

October 9, 2026

Commissioner Grant (MD), Chair
NAIC Homeowners Market Data Call Working Group
c/o Aaron Brandenburg, Director, P&C Regulatory Services
Via Email: abrandenburg@naic.org

Re: Draft Potential Metrics for the Homeowners Market Data Call Public Report

Dear Chair Grant and Members of the Working Group:

The National Association of Mutual Insurance Companies (NAMIC)¹ appreciates the opportunity to comment on the draft potential metrics for the Homeowners Market Data Call public report. NAMIC supports efforts to provide regulators and the public with a clearer understanding of homeowners insurance markets, including changes in coverage availability, premiums, policy terms, and catastrophe exposure.

The data call offers an opportunity to develop a useful descriptive assessment of these markets. Its value, however, will depend on clearly defining the proposed measures, explaining their limitations, and avoiding conclusions that the underlying data cannot support. The current draft provides a helpful starting framework, but additional methodological detail is needed across the report's sections, particularly those addressing competition, catastrophe exposure, and geographic changes.

NAMIC offers the following recommendations.

1. Clarify the report's scope, aggregation, and methodology before publication.

The Working Group should clarify whether the public report will present market-level results aggregated across reporting companies, rather than individual company- or group-level data. NAMIC recommends that public reporting use appropriately aggregated results and safeguards against identifying an insurer's confidential information, including through small geographic cells, dominant-company results, or comparisons across overlapping tables.

¹ *The National Association of Mutual Insurance Companies is the foremost trade association representing the property/casualty insurance industry. Serving more than 1,300 member companies, including local and regional insurers as well as some of the nation's largest carriers, NAMIC members collectively write \$453 billion in annual premiums, representing 58 percent of the homeowners and 52 percent of the automobile insurance markets. For more than 130 years, NAMIC has been the leading voice advancing public policy solutions and regulatory frameworks that promote a strong, competitive market and protect member companies and their policyholders.*

For each proposed metric, the report should identify:

- The underlying data elements, calculation, denominator, and weighting method.
- The applicable reporting period and whether the measure reflects year-end policies in force or activity during the year.
- The included policy forms and market segments.
- The treatment of missing, incomplete, or nonapplicable responses.
- Applicable credibility thresholds and confidentiality protections.
- Whether the measure can be calculated from existing submissions or requires supplemental information.

Market averages and ratios should generally be calculated from the relevant aggregate amounts, rather than as unweighted averages of insurer-level results. Multiyear measures should likewise use the appropriate aggregate numerator and denominator.

The report should distinguish homeowners, dwelling, renters, condominium, and other policy forms where their differing coverage characteristics materially affect comparisons. It should also identify whether results reflect admitted insurers, nonadmitted insurers, residual markets, or some combination, and ensure that each numerator and denominator represents the same market.

2. Explain premium changes without treating historical paid-loss measures as a determination of rate adequacy.

Understanding why premiums have changed is an important objective. However, describing premium trends is different from determining whether premiums are excessive, inadequate, or otherwise appropriate. The public report should clearly distinguish those questions.

Average premium can change because of changes in insured values, coverage purchased, deductibles, policy forms, geographic exposure, and the composition of the insured population, in addition to changes in rates. NAMIC supports reporting average premium alongside premium per \$1,000 of Coverage A where applicable, with an explanation that neither measure holds all relevant risk and coverage characteristics constant.

The proposed calculation of claims or losses paid divided by direct written premium warrants particular attention. The data call's premium instructions describe premium associated with policies in force at year-end, which may differ from annual-statement direct written premium. Paid losses reflect payments during the reporting year and may relate to claims arising in earlier periods. Accordingly, this calculation should not be labeled or interpreted as a conventional incurred-loss-to-earned-premium loss ratio.

If retained, the measure should be accurately labeled as a paid-loss-to-reported-premium ratio, with prominent disclosure of the differing measurement bases. Three- or five-year pooled results may help reduce annual volatility, but they do not eliminate this mismatch.

The report should also clarify whether premium is available by peril. A peril's paid losses divided by total policy premium is not a peril-specific loss ratio. Unless a corresponding premium allocation was collected or can be supported by a transparent methodology, the report should present peril-specific paid losses separately and avoid implying that it measures the adequacy of premium charged for that peril.

Finally, a direct loss measure does not capture the full cost of providing coverage. Rate adequacy also involves expected future losses, loss adjustment expenses, operating expenses, reinsurance arrangements, and provisions for catastrophe volatility and capital. The report should explain these limitations rather than draw profitability or rate-adequacy conclusions from paid losses and premium alone.

3. Establish a consistent framework for interpreting catastrophe experience.

Catastrophe treatment is central to interpreting homeowners insurance trends. Results that combine catastrophe and noncatastrophe experience without sufficient explanation may obscure underlying changes in claim costs. Conversely, results that exclude catastrophe losses may understate the cost of providing coverage.

Where the existing data support a reliable distinction, NAMIC recommends presenting annual and multiyear claims measures both including and excluding catastrophe losses. The Working Group should first establish a consistent catastrophe definition and determine whether the submitted information permits that classification. Peril categories alone should not be treated as equivalent to catastrophe designations.

For smaller states or other low-volume reporting cells, a three-year rolling measure may improve interpretability. Five-year measures may provide additional context where volatility remains substantial. Annual results should remain available where credible, and the report should explain that even a multiyear period may not represent long-term expected catastrophe costs.

Noncatastrophe loss costs per unit of exposure could be useful for understanding underlying trends if the available information supports a credible calculation. However, calendar-year paid losses divided by year-end policies in force should not be presented as an actuarially developed pure premium without qualification.

Similarly, an analysis combining actual noncatastrophe experience with expected catastrophe losses would require additional assumptions and a consistent exposure, coverage, and time basis. If the data call does not contain the information necessary for such an analysis, the report should acknowledge that limitation rather than imply that it can determine whether premium changes were appropriate.

4. Evaluate availability through multiple indicators and appropriate state context.

Counts of insurers and policies in force are useful, but neither independently establishes the availability of coverage. The report should distinguish legal entities from insurance groups because multiple affiliated companies do not necessarily represent independent market participants.

Likewise, identifying companies writing new business provides only part of the picture. Where supported by the data, the report should also show the volume of new policies, changes in total policies in force, and cancellations and nonrenewals. These measures should be interpreted together rather than treating any single indicator as evidence of expanding or contracting availability.

Cancellation and nonrenewal comparisons should acknowledge differences in state law, permissible reasons, underwriting periods, and other relevant requirements. Nonpayment cancellations should remain separate from other company-initiated cancellations and should not, standing alone, be characterized as evidence that insurers are unwilling to provide coverage.

The report should also distinguish the absence of a particular coverage in a reported policy from the unavailability of that coverage in the market. Coverage may be available through an endorsement, a standalone policy, or another insurer. Any limitations in the data call's ability to identify those alternatives should be disclosed.

5. Use neutral framing and more specific measures for limits, deductibles, and coverage terms.

NAMIC recommends replacing the question, "Are insurers changing limits, deductibles and policy coverages in policies to shift more risk back on consumers?" with a neutral formulation:

"How have policy limits, deductibles, and coverage terms changed over time, and what do those changes mean for policyholder protection and retained risk?"

The current wording presupposes both the cause and intent of observed changes. Aggregate data may show changes in policy characteristics but generally cannot determine whether they reflect insurer requirements, consumer selections, changes in the insured population, or some combination.

The report should consolidate the overlapping references to deductibles and replacement cost/actual cash value in the cost and coverage sections and specify the proposed measures. NAMIC recommends:

- Reporting fixed-dollar and percentage deductibles separately, using the collected categories for all-perils/all-other-perils, hurricane/named storm, wind/hail, and earthquake deductibles, as applicable.
- Showing both policy counts and percentages within deductible categories, with clearly defined denominators.

- Explaining that the dollar equivalent of a percentage deductible can increase as the insured limit increases, even when the deductible percentage remains unchanged.
- Separately presenting replacement cost and actual cash value treatment for the dwelling, roof, and siding.
- Reporting the percentage of applicable policies not providing each specifically collected coverage, including wind, wildfire, earthquake, roof cosmetic damage, and siding cosmetic damage, rather than relying on a general “change in exclusions” measure.
- Presenting coverage-limit information where it can be reliably derived from existing submissions.

Deductible and coverage-limit distributions may provide more useful context than averages alone. However, the report should not imply that exact medians, additional deductible bands, or policy-level limit distributions can be calculated if the submitted aggregate data do not support them. Additional collection requirements should be considered separately, with an assessment of their value and reporting burden.

Mitigation measures should distinguish state-required and voluntary discounts and avoid double-counting policies receiving multiple discounts. Discount prevalence also should not be treated as a complete measure of mitigation activity.

6. Distinguish market structure from conclusions about competition.

NAMIC supports using multiple indicators to describe market structure, including insurer and group counts, new-business activity, concentration measures, and residual market participation. The report should use measures corresponding to the state, line of business, and market segment being analyzed.

Where appropriate, group-level measures can help distinguish affiliated legal entities from independent competitors. However, the publication of company- or group-specific data collected through the homeowners data call raises separate confidentiality concerns and should not be necessary to present aggregate market findings.

Premium variability should not be treated as a standalone measure of competition. Differences may reflect coverage, risk characteristics, geography, underwriting eligibility, or policyholder composition. Concentration measures likewise should be interpreted alongside other market indicators rather than as conclusive evidence of competitive conditions.

7. Develop a more consistent framework for geographic and catastrophe-risk comparisons.

The final sections would benefit from the same specificity provided in the earlier portions of the draft. The Working Group should define “high-risk zones,” identify the hazards being evaluated, explain how risk classifications align with reported ZIP codes, and describe the treatment of changes in geographic boundaries or risk classifications over time.

Where credible and consistent with confidentiality protections, the report should apply a common set of metrics to high-catastrophe-risk areas and appropriate comparison areas. These could include policies in force, new-business activity, cancellations, nonrenewals, average premium, premium relative to insured limits, and claims measures.

A change in the percentage of policies located in high-risk areas does not, by itself, establish that insurers are concentrating or withdrawing exposure. It may also reflect changes in housing development, the distribution of insured properties, or the classification of risk. Geographic conclusions should consider both changes within an area and changes in the broader market.

Third-party hazard, income, and housing data should align as closely as possible with the report's geographic units and reporting periods. The report should explain differences between market value and reconstruction cost and consider median household income and median home value where appropriate to reduce the influence of outliers. Hazard indices and catastrophe-model outputs should be used as contextual tools, with clear explanations of what they measure and their limitations.

8. Provide an opportunity to review the methodology before final publication.

NAMIC encourages the Working Group to expose a more detailed methodology and illustrative tables before finalizing the public report. This would allow interested parties to assess whether the proposed measures are supported by the collected data, whether comparisons are meaningful, and whether the accompanying narrative adequately explains limitations.

NAMIC appreciates the Working Group's thoughtful efforts and looks forward to continued collaboration to develop a report that provides meaningful insights into homeowners insurance markets, protects confidential information, and offers clear context to support a shared understanding of the findings.

Sincerely,



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