

# State of the State: Oklahoma Homeowners Insurance

## As Oklahoma Seeks Lower Homeowners' Premiums, Understanding Cost Drivers Is Key

Oklahoma homeowners insurance premiums are escalating due to a range of factors. The Sooner State is among the least affordable states for home insurance coverage (ranked 48<sup>th</sup>, with 3.45% of household income spent), according to data from the [Insurance Research Council](#) (IRC).

**Because insurance is integral to the total cost of homeownership, lawmakers often find themselves under pressure from constituents to rein in premiums. Unfortunately, their efforts often lead to policies that would hurt consumers, rather than help them. It is important for policymakers to understand the causes of premium increases and to let that understanding inform decision making.**

### Key cost drivers

Homeowners insurance affordability is ultimately determined by key perils and cost drivers. Furthermore, the specific factors driving high insurance costs vary from state to state.

Rising costs of materials and labor to repair and replace damaged or lost property have been major drivers of increasing premium rates. Legal system abuse and claims fraud also play a substantial role in rising rates nationally.

Oklahoma's location in Tornado Alley is a fixed condition that insurers must incorporate into pricing. Climate-related perils – mainly property damage caused by severe convective storms, such as tornadoes and hail – account for the greatest proportion of insured losses, with the severity and frequency of catastrophe and non-catastrophe-related weather events exceeding national averages.

The IRC chart below represents the primary risk drivers, with shaded coloring illustrating how each state compares with the rest of the country. Red indicates higher expenditure-to-income ratios that tend to have less favorable rankings, while green indicates more favorable rankings.

It is clear from the chart Oklahoma's homeowners insurance affordability challenges correlate with claim frequency/severity experience related to catastrophe- and non-catastrophe-related perils. While claims litigation is not as dominant a cost driver for Oklahoma as it is for other states, Oklahoma certainly is not immune to legal system abuse. According to a [January 2026 report](#) by Citizens Against Lawsuit Abuse, legal system abuse costs every Oklahoman \$979 per year in additional costs, which has also led to the loss of 33,656 jobs statewide.

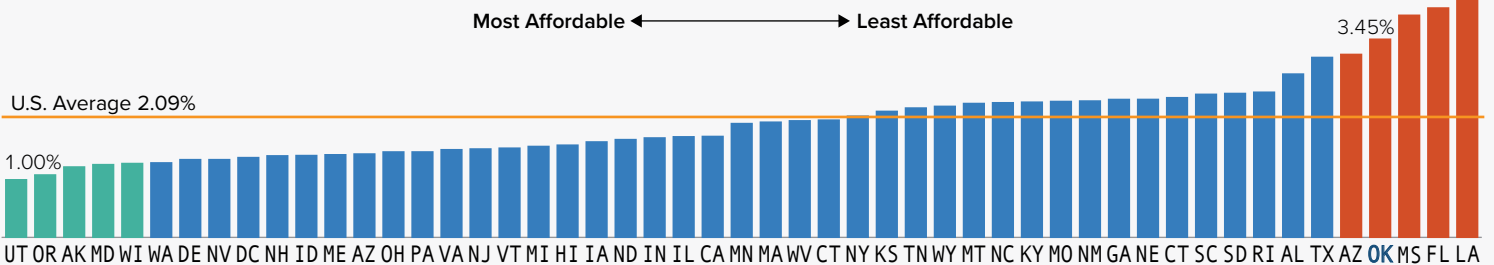
### Fraud compounds costs

Roof replacement fraud is a rapidly worsening problem throughout the United States. According to the [National Insurance Crime Bureau](#) (NICB), reported instances of contractor fraud increased 38% between 2023 and 2025. NICB said contractor fraud schemes are becoming increasingly sophisticated and organized.

The Oklahoma attorney general's office [has called roofing scams](#) "the most common complaint submitted by consumers." On April 6, 2026 – following the prior week's severe weather – the attorney general [warned Oklahomans](#) to be vigilant of contractor fraud.

"In the aftermath of severe weather, scammers often target vulnerable homeowners trying to recover and rebuild," said Attorney General Gentner Drummond. "While it is natural to want

Homeowners Insurance Expenditures as a Percent of Median Household Income, 2022



The IRC Affordability Index — measured as average homeowners insurance expenditure divided by median household income — places Oklahoma at a significant disadvantage relative to most other jurisdictions across the U.S. In 2022 (the most recent industry data available), Oklahoma consumers paid 3.45% of household income to insure a home, compared to a national average of 2.09%.

to make repairs quickly, taking the time to choose a reputable contractor is critical to protecting your home and finances.”

## Address the causes, not the symptoms

It may be politically tempting to address a state’s affordability issues by imposing more regulatory constraints on insurers and ignoring the centrality of [risk-based pricing](#) to a robust, competitive insurance market. States that have tried such approaches have shown they are neither effective nor sustainable.

In [California](#), for example, state regulators’ application of Proposition 103 has generated unintended consequences related to insurance affordability and availability in the nation’s largest property/casualty market:

- Insurers could not use catastrophe models to price risk prospectively;
- Accurate underwriting and pricing were inhibited by restrictions on incorporating reinsurance costs into pricing; and
- Allows consumer advocacy groups to intervene in the rate-approval process, making it difficult for insurers to respond to changing market conditions and driving up administrative costs.

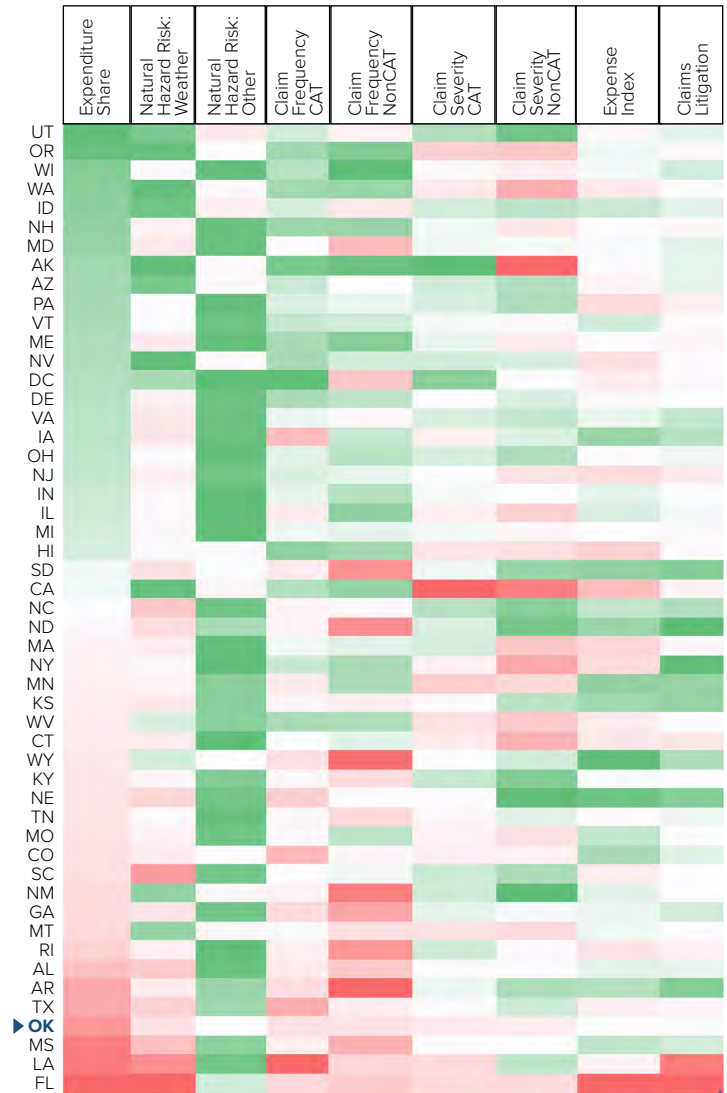
By making it challenging for insurers to write coverage profitably, these regulatory restrictions generated a risk crisis in the Golden State. As insurers reassessed their appetites for writing business in the state, more Californians had to resort to the state’s [FAIR plan](#) – shifting the risk from insurers to taxpayers.

**Oklahoma lawmakers recently approved legislation requiring insurance companies to submit rate changes to the state’s insurance department before implementing them. The measure, which will take effect in July 2027, is intended to help consumers, but could have the opposite effect.**

“When regulatory restrictions are put in place that won’t allow insurers to price coverage at an actuarially sound level, it can generate market disruption and lead to some carriers voluntarily exiting the state,” Mark Friedlander, Triple-I’s senior director of media relations, told Homes.com.

For Oklahoma, addressing the severity of weather-related claims is key to moderating rate increases. Risk management programs like [Strengthen Oklahoma Homes](#) – which provides grants to Oklahoma residents for residential wind and hail mitigation on new and existing, owner-occupied, primary residence single-family homes – is a great start. Modeling the success of the [Strengthen Alabama Homes](#) initiative, funding for Oklahoma’s program comes from the insurance industry and is not funded by the state’s general budget.

## Cost Drivers by Affordability of Homeowners Insurance



The property/casualty insurance industry is an essential partner in addressing states’ affordability crises. States that work with the industry can expect more effective, more sustainable results than those that only attack the symptoms instead of the underlying cost drivers.

## Learn More:

- [Partnering for Resilience: Protecting Homes Through Stronger Roofs](#)
- [Contractor Fraud After Disaster: A Persistent Challenge in the Recovery Process](#)
- [Convective Storm Losses: Historic 3-Year Streak](#)
- [Mississippi Set to Launch Roof Grant Program](#)
- [Legal System Abuse Awareness Campaign Spreads Across U.S.](#)
- [Severe Winter Weather Ravages U.S. Communities](#)