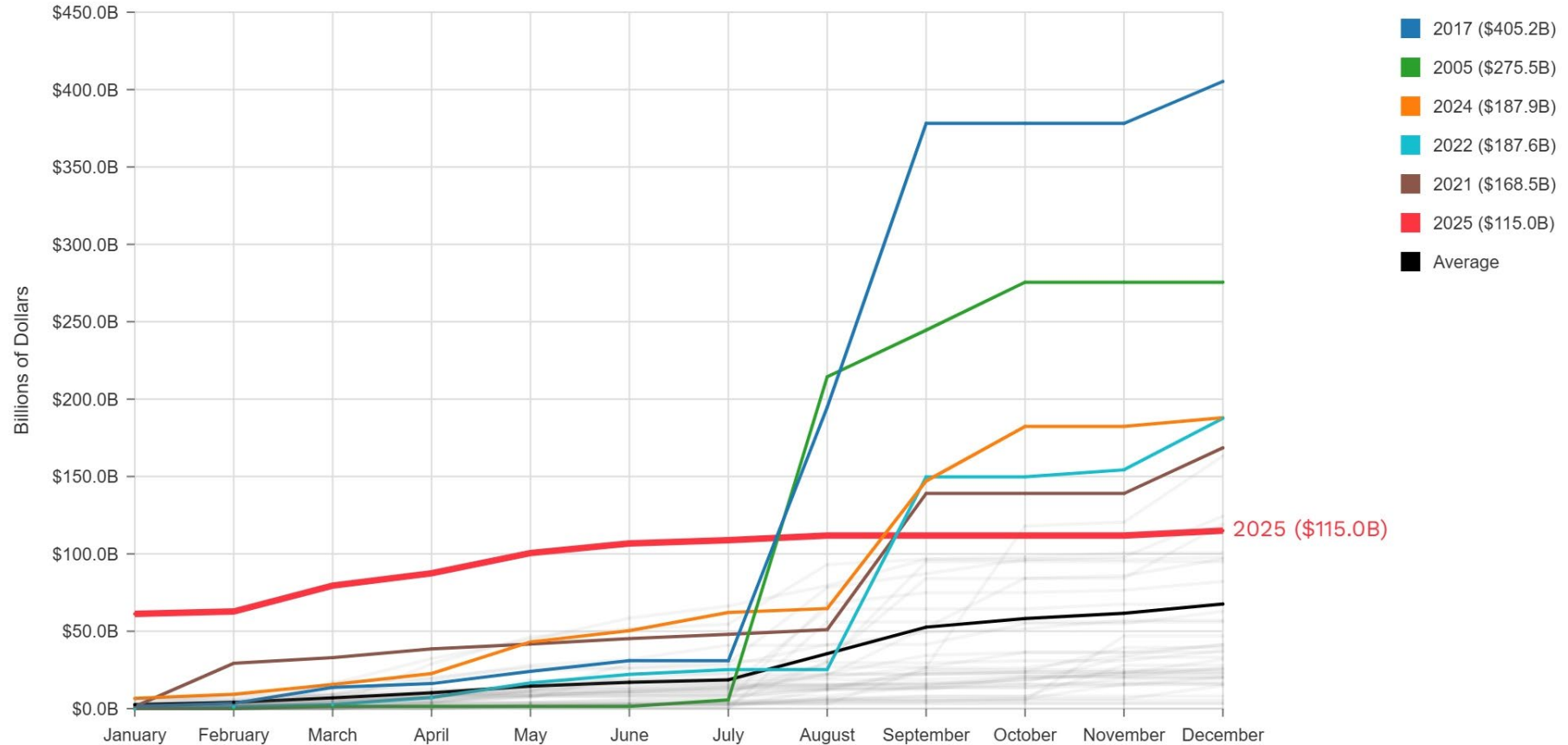
Among the many drivers of higher insurance costs, we frequently hear about:

- Growing disaster risk – More frequent, destructive, unpredictable, and costly catastrophes nationwide
- Inflation – Higher prices for construction materials and skilled labor increase the cost to rebuild structures
- Reinsurance market pressures – High interest rate environment, migration to higher-risk areas, and growing recognition of increased exposure to disaster risk contribute to a doubling of reinsurance costs from 2018 to 2023
- Litigation-related costs – More common and expensive litigation has strained insurance companies in specific markets

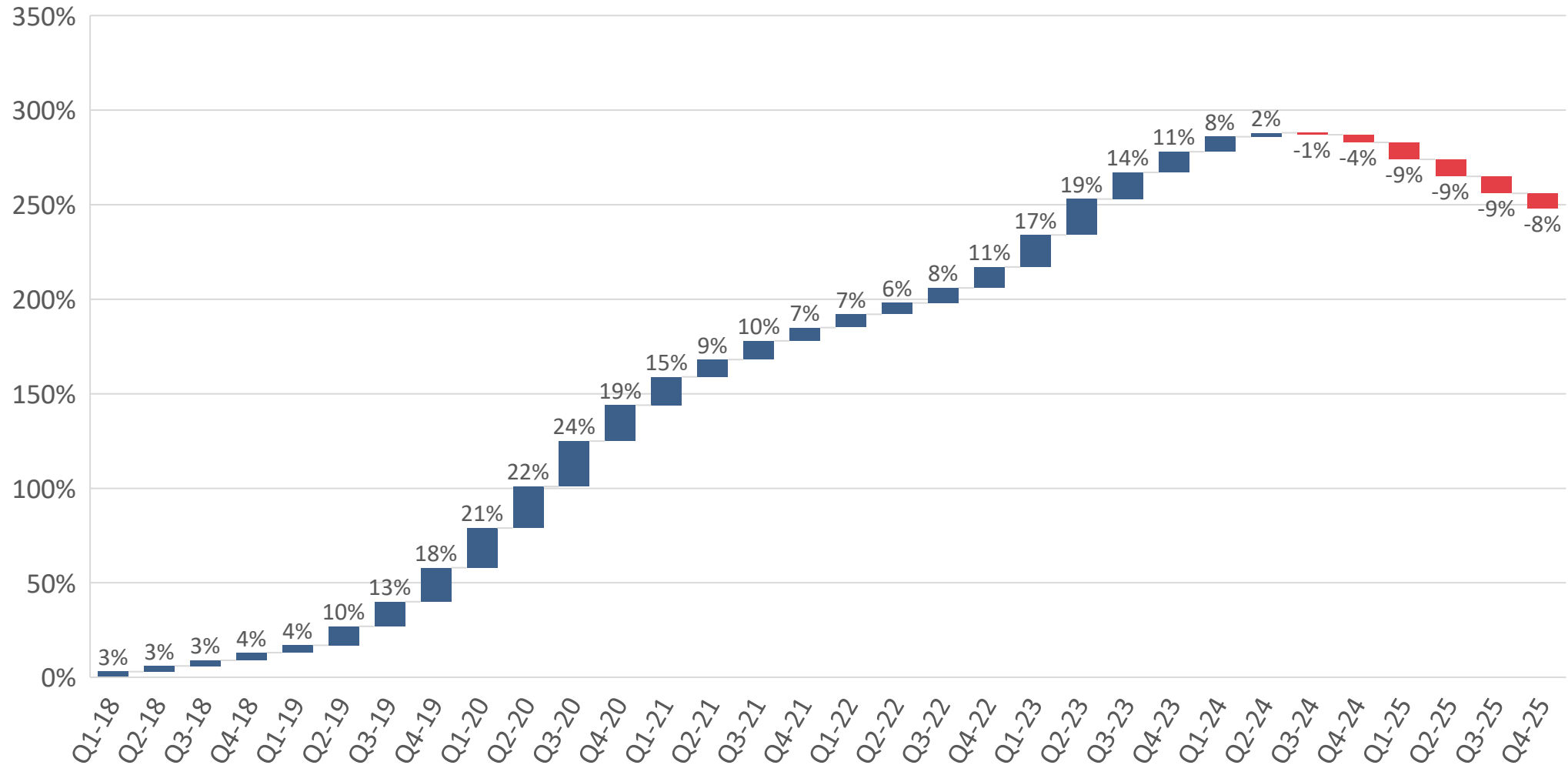
U.S. 2025 Billion-Dollar Weather & Climate Disasters



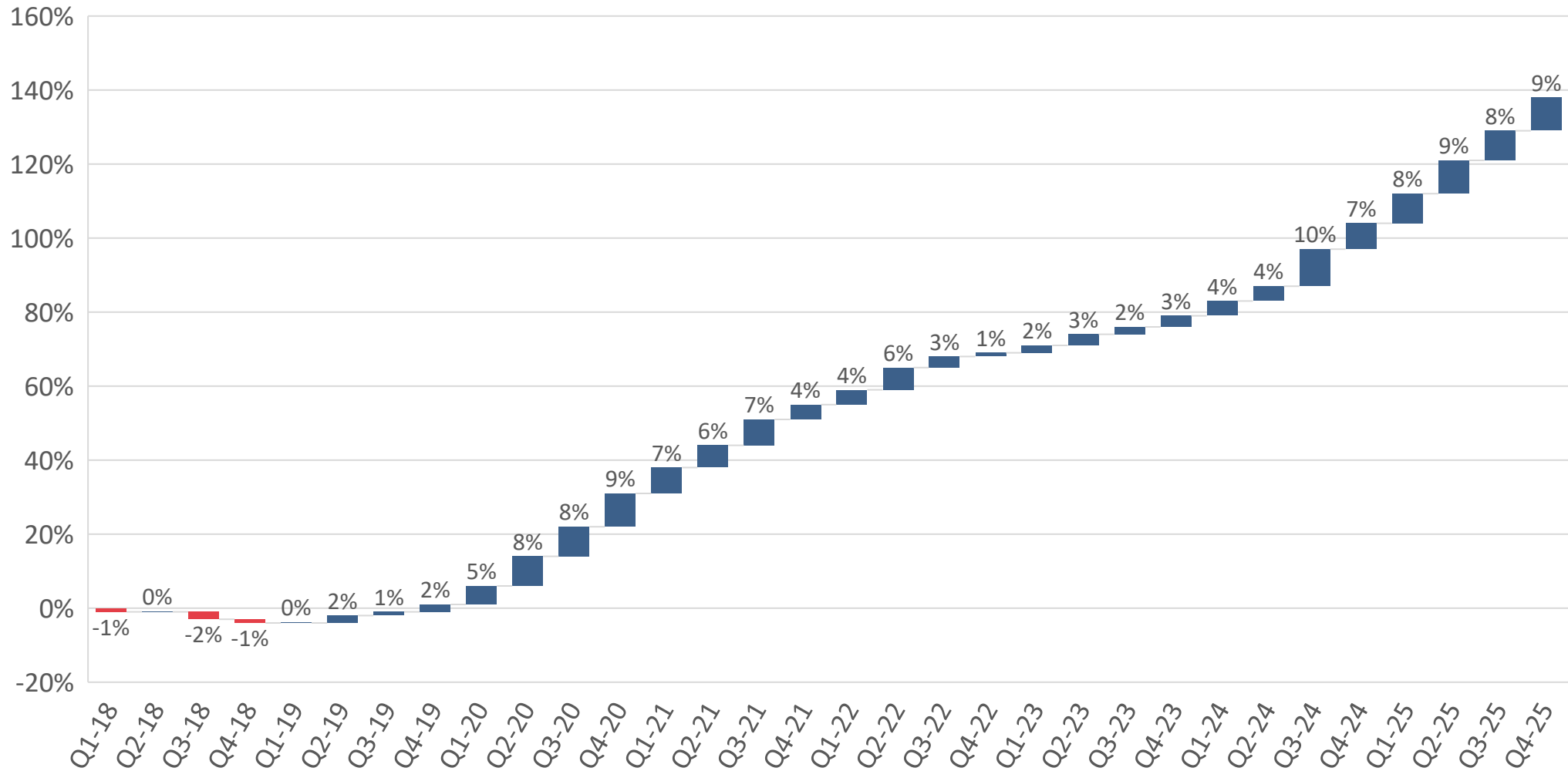
U.S. Billion-Dollar Weather & Climate Disasters, 1980-2025 (CPI-Adjusted)



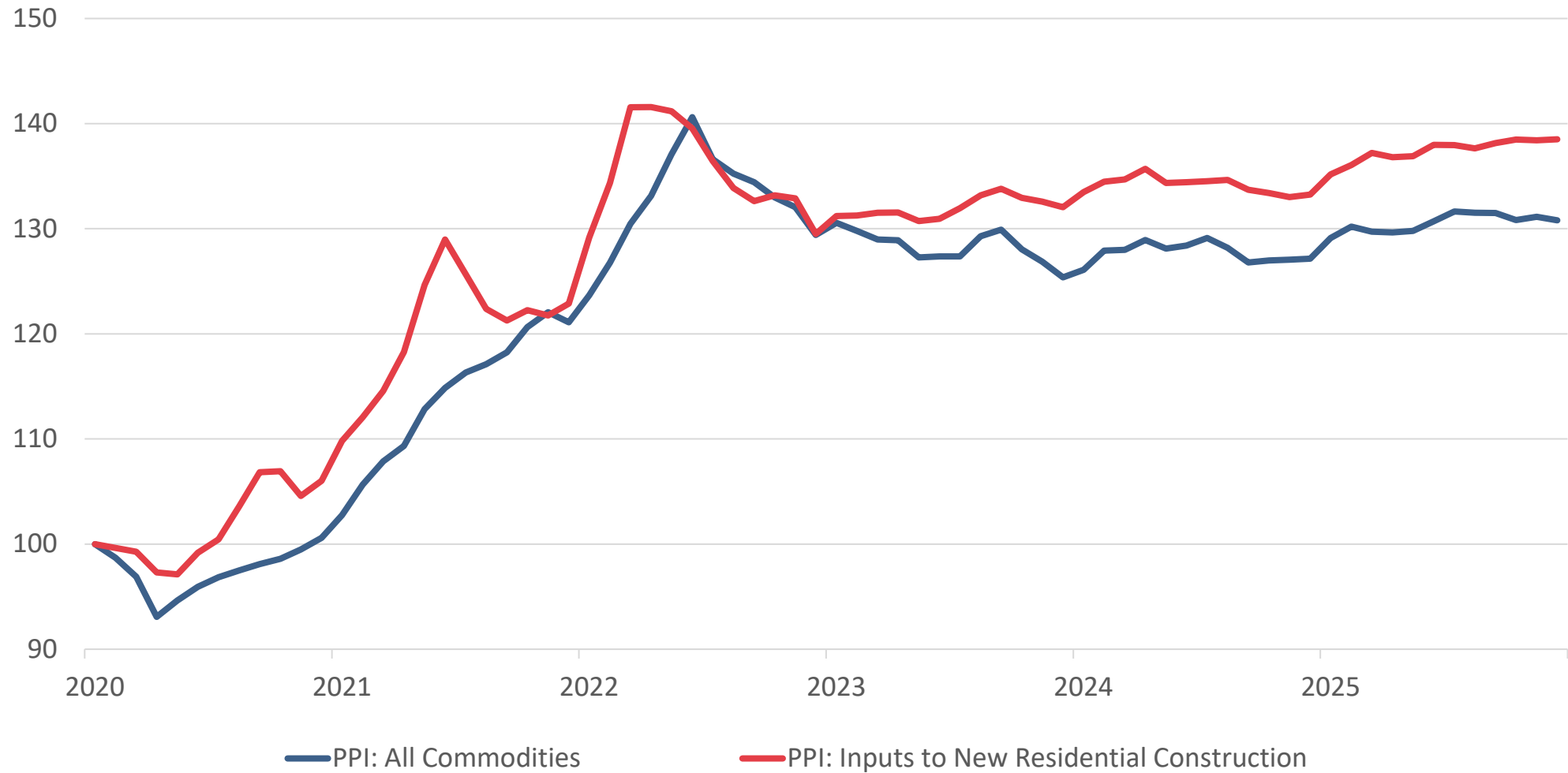
Quarterly Change in U.S. Property Rates



Quarterly Change in U.S. Casualty Rates



Inflation in the Construction Industry



Who Is Impacted?

While homeowners have been hit hard by rising property insurance costs, they are not the only ones affected:

- Affordable housing developers and operators
- First-time homebuyers
- Households on fixed incomes



Menu of Federal Policy Options

Despite the primary role of states in insurance markets, federal policymakers are increasingly looking at potential legislative solutions to promote insurance availability and affordability:

Mitigate Disaster-Related Risks	Improve Market Data Collection, Transparency, & Stability	Support Affordable Housing
<ul style="list-style-type: none">• Align federally funded building requirements• Help communities meet or exceed modern building codes• Incentivize hazard mitigation	<ul style="list-style-type: none">• Encourage or require disaster risk disclosure and policy transparency• Promote data sharing across agencies and industry• Explore risk-sharing with private insurers	<ul style="list-style-type: none">• Direct FHFA to work with FHLBs and insurance members• Increase flexibility of insurance requirements for federally assisted rental housing• Harmonize federal lender insurance requirements



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Learn more at:



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