FACT SHEET


# DEMOCRATIC POLICIES AND THEIR UNINTENDED CONSEQUENCES

Democratic policies, especially in blue states, have caused prices to spiral out of control. Housing affordability, energy costs, and affordable insurance are areas where residents in blue states face particular difficulty.

## Did you know?...

- In 2025, UC Berkeley released a report detailing that blue states have a significantly higher cost-of living with housing costs and higher utilities being the key drivers.

- California, New Jersey, Hawaii, Washington, Massachusetts, and New York are the six most expensive states. The cost of living is 13 percent more expensive in the average blue state the average red state.

- Clean energy mandate states with the highest rate increase requests from 2020 through 2025 include California, New York, Michigan, Virginia, and Illinois, while the non-mandate states were led by Florida.

- The top five most expensive states for electricity have mandates requiring 100% of their power to come from renewable or carbon-free sources.

### Blue State Insurance Premiums Soar Under Democrat Policies

In 1988, California passed Proposition 103, which regulates home, auto and other types of insurance by requiring insurance companies to seek approval from an elected insurance commissioner to raise their premiums.

While this can save consumers money in the short term, it eventually forces insurers to pull coverage entirely from risky areas. A notable example are the recent wildfires in Los Angeles.

# Democratic Policies and Their Unintended Consequences

***Executive Summary***

Democratic policies, especially in blue states, have caused prices to spiral out of control. Housing affordability, energy costs, and affordable insurance are areas where residents in blue states face particular difficulty.

**Blue State Housing Policies**

- In 2025, UC Berkeley released a report detailing that blue states have a significantly higher cost-of-living with housing costs and higher utilities being the key drivers.
- California, New Jersey, Hawaii, Washington, Massachusetts, and New York are the six most expensive states. The cost of living is 13 percent more expensive in the average blue state the average red state.
- These blue states tend to have more zoning, parking requirements, difficult permitting processes, permitting processes, environmental regulations, and historical preservation, all of which make it harder and more expensive to build, slowing the growth of available housing stock and increasing prices.
  - The average blue state, as of 2022, has a housing shortage of 19 percent of existing stock. California has a shortage of over 30 percent of existing housing stock.
  - The Wharton Residential Land Use Regulatory Index ranks blue states as having more stringent regulations on housing production with cities like San Francisco, New York, and Los Angeles having far more regulations around housing than large red state metro areas like Dallas

**Blue State Energy Polices**

States with clean energy and renewable energy mandates, overwhelmingly blue states, have sought 32 percent higher rate increase requests since 2020 than states without mandates. This has resulted in higher electricity prices, with rates in these states growing at almost double the rate as states with no mandates.

- Mandate states with the highest rate increase requests from 2020 through 2025 include California, New York, Michigan, Virginia, and Illinois, while the non-mandate states were led by Florida.
  - Notably, Florida had significant population growth during this time and invested in storm prevention efforts.
- The top five most expensive states for electricity have mandates requiring 100% of their power to come from renewable or carbon-free sources.

**California Green Energy Policies:**

- California has the second-highest residential electricity rates in the nation, behind only Hawaii. Rates have increased 130 percent over the last decade, more than four times the national average.

- California has aggressive green energy goals including receiving 60 percent of its electricity from renewables by 2030, 90 percent by 3020, and 100 percent by 2045.
- Beginning in 2035, new gasoline-powered cars will be banned in California. This will require massive investments for the expected surge in electricity consumption.
- California regulators plan to revise the state's cap-and trade program to increase costs on fuel retailers. This would translate to an increase of roughly 15 cents per gallon of gasoline between 2027 and 2030.

**New York Green Energy Policies:**

- New York electricity prices are 58 percent higher than average, and a study from the Progressive Policy Institute (PPI) showed New York retail electricity prices for residential customers increased by 36 percent between 2019 and 2024, three times faster than average.
- New York has a mandate to produce 70 percent of its electricity from renewables by 2030 and 100 percent by 2040. This requires significant investment that is passed on to ratepayers.
- New York has magnified these problems by closing the Indian Point nuclear power plant and denying the expansion of natural gas pipelines.
- Governor Hochul is currently engaged in secretive meetings to weaken the state's climate laws because of the "enormous costs."

**Blue State Insurance Polices**

**California Home Insurance:**

- In 1988, California passed Proposition 103, which regulates home, auto and other types of insurance by requiring insurance companies to seek approval from an elected insurance commissioner to raise their premiums.
- While this can save consumers money in the short term, it eventually forces insurers to pull coverage entirely from risky areas. A notable example are the recent wildfires in Los Angeles.
- Between 2020 and 2022, private insurers dropped coverage for 2.8 million home insurance customers.
- California has approved big rate increases to entice insurers back into the market, but this has failed. State Farm and Allstate are refusing to sell policies to new customers, despite the state approving double digit rate increases. Farmers Insurance pledged to add 5,596 new policies with the higher rate, but they had dropped 59,806 polices in the previous two years.
- In 2025, State Farm, the largest insurer in the state with 20 percent market share, received approval to raise rates on homeowners insurance by 17 percent and had sought an increase of 30 percent.
  - A couple outside of Los Angeles has seen their insurance costs rise from $6,000 a year in 2012 to $44,000 a year in 2026.

- Homeowners are forced to obtain coverage from the California Fair Access to Insurance Requirements (FAIR) Plan, an insurer of last resort.
- CA's FAIR Plan faced $4 billion in claims from the 2025 wildfires in Los Angeles. The CA Insurance Commissioner assessed private insurance companies (such as State Farm) a $1 billion charge, half of which they could pass on to their customers.

**Michigan Auto Insurance:**

- In 2019, the Michigan legislature passed reforms of auto insurance laws, which included that drivers no longer needed to pay for unlimited no-fault auto insurance. This temporarily led to a reduction in insurance prices, but quickly rose to making Michigan one of the most expensive states to purchase auto insurance.
- In 2025, drivers in Michigan paid 82 percent more for car insurance than consumers in Indiana and 96 percent more than in Ohio.
- In December 2025, the Michigan Department of Insurance and Financial Services issued a report showing that auto insurance rates have increased nearly $200 from 2019 to 2024.
- Since the 2019 reform passed, the proportion of people driving without insurance has risen.

**Illinois Auto Insurance:**

- Illinois is one of only two states, along with Wyoming, whose regulators are unable to reject or modify excessive rates.
- Other factors increase car insurance costs in Illinois including 19% of drivers not carrying insurance and the state ranking fourth national in vehicle theft.
- In 2023, the 10 largest car insurance companies in Illinois raised rates by more than $1.25 billion.