

United States Senate

WASHINGTON, DC 20510

October 2, 2026

Bill Westrate
Chairman and Chief Executive Officer
American Family Insurance
6000 American Parkway
Madison, Wisconsin 53783

Dear Mr. Westrate:

We write today with serious concerns that an unprecedented share of homeowners and auto insurance claims are being closed without any payment to policyholders.¹ The growing share of both homeowners and auto insurance claims resulting in no payment raises serious questions about whether consumers can trust their insurance companies to hold up their end of the bargain when disasters or emergencies occur and affect their most basic essentials: their home and car. While major insurance companies are raking in profits at record highs, a growing number of Americans are being left in financial ruin without the relief they paid for – in the wake of some of the worst moments of their lives.

The *Wall Street Journal* reports that you are among several companies which together failed to pay 44 percent of your home insurance policyholders' claims resolved last year; moreover, the risk of a claim leading to no payment is up from 36 percent ten years ago.² Subsequent reporting then highlighted a similar trend in auto insurance – “auto insurers didn’t pay out on 45% of auto liability and medical claims they resolved last year,” up from approximately 35 percent in 2016.³ While claims may be closed without payment for a variety of reasons, the sharp increase in claims resulting in no payment raises questions about changes in insurers’ coverage and claims-handling practices. Meanwhile, your company has raked in soaring profits, earning an annual net income of \$3.18 billion in 2025 – a 25 percent increase from 2024 – “and net underwriting gain multiplied four-fold to \$2.6 billion.”⁴

Homeowners are typically required to purchase home insurance as a condition of their mortgage, while nearly every state requires drivers to maintain some form of auto liability coverage. Homeowners and auto insurance help cover the cost of repairing a claimholder’s car or home, replacing belongings within them if they are damaged during a disaster or accident, or even

¹ The Wall Street Journal, “The Home-Insurance Coin Flip: Nearly Half of Claims Result in Zero Payout,” Jean Eaglesham and Jaclyn Jeffrey-Wilensky, May 30, 2026, <https://www.wsj.com/finance/the-home-insurance-coin-flip-nearly-half-of-claims-result-in-zero-payout-4b49acaf>; The Wall Street Journal, “If You Get in a Car Crash, the Risk Is Growing Your Insurance Won’t Pay,” Jean Eaglesham and Jaclyn Jeffrey-Wilensky, August 9, 2026, <https://www.wsj.com/finance/if-you-get-in-a-car-crash-the-risk-is-growing-your-insurance-wont-pay-1522236c>.

² *Id.*

³ *Id.*

⁴ AM Best, “American Family Annual Net Income Rises as Underwriting Gain Multiplies to \$2.6 Billion,” <https://news.ambest.com/newscontent.aspx?altsrc=140&refnum=273005>.

paying for medical coverage if injuries are sustained during an accident.⁵ Furthermore, in many parts of the country, households may also need to purchase disaster-specific insurance for their home, given that floods and earthquakes are not covered in a standard homeowner's insurance policy.

When consumers purchase insurance, they reasonably expect their insurance coverage will protect them when disaster strikes or an accident occurs. But increasingly, homeowners and drivers are discovering only after suffering a loss that their insurer may not provide the protection they expected. The *Wall Street Journal* found that homeowners have faced increased barriers to getting roof claims paid and more disputes over whether hurricane damage resulted from covered wind damage or from flooding, which is not covered by standard homeowners insurance.

Auto policyholders have encountered similar obstacles: the *Wall Street Journal* documented one case in which an insurer refused to pay a \$5,000 liability claim because the policyholder had not disclosed his 15 year-old son as a household member – even though the son did not have a driver's license and was not involved in the accident.⁶ These cases raise questions about whether insurers are increasingly relying on narrow interpretations of policy terms or information unrelated to a loss to avoid paying claims.

At the same time as more home and auto insurance claims go unpaid, consumers are paying substantially more for both forms of coverage. Homeowners insurance premiums rose 70 percent nationally from 2019 to 2025.⁷ For an average homeowner with \$350,000 in rebuilding coverage, their premiums increased by about 39 percent – or \$760 – in 2025.⁸ And since January 2025, homeowners insurance costs have increased sharply – rising three times faster than overall inflation.⁹ Auto insurance costs have also surged: average full-coverage premiums increased 31 percent from 2023 to 2025, reaching \$2,638 per year, including a 12 percent increase in 2025.¹⁰

Insurers seem to have changed the terms of their coverage in ways that shift more risk onto policyholders. They have applied higher deductibles to specific risks such as hurricanes and

⁵ The Consumer Federation of America, "Overburdened: The Dramatic Increase in Homeowners Insurance Premiums and its Impacts on American Homeowners," Sharon Cornelissen, Douglas Heller, Ethan Weiland, and Michael DeLong, April 2025, https://consumerfed.org/media/legacy/post_30876/OverburdenedReport.pdf.

⁶ The Wall Street Journal, "If You Get in a Car Crash, Your Insurance Won't Pay," Jean Eaglesham and Jaclyn Jeffrey-Wilensky, August 9, 2026, <https://www.wsj.com/finance/if-you-get-in-a-car-crash-the-risk-is-growing-your-insurance-wont-pay-1522236c>.

⁷ Federal Reserve Bank of Dallas, "Home insurance premiums influence mortgage delinquencies, relocations," Shan Ge, Stephanie Johnson, and Nitzan Tzur-Ilan, March 24, 2026, <https://www.dallasfed.org/research/economics/2026/0324>.

⁸ Forbes, "The Average Home Insurance Cost 2026," Penny Gusner, June 17, 2026, <https://www.forbes.com/financial-services/average-cost-homeowners-insurance/>.

⁹ Bloomberg, "US Home Insurance Costs are Rising Faster Than Inflation," Leslie Kaufman, et. al., March 18, 2026, <https://www.bloomberg.com/news/newsletters/2026-03-18/us-home-insurance-costs-rise-faster-than-inflation>.

¹⁰ Review42, "Car Insurance Statistics (2026)," July 14, 2026, <https://resources.review42.com/car-insurance-statistics/>; Bankrate, "National Average Cost of Car Insurance in the United States Reaches \$2,638, Up 12% from 2024," February 10, 2025, <https://www.bankrate.com/press-releases/national-average-cost-of-car-insurance-in-the-united-states-reaches-2638-up-12-from-2024/>.

hail¹¹ – which is concerning as extreme weather events continue to multiply.¹² Some insurers even changed some deductibles to specify a percentage of the home’s overall value rather than a dollar amount.¹³ This is no surprise as higher premiums often force homeowners into higher deductibles: “Consumers hit by rising premiums are themselves selecting higher deductibles to save money...[setting] consumers up for disappointment when they put in for claims.”¹⁴ Auto policyholders face similar pressures: as premiums have climbed, more drivers have opted for higher deductibles to reduce their premiums. According to the JD Power 2025 U.S. Auto Claims Satisfaction Study, 26 percent of auto insurance customers now have deductibles of \$1,000 or more.¹⁵

For some homeowners, the rising costs of homeowners insurance combined with the lower likelihood of payouts are causing them to forego insurance entirely. A 2024 study from the Insurance Information Institute found that 12 percent of Americans no longer had home insurance, up from five percent in 2019.¹⁶ The impact of rising auto insurance costs may be harder to measure in the same way because drivers in nearly every state are legally required to maintain auto liability coverage. However, the latest national data from the Insurance Research Council found that the share of uninsured motorists increased from 11.6 percent in 2019 to 15.4 percent in 2023, meaning that more than one in seven drivers nationwide were uninsured.¹⁷

Some industry analysts and executives claim that insurers are simply “responding to a yearslong run of postpandemic losses in their home-insurance businesses by getting tougher on claims.”¹⁸ Insurers also often insist that claims are closed without payment for legitimate reasons – such as

¹¹ The Wall Street Journal, “The Home-Insurance Coin Flip: Nearly Half of Claims Result in Zero Payout,” Jean Eaglesham and Jaclyn Jeffrey-Wilensky, May 30, 2026, <https://www.wsj.com/finance/the-home-insurance-coin-flip-nearly-half-of-claims-result-in-zero-payout-4b49acaf>.

¹² National Safety Council, “Weather-Related Deaths and Injuries,” <https://injuryfacts.nsc.org/home-and-community/safety-topics/weather-related-deaths-and-injuries/>.

¹³ The Wall Street Journal, “The Home-Insurance Coin Flip: Nearly Half of Claims Result in Zero Payout,” Jean Eaglesham and Jaclyn Jeffrey-Wilensky, May 30, 2026, <https://www.wsj.com/finance/the-home-insurance-coin-flip-nearly-half-of-claims-result-in-zero-payout-4b49acaf>.

¹⁴ The Wall Street Journal, “The Home-Insurance Coin Flip: Nearly Half of Claims Result in Zero Payout,” Jean Eaglesham and Jaclyn Jeffrey-Wilensky, May 30, 2026, <https://www.wsj.com/finance/the-home-insurance-coin-flip-nearly-half-of-claims-result-in-zero-payout-4b49acaf>; USA Today, “Soaring insurance costs are making more homeowners go without it,” Bailey Schulz and Jessica Gynn, July 4, 2024, <https://www.usatoday.com/story/money/2024/06/23/americans-not-buying-homeowners-insurance/74144566007/>.

¹⁵ JD Power, “Satisfaction with Auto Insurance Claims Strained by Higher Deductibles, More Total Losses, JD Power Finds,” October 27, 2025, <https://www.jdpower.com/business/press-releases/2025-us-auto-claims-satisfaction-study/>.

¹⁶ USA Today, “Soaring insurance costs are making more homeowners go without it,” Bailey Schulz and Jessica Gynn, July 4, 2024, <https://www.usatoday.com/story/money/2024/06/23/americans-not-buying-homeowners-insurance/74144566007/>.

¹⁷ Insurance Information Institute, “IRC report reveals that one in three drivers were either uninsured or underinsured in 2023,” February 20, 2025, <https://www.iii.org/blog/irc-report-reveals-that-one-in-three-drivers-were-either-uninsured-or-underinsured-in-2023>.

¹⁸ The Wall Street Journal, “The Home-Insurance Coin Flip: Nearly Half of Claims Result in Zero Payout,” Jean Eaglesham and Jaclyn Jeffrey-Wilensky, May 30, 2026, <https://www.wsj.com/finance/the-home-insurance-coin-flip-nearly-half-of-claims-result-in-zero-payout-4b49acaf>.

when claims are below a policyholder's deductible.¹⁹ However, the record profits of insurance companies raise questions about whether increasingly aggressive claims-handling practices, including tactics to delay payments, are contributing to higher margins.²⁰ Indeed, insurance companies seem to be swimming in profits with property and casualty insurers making a record \$136 billion in 2025 and reporting the highest profitability from underwriting policies in 20 years.²¹ New analysis has revealed that home insurance companies rake in an extra \$8.8 million in interest and investment income industrywide for each day they delay claims.²²

Given our concerns in the surge in homeowners and auto insurance claims that are closed without payment, we request that you provide responses to the following questions no later than October 16, 2026:

1. Provide your company's yearly percentage and number of claim fulfillments and claims closed without payment for homeowners and personal auto insurance over the last 10 years, including:
 - a. Disaggregated for each type of peril your homeowners and personal auto insurance policies cover;
 - b. Disaggregated by the reason for nonpayment, including claims that fell below the applicable deductible, were subject to a policy exclusion, were formally denied, were withdrawn by the policyholder, or resulted in no payment for any other reason.
2. For each year over the last 10 years, provide the number and percentage of homeowners and personal auto insurance claims that were initially denied or closed without payment that policyholders appealed or otherwise disputed, and the number and percentage of those claims for which your company subsequently made a payment or reversed its initial determination.
3. Explain the primary factors that have contributed to the increase in homeowners and personal auto insurance claims being closed without payment over the past decade and quantify the extent to which each factor (e.g., deductibles, policy exclusions, withdrawn claims, formal denials, or other reasons) has contributed to this trend.

¹⁹ Yahoo Finance, "Big Five home insurers didn't pay out on nearly half of claims last year, analysis says," Graig Graziosi, May 31, 2026, <https://finance.yahoo.com/sectors/healthcare/articles/big-five-home-insurers-didnt-pay-out-on-nearly-half-of-claims-last-year-analysis-says-224514190.html>.

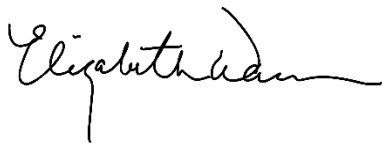
²⁰ Revolving Door Project, "Insurers Score Record Profits While Consumers Pay," Kenny Stancil, June 16, 2026, <https://therevolvingdoorproject.org/insurers-score-record-profits-while-consumers-pay/>.

²¹ Reinsurance News, "US P&C insurance industry saw strongest underwriting results in 20 years in 2025: Fitch," Kassandra Jimenez-Sanchez, April 20, 2026, <https://www.reinsurancene.ws/us-pc-insurance-industry-saw-strongest-underwriting-results-in-20-years-in-2025-fitch/>.

²² The Consumer Federation of America, "New Analysis: Homeowners Insurance Companies Earn Millions in Interest and Investment Income with Every Day of Claim Delay," press release, July 30, 2026, <https://consumerfed.org/news/press-releases/new-analysis-homeowners-insurance-companies-earn-millions-in-interest-and-investment-income-with-every-day-of-claim-delay/>.

4. Since 2015, has your company made any material changes to its homeowners or personal auto claims-handling policies, procedures, or guidelines? If so, describe those changes and the reasons for implementing them.
5. Describe any compensation, bonus, performance evaluation, or other incentive programs for your company's employees, contractors, adjusters, or managers involved in homeowners or personal auto claims that incorporate metrics related to claim payments, claim severity, loss ratios, settlement amounts, claims closed without payment, or denial rates.
6. Describe your company's use of artificial intelligence, predictive analytics, or other automated tools in the homeowners and personal auto claims process, including the safeguards in place to ensure fair and accurate claims determinations.
7. Will your company commit to providing this Committee and the public with its annual claims data, just like mortgage lenders report their loan data to the public?

Sincerely,



Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs



Josh Hawley
United States Senator