

Bankrate

National Average Cost of Home Insurance in the United States is \$2,470

Louisiana homeowners spend nearly 11% of their annual income on home insurance

NEW YORK - August 25, 2025 - As hurricane season approaches and extreme weather events become more frequent across the U.S., home insurance is a growing financial burden for many Americans. According to Bankrate's new True Cost of Home Insurance report, the average annual home insurance premium now stands at \$2,470 — a figure that represents 3.18% of the median national household income.

- The national average cost of home insurance has gone up more than 9% since 2023, outpacing an overall 7.2% inflation in that same period, and premiums now cost an extra \$209 per year compared to two years ago. From 2023 to 2024, rates increased by \$104 per year (+4.6%), and by \$105 between 2024 and 2025 (+4.4%).
- Homeowners in Louisiana spend the highest percentage of their income on homeowners insurance at \$6,274 per year (10.78% of the median annual household income). Homeowners in Nebraska spend the second highest percentage of income on homeowners insurance at \$6,425 per year (8.61% of the median annual household income), followed by Florida where homeowners spend \$5,735 per year (7.82% of the median annual household income).

Click here for more information: <https://www.bankrate.com/insurance/homeowners-insurance/the-true-cost-of-home-insurance/>

To determine the true cost of home insurance, Bankrate divided the average cost of a \$300,000 home insurance policy in each state and metro-statistical area (MSA) by each area's median annual income. From there, each of the 50 states and 34 metros included in the study were assigned a true cost ranking. A higher ranking indicates a lower true cost of home insurance, while a lower ranking suggests the opposite. Home insurance premiums listed in this study do not reflect the cost of flood insurance.

Most and Least Expensive States for Home Insurance

	True Cost Rank*	State	Average Annual Premium	% of Income Spent on Home Insurance
Most Expensive States	50	Louisiana	\$6,274	10.78%
	49	Nebraska	\$6,425	8.61%
	48	Florida	\$5,735	7.82%
	47	Oklahoma	\$4,623	7.44%
	46	Mississippi	\$3,468	6.40%
Least Expensive States	1	Vermont	\$834	1.03%
	2	New Hampshire	\$1,036	1.07%
	3	Alaska	\$942	1.09%
	4	Delaware	\$964	1.19%
	5	New Jersey	\$1,206	1.21%

*Bankrate utilized current data from Quadrant Information Services to determine the average cost of home insurance for every U.S. state. Each location was assigned a “True Cost Rank”— a score between one and 50 for states. The lower the ranking, the smaller percentage of total income homeowners spend on home insurance premiums.

“Home insurance costs don’t differentiate based on income,” said Bankrate Insurance Expert Natalie Todoroff. “While certain parts of the country offset high home insurance costs with higher median incomes, some of the lowest-income states and MSAs pay some of the most expensive premiums. This is especially pronounced in Louisiana, where household income is 25% below the national median, but home insurance premiums are more than double the national average.”

Most and Least Expensive Metros for Home Insurance

	True Cost Rank*	Metro-Statistical Area (MSA)	Average Annual Premium	% of Income Spent on Home Insurance
Most	34	New Orleans-Metairie, LA	\$10,665	17.48%

Expensive Metros	33	Miami-Fort Lauderdale-West Palm Beach, FL	\$10,194	13.37%
	32	Oklahoma City, OK	\$5,248	7.51%
	31	Lincoln, NE	\$5,158	7.25%
	30	Houston-Pasadena-The Woodlands, TX	\$5,224	6.57%
Least Expensive Metros	1	Portland-Vancouver-Hillsboro, OR-WA	\$1,128	1.19%
	2	Washington-Arlington-Alexandria, DC-VA-MD-WV	\$1,493	1.23%
	3	San Francisco-Oakland-Fremont, CA	\$1,585	1.24%
	4	Salt Lake City-Murray, UT	\$1,298	1.38%
	5	Seattle-Tacoma-Bellevue, WA	\$1,533	1.38%

**Bankrate utilized current data from Quadrant Information Services to determine the average cost of home insurance for every U.S. metro statistical area. Each location was assigned a "True Cost Rank"—a score between one and 34 for most populous metro areas. The lower the ranking, the smaller percentage of total income homeowners spend on home insurance premiums.*

Bankrate also examined how credit affects your home insurance premium and found that a drop in credit impacts it more than any other factors, including a wind, fire, liability, or theft claim. Dropping from the "good" to "poor" credit tiers raises rates by an average of 63%, or an extra \$1,557 per year on the national level. In comparison, wind, theft, fire and liability claims raise rates by 5% on average.

Nebraska has the highest premium change after a drop in credit with a \$6,201 increase in premium, followed by Oklahoma (\$5,590 increase in premium) and Michigan (\$5,005 increase in premium).

“Despite escalating premiums and difficulties finding coverage, home insurance challenges haven’t tainted the allure of owning a home,” Todoroff added. “82% of U.S. adults consider owning a home a part of the American Dream, according to Bankrate’s [2025 Home Affordability Report](#). Homeownership has long been considered one of the safest ways to build generational wealth, but, in the age of climate change, it may be time to question whether it’s still financially sound to have the bulk of your equity one weather event from being nearly wiped out.”

Methodology:

Bankrate utilizes Quadrant Information Services to analyze July 2025, July 2024 and July 2023 rates for all ZIP codes and carriers in all 50 states and Washington, D.C. Quoted rates for our base profile are based on married male and female homeowners with a home built in 2017, a clean claim history, good credit and the following coverage limits:

- **Coverage A, Dwelling:** \$300,000
- **Coverage B, Other Structures:** \$30,000
- **Coverage C, Personal Property:** \$150,000
- **Coverage D, Loss of Use:** \$60,000
- **Coverage E, Liability:** \$500,000
- **Coverage F, Medical Payments:** \$1,000

The homeowners also have a \$1,000 deductible, a \$500 hail deductible and a 2 percent hurricane deductible (or the next closest deductible amounts that are available) where separate deductibles apply.

These are sample rates and should be used for comparative purposes only. Your quotes will differ. The True Cost Report aims to provide a relative measure of affordability in each state and MSA, not an estimate of how much homeowners actually pay for coverage. It is best used to compare how affordable insurance is in each market.

If otherwise specified, the base profile has been modified with the following homeowner characteristics:

- **Credit:** Rates were calculated based on the following insurance credit tiers assigned to our homeowners: "poor" and "good" (base). Insurance credit tiers factor in your official credit scores but are not dependent on that variable alone. The following states do not allow credit to be a factor in determining home insurance rates: California and Maryland.
- **Claims:** Rates were calculated based on the following insurance claims assigned to our homeowners: "fire (\$80,000 in losses), liability (\$31,000 in losses), theft (\$5,000 in losses) and wind (\$12,000 in losses)."
- **Deductible:** Our high deductible profile features a \$5,000 deductible, a \$500 hail deductible and a 2 percent hurricane deductible (or the next closest deductible amounts that are available) where separate deductibles apply.

- **Income data:** Median annual household income data was calculated using 2023 data, the most recent available, provided by the U.S. Census Bureau. 2025 calculations for the percentage of income spent on auto insurance use the most recent median household income data from the U.S. Census. For previous years, the most recently available median income data available at the time was used.
- **Metropolitan Statistical Areas:** MSA definitions and median income values are sourced from the U.S. Census. Average premiums for MSAs were calculated by analyzing rates for all ZIP codes included in each MSA as defined by the Census.

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Bankrate has guided savers and spenders through the next steps of their financial journeys since 1976. Whether it's rates or information on mortgages, investing, credit cards, personal loans, insurance, taxes or retirement, the company offers various free resources to help consumers reach their goals. From product comparison tools to award-winning editorial content, Bankrate provides objective information and actionable next steps. It's why over 100 million people put their trust in Bankrate every year.

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