



NW Insurance Council

Consumer Alert

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Many Northwest homeowners may be underinsured. Are there gaps in your coverage?

PORTLAND, OR, June 11, 2026 – If a wildfire, severe storm, or other disaster destroyed your home, would your homeowners insurance provide enough coverage to fully rebuild it and replace everything inside?

As rebuilding costs continue to rise across the Pacific Northwest and nationwide, many homeowners in Washington, Oregon and Idaho could face a serious but often overlooked financial risk: underinsurance.

Homeowners are increasingly concerned about what for many families is their single biggest investment: their home. But when it comes to insurance, homeowners may not be focusing on what matters most when it comes to protecting that investment.

According to a recent national survey commissioned by [The Hanover Insurance Group](#) and conducted by The Harris Poll, 42% of homeowners listed “damage from severe weather or natural disasters” as a top concern, while just 15% listed “hidden gaps in their insurance coverage” as a top concern.

Meanwhile, research highlighted by [Moneygeek](#), based on findings from Harvard Business School, indicates that the average U.S. homeowner carries insurance coverage equal to

only about 70 percent of the cost to rebuild a home after a total loss. Similarly, longstanding research from organizations such as [Cotality](#) (formerly CoreLogic) has suggested that 60 percent or more of U.S. homes may be underinsured.

The [NW Insurance Council](#) urges homeowners to review their insurance policies regularly and make sure coverage limits reflect today's rebuilding costs rather than a home's market value. In today's construction environment, the difference between a home's insured value and its actual replacement cost can amount to tens or even hundreds of thousands of dollars.

"Many people assume that if they have homeowners insurance, they're fully protected," said Kenton Brine, NW Insurance Council president. "But rising construction costs, labor shortages and inflation have increased rebuilding expenses significantly in recent years. If your coverage limits haven't kept pace, you may discover after a loss that you don't have enough insurance to rebuild your home and replace your belongings."

The risk becomes even greater following large-scale disasters such as wildfires, when demand for contractors, building materials and skilled labor can surge across an entire region, driving reconstruction costs even higher.

Many [homeowners insurance policies](#) include automatic inflation-adjustment provisions that periodically increase coverage limits. However, those increases may not always keep pace with local construction costs or major changes to a home's value. Homeowners concerned about [replacement costs](#) should talk with their insurance company or agent about options such as extended replacement cost or guaranteed replacement cost coverage.

The Hanover survey also found that nearly all homeowners – 96 percent – consider [personal property replacement](#) cost coverage important, very important or essential. Yet nearly one-quarter of homeowners surveyed said they have not verified their personal property replacement cost coverage.

"Your insurance review shouldn't stop with the structure itself," Brine said. "Think about everything inside your home. Furniture, clothing, electronics, appliances and family heirlooms all have value. After a total loss, those replacement costs can add up quickly."

The survey also found that nearly three out of four homeowners would rather pay more for broader protection than save money on a policy with fewer protections. The findings suggest that homeowners place a high value on peace of mind and avoiding unexpected coverage gaps after a loss.

Not every insurer offers guaranteed replacement cost coverage, and not every home qualifies for every coverage option. Older homes, custom-built residences and properties with unique architectural features may require specialized coverage solutions.

Homeowners should work with their insurance company or agent to estimate current rebuilding costs and determine whether existing policy limits remain appropriate.

Knowing your policy's limits - and *sublimits*

In addition to these "big picture" issues, many policies also include "sublimits," which are limits on specific coverages or items under a homeowners' policy.

For example, if you have expensive art, jewelry, antiques or even expensive carbon-frame bicycles and your policy includes sublimits on these or other items, that could limit your recovery in the event of a loss. Similarly, damage to or from underground utility lines, water or sewer lines may not be covered under a standard homeowners' policy.

The good news is coverage for these kinds of perils can usually be added by your insurer for an additional premium.

The [Insurance Information Institute](#) (I.I.I.) offers [free resources](#) to help homeowners better understand replacement costs and evaluate whether their current coverage is adequate.

Homeowners should consider the following steps:

- **Review your policy** with your insurance company or agent and make sure your dwelling coverage reflects current rebuilding costs, not your home's market value.

- **Understand the difference** between [actual cash value](#) and replacement cost coverage and determine which option best fits your needs.
- **Verify personal property coverage** limits and maintain a current [home inventory](#), including photos, videos, receipts and appraisals of valuable items.
- **Ask about coverage options** such as extended replacement cost, guaranteed replacement cost, and endorsements that may help address coverage gaps.
- **Learn which perils are excluded** from a standard homeowners policy, including floods and earthquakes, and consider additional coverage if those risks exist in your area.
- **Evaluate insurance based on overall value**, protection and claims service, not simply premium price.

"After a catastrophic loss, you expect to be able to rebuild and move forward," Brine said. "That's why it's important to review your coverage now and make sure your insurance keeps pace with your home, your possessions and today's replacement costs."

For more information, call the Northwest Insurance Council at (800) 664-4942 or email info@nwinsurance.org.

NW Insurance Council is a nonprofit, insurer-supported organization providing information about home, auto and business insurance to consumers, media and public policymakers in Washington, Oregon and Idaho.

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