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# Average Home Insurance Rates

8 min read

By [Michelle Megna](#) Posted : March 29, 2020

Average home insurance rates can vary a lot, depending on where you live, your deductible amount and the amount of coverage you need. That's why it's important to have as much detailed information as possible when planning the [home insurance basics](#) for your budget.

And, you want to be sure you buy enough protection to fully protect your home, so it's wise to seek guidance to [prevent your house from being underinsured](#).



## How much does home insurance cost?

Below you will find average home insurance rates by ZIP code for 10 different coverage levels. Enter in your ZIP code, then select a dwelling coverage amount, deductible and liability amounts and you'll get the average homeowners insurance cost for your neighborhood and desired policy limits. Further below we explain how to choose the best limits to ensure sufficient coverage. You can get a customized

rate so you know what to expect to pay and can see how much you can save by comparing home insurance companies.



# HOME INSURANCE CALCULATOR

Average home insurance rates in CALIFORNIA

Zip Dwelling *i* Deductible *i* Liability *i*

90013 \$300,000 \$1,000 \$300,000 **SEARCH**

**90013** - Los Angeles

Dwelling \$200,000, Deductible \$1,000 and Liability \$100,000.

**AVERAGE RATE: \$881**

HIGHEST RATE: **\$1,443** LOWEST RATE: **\$439**

**START SHOPPING NOW**

### MOST & LEAST EXPENSIVE ZIP CODES in California

HIGHEST RATE:	LOWEST RATE:
92561- MOUNTAIN CENTER: \$1,031	93445- OCEANO: \$606
90210- BEVERLY HILLS: \$1,029	93117- GOLETA: \$607
90069- LOS ANGELES: \$1,020	93111- GOLETA: \$610
90046- LOS ANGELES: \$1,011	93433- GROVER BEACH: \$615

There are many variables to consider when buying homeowner insurance, but you typically start by deciding the coverage amount for the following:

- dwelling
- deductible
- liability
- medical payments

The limits of your coverage for the following are typically a set percentage of your dwelling coverage limit as shown below:

- other structures – 10 percent
- personal property – 50 percent (you choose between replacement value or actual cash value)
- loss of use – 20 percent

## How much dwelling coverage do I need?

When [buying homeowners insurance](#), you should get enough dwelling coverage to match the full replacement cost of your home. The cost to repair damage to your home or rebuild it completely at equal quality — at current prices — is the replacement cost. Figuring out [how to calculate home replacement cost](#) can be a challenging task, but can be done by making a thorough inventory of building materials used for your home, using online calculators, or, you can hire an appraiser to do it for you.

## How much liability coverage do I need?

Liability insurance provides a financial safety net for the household. It pays out when you and your family members are legally responsible for others' injuries or property damage. That's to say, it covers the medical expenses of people who are hurt while in your home or on your property, as well as damage caused to neighbors' property. Personal liability also covers legal fees if you are sued, as well as any resulting judgments from a lawsuit, up to your policy limits.

Most home insurance policies come with \$100,000 in personal liability insurance but this is rarely enough coverage. The cost to defend a lawsuit or to pay for medical expenses for a serious injury can easily exceed that amount. Most experts recommend upping your limits to at least \$300,000.

## What is medical payments for others and how much do I need?

Medical payments coverage pays for injuries to guests in your home, regardless of who is at fault. [Medical payments differs from liability insurance](#) in significant ways, primarily in that it is for minor incidents and comes in very low limits of \$1,000 or \$5,000. The latter amount of \$5,000 is recommended.

## What deductible amount should I choose?

The deductible your share of the repair cost when you file a claim. Your home insurance rate will be lower if you choose a high deductible. If you have a \$500 deductible, you're going to pay more on your premiums than if you have a \$2,000 deductible.

Going with a higher deductible will save you money. It will also reduce your home insurance claims. That's why it's important to know the trade-off you're making – and be comfortable with it -- when [choosing a home insurance deductible](#).

## Average home insurance rates by ZIP code

The highest homeowners insurance rates in the nation belong to ZIP code 33070, home to Islamorada Village of Islands, on Plantation Key, Florida. That's according to Insurance.com's analysis of average rates for nearly every ZIP code in the country.

ZIP codes in Louise, Texas and Mobile, Alabama rank second and third, respectively, for the following coverage:

- \$300,000 in dwelling coverage
- \$1,000 deductible
- \$300,000 liability coverage

Rankings for the priciest ZIP codes were determined by identifying the ZIP code with the highest average rate for home insurance in each state and then listing them in descending order. For the cheapest ZIP codes, rankings were determined by identifying the ZIP code with the least expensive average rate for home insurance and then listing them in ascending order. Insurance.com's analysis showed a

national average rate of \$2,305 for \$300,000 dwelling coverage with a \$1,000 deductible and \$300,000 in liability.

The top 10 most expensive locations by ZIP code, on average, for home insurance are:

<b>ZIP code</b>	<b>State</b>	<b>City</b>	<b>Average annual premium</b>
33050	Florida	Islamorada Village of Islands	\$6,295
77455	Texas	Louise	\$5,911
36619	Alabama	Mobile	\$5,752
73016	Oklahoma	Cashion	\$4,966
67752	Kansas	Quinter	\$4,666
28594	North Carolina	Emerald Isle	\$4,654
70065	Louisiana	Kenner	\$4,612
29429	South Carolina	Awendaw	\$4,612
80734	Colorado	Holyoke	\$4,361
88255	New Mexico	Loco Hills	\$4,071

The top 10 least expensive locations for home insurance are:

ZIP code	State	City	Average annual premium
96859	Hawaii	Honolulu	\$490
93445	California	Oceano	\$881
05404	Vermont	Winooski/Burlington	\$1,107
20854	Maryland	Potomac	\$1,144
77514	Texas	Anahuac	\$1,148
19808	Delaware	Pike Creek	\$1,190
84075	Utah	Syracuse	\$1,265
70357	Louisiana	Golden Meadow	\$1,308
89428	Nevada	Silver City	\$1,313
14445	New York	East Rochester	\$1,319

## How home insurance rates are set, and why they vary by location

Home insurance companies assess many factors when setting rates. Rates can fluctuate significantly from state to state, or even neighborhood to neighborhood, depending on how insurers assess the various things they look at to calculate your rate. The biggest factors influencing the cost of homeowners insurance are:

- Your home's location, which reflects its exposure to hazards, such as storm damage, wild fires, burglaries and so on
- Your home's value
- The cost to rebuild your home if it were completely destroyed
- Local construction costs, which account for building materials availability and price, building regulations, among other factors.
- Your home's age
- Risk exposure on your property, for instance, from a swimming pool, trampoline, guest house or aggressive dog breed
- Your neighborhood's fire protection rating, or, how close your home is to a fire station

- Your personal and neighborhood claims history, as well as the previous homeowner's claim history
- Your insurance score, which is based, in part, on your credit score (only three states don't allow this – Massachusetts, Hawaii and California; Maryland doesn't use credit for home rates, but does for auto rates)

For more information on how homeowner premiums are determined, review some of the [main factors affecting your home insurance rate](#).

## Reasons why rates are so low in some areas

Hawaii ZIP 96859 has the lowest average rate in the nation, but dozens of other Hawaii ZIP codes are also among the cheapest in the country. So, why does Hawaii have such low home insurance rates? It may be that standard home policies in Hawaii do not absorb high claims costs for hurricane damage.

“One major factor in Hawaii is the fact that most standard homeowner insurance policies do not cover hurricane damage. Hurricane Iniki, which hit in 1992 did so much damage that the majority of insurers excluded hurricane damage from their coverage. Homeowners in Hawaii now have to purchase a separate hurricane damage policy,” says Michael Barry, spokesman for the Insurance Information Institute.

Barry also points to Hawaii's underwriting laws, which prohibit the use of credit ratings. “The fact that Hawaii does not consider credit ratings could also be a factor,” he says, “but probably has a bigger impact on car insurance rates than homeowner premiums.”

Other locations on the cheapest list are low compared to the rest of the country, in part, because of the following factors:

- Few major weather related losses.
- A low crime rate.
- Relatively few major liability lawsuits filed.
- Many well organized neighborhood watch groups.

Barry agrees, saying, in general, that “Neighborhood watches are a factor that would be considered by insurers and can have an impact on rates. These groups help prevent vandalism and theft leading to fewer claims, and lower rates.”

He says that typically rural areas and cities with low population density will have lower home insurance rates. That's because the cost to rebuild tends to be more affordable and insurers consider that when setting rates.

"Factors that tend to lower rates are often the reverse of factors that increase rates," says Barry. "Low chance of natural disasters, smaller population, and lower building costs will all positively impact homeowner insurance rates."

The ability of an area to successfully fight fires can impact rates as well. Well-placed fire stations with professional firefighters on staff improves a city's rating and can reduce insurance costs over the long term, according to Barry.

## Reasons why home insurance rates are so high in some areas

It's likely no surprise that many of the most expensive ZIP codes for home insurance are in states that experience lots of severe weather. The most expensive ZIPs in Louisiana, Mississippi, Alabama, Texas, South Carolina and Massachusetts are all coastal areas prone to catastrophic storms that are costly to insurers, who then pass that cost to homeowners. Texas, Kansas, Oklahoma, Florida, Alabama and Mississippi have lots of tornadoes as well. Naturally, the more claims paid out by insurers for damage due to wind, hail and flooding, the higher home insurance rates will be for everyone.

"Homeowner rates are based on actual and anticipated losses across the state so if a state is prone to natural disasters, it will push up the cost of insurance for everyone in the state," says Barry. "It will have the biggest impact on areas where natural disasters tend to hit most often, coastal areas for example."

## Choosing a home insurance company

With every type of insurance coverage, it's true that the cheapest policy isn't always the wisest choice. You want an insurance company that is financially healthy and that has a good reputation for service.

Insure.com's annual [Best Home Insurance Companies](#) ranking also lists top insurers for 2020. Here are the top 10, based on a survey of 3,700 customers, asking them

about customer service, claims processing, value for price and if they would recommend the company and would renew their policy:

1. Chubb
2. USAA
3. Esurance
4. Erie Insurance
5. Nationwide
6. Safeco
7. Allstate
8. AIG
9. State Farm
10. Travelers

## **How does your rate compare to the national average?**

Here are are the nationwide average annual costs for home insurance for common coverage levels:

Average rate	Dwelling coverage	Deductible	Liability
\$1,806	\$200,000	\$1,000	\$100,000
\$1,824	\$200,000	\$1,000	\$300,000
\$2,285	\$300,000	\$1,000	\$100,000
\$2,305	\$300,000	\$1,000	\$300,000
\$2,694	\$400,000	\$1,000	\$100,000
\$2,709	\$400,000	\$1,000	\$300,000
\$3,046	\$500,000	\$1,000	\$100,000
\$3,056	\$500,000	\$1,000	\$300,000
\$3,304	\$600,000	\$1,000	\$100,000
\$3,323	\$600,000	\$1,000	\$300,000

Remember you can lower your rate by making sure you receive all the [home insurance discounts](#) for which you qualify. For example, buying your home insurance from the same company that covers your cars, called bundling, can save you an average of 19%, and

discounts for building materials and new homes can also trim your premium significantly.

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