

APCIA’S OPENING COMMENTS ON THE NAIC’S DRAFT AFFORDABILITY AND AVAILABILITY PLAYBOOK OUTLINE

We appreciate the opportunity to review and comment on the NAIC’s Draft Affordability and Availability Playbook Outline (Playbook) and commend the NAIC’s commitment to addressing these critical issues. APCIA and its members understand and acknowledge that while the Playbook currently only exists in outline form, we nevertheless respectfully submit the following comments and recommendations to enhance the balance, accuracy, and utility of the Playbook for all stakeholders as the drafting process gets underway.

APCIA’s comments and recommendations on the Playbook in its current form focus on the following areas of concern: its lack of introductory insurance background, the Playbook’s overall framing, its mischaracterization of the surplus lines market, reinsurance, recommendations for improvement, and we also provide supporting evidence from recent studies.

Introduction/Insurance 101

The Playbook provides that its intended audience includes, “state insurance regulators, legislators and policymakers” with its purpose being to serve as “a state resource for state insurance regulators to address the growing challenges regarding homeowners’ insurance affordability and availability, by peril and macroeconomic conditions, with a focus on innovation, collaboration, and emerging risk adaptation.” APCIA’s experience with the Playbook’s targeted audience has shown that regulators, legislators and policymakers with little to no experience in the insurance industry or its regulation, through no fault of their own, often lack a basic understanding of the breadth and depth of insurance. This includes, but is not limited to, how insurance markets function, the need for insurers to obtain adequate rates and maintain solvency, the purpose and utility of residual markets, and the catastrophic risks the market faces, such as natural catastrophes.

As a result, APCIA recommends that the Playbook begin with an insurance “primer” constructed to serve its target audience by educating them on the basics of insurance, how the residual market operates and how the market addresses and responds to natural catastrophes. APCIA has various papers and other materials the NAIC may find helpful in preparing such introductory provisions including, [*Wildfire Risk in the Wild, Wild, West*](#) and [*Market of Last Resort: An Overview of Residual Market Plans in the U.S. and Factors Contributing to Their Growth*](#). APCIA offers these materials to the NAIC as resources to use at their disposal and encourages the repurposing of these papers to suit the needs of the Playbook.

Playbook Framing

APCIA urges the NAIC to make clear at the outset that insured losses and costs drive affordability and availability and that only when the underlying losses and costs are manageable can affordability and availability be improved. These losses include natural catastrophes and manmade elements such as lawsuit abuse. Insurance is a last link in the chain of risk created by private and governmental decisions, for example about where to build, how to build and what is permitted by building codes. The best response to affordability and availability issues is to determine their root causes and address them through an all-of-government and multi-sector commitment to risk mitigation and other reforms.

Further, APCIA notes that at times the Playbook strikes a somewhat accusatory tone that detracts from its purpose of serving as a state resource that focuses on, among other things, collaboration. APCIA would encourage the NAIC to revisit the Playbook and either strike or rephrase such language in order to maintain a more neutral and objective tone.

For example, in Part 1, Section C(iv)(a)(1) when discussing the use of proprietary wildfire maps, the Playbook states, “Insurers’ refusal to share this data, including with their own agents, further complicates matters.” The strong and defensive tone of such a sentence may jade the reader and cause them to assume intentional wrongdoing on the insurers’ parts.

Another example is Part 2, Section E(ii)(f)(i) which discusses California’s Sustainable Insurance Strategy including modernization of the FAIR Plan. The Playbook states, “Allowed under Proposition 103 to bypass high-risk areas, insurance companies have left a growing number of homeowners and business owners with no option but costly, limited FAIR Plan coverage.” This sentence is rather accusatory, and places blame for the FAIR plan’s expansion solely on the insurers. While various other examples of such statements occur within the Playbook, APCIA uses these as examples to demonstrate the need for neutrality and objectivity throughout the entirety of the document.

In addition, APCIA states that the Playbook does not adequately address the foundational role of insurer profitability and loss trends in shaping market availability. Suppressed rates and inadequate returns on capital have severe, long-term implications for consumers and market stability.

Regarding insurer adaptation, insurer efforts to offer flexible coverage options in response to disaster risks are portrayed in the Playbook as detrimental to the consumer. Such innovations are necessary adaptations to the ever-changing risk environment and should be recognized as such. And, such options allow the consumer to purchase at least some coverage in high-risk areas, or coverage that better meets their needs and ability to pay. While innovation and action in this space are warranted, APCIA strongly cautions the NAIC on encouraging states to replicate certain strategies, particularly with respect to state-led risk pools and state programs to backstop risk (e.g., catastrophe funds).” See Part 2, B(iv)(b) and (d). APCIA has made its view on such programs known to the NAIC in connection with other projects while also voicing its opposition to legislation throughout the country seeking to establish such programs. State-led risk pools and backstops shift the growing financial burden of increasing severe weather events to taxpayers while also distorting insurance markets, driving up premiums, and reducing incentives for individuals and businesses to invest in risk mitigation.

Perhaps most importantly, the Playbook is also lacking an evaluation of state policy effectiveness. While the Playbook highlights state interventions it does so without assessing whether the actions taken achieved their intended outcomes or fell short, particularly in maintaining a competitive market and incentivizing effective mitigation measures. This omission risks presenting an incomplete and potentially misleading picture of policy efficacy.

Mischaracterization of the Surplus Lines Market

On August 21, 2025, a coalition of organizations representing the surplus lines industry, including APCIA, Lloyd’s America Inc., The Council of Insurance Agents and Brokers, and the Wholesale & Specialty Insurance Association, submitted a comment letter to Commissioner Conway addressing the Playbook and stressing the important role it plays in acting as a crucial safety valve for the insurance marketplace. The contents of that letter are fully adopted and incorporated into these comments by reference.

Reinsurance

Part I, Section C(ii)(b) states that the current environment of reinsurance includes reduced capacity while also including a link to the Reinsurance News website. This statement is troubling for two reasons. First, merely citing to a website without providing a specific article or other detailed information does not adequately support this statement and instead requires the reader to speculate as to where they were being directed by the included hyperlink.

Second, and more to the point, stating that there is reduced capacity in the reinsurance market is incorrect. Reputable sources, such as Gallagher Re's 2024 *Reinsurance Market Report* state that "Global reinsurers reported strong 2024 results with a continued capital build driven by strong retained earnings." (See Gallagher Re *Reinsurance Market Report*, Key Findings, pg. 3 - [Reinsurance Market Report](#)). In addition, total reinsurance dedicated capital rose to a new peak in 2024 and predictions are that "reinsurance capital is well positioned to see a further 6% increase in 2025." (*Id.*, pp. 5, 10).

While reinsurance is volatile and covers some of the most severe risks reinsureds can face, the current reinsurance market is healthy and should be more accurately represented and described in the Playbook.

Summary of Recommendations for Improvements

As stated above, while the Playbook is only in its outline form, the APCIA makes the following recommendations to the outline to assist in the drafting of the Playbook itself:

1. **Add an "Insurance 101" Introduction** - Given the diverse audience, a foundational overview of insurance principles—such as risk pooling, rate adequacy, and capital requirements—would improve the Playbook's accessibility and understanding.
2. **Examine the overall framing of the outline/Playbook** – Emphasizing the role of losses and costs and the importance of addressing them is critical to informed decision-making. Avoiding an aggressive or otherwise accusatory tone and instead adopting a neutral and objective view of insurance throughout the entirety of the document will assist the audience in fully understanding the issues surrounding insurance affordability and availability.
3. **Include a Balanced Policy Impact Assessment** - We recommend incorporating a section that evaluates both the **intended and unintended consequences** of policy actions. This would provide a more constructive and actionable resource for regulators and policymakers.
4. **Expand Discussion on Innovation and Consumer Choice** - Highlight how insurers are innovating in coverage design to offer a broader range of options at different price points, helping consumers manage rising risks and costs.
5. **Incorporate Metrics for Policy Success** - Encourage the use of measurable outcomes and timelines to evaluate the effectiveness of reforms, with a commitment to revisiting policies if they fail to meet objectives.
6. **Address the Surplus Lines Market as the valuable stopgap it is** – Emphasize the fact that the surplus lines market provides insurance when the admitted market is unable or unwilling to thereby filling a gap in the marketplace.

7. **Accurately portray the strength of the Reinsurance market** – Reinsurance capacity was strong in 2024 and continues to grow in 2025 so a more accurate representation of the strength of the market is warranted.

Supporting Evidence from Recent Studies


To illustrate the importance of evaluating policy outcomes, we reference the following studies and encourage the drafting group to review before and during the drafting process:

- **California Wildfire Moratoriums (Dallas Fed, 2025):**
A working paper analysis from the Dallas Fed found that California's nonrenewal moratoriums following wildfires temporarily reduced cancellations but did not prevent long-term market retreat. Insurers resumed nonrenewals after the moratoriums expired, and reliance on the state's insurer of last resort increased. <https://www.dallasfed.org/-/media/documents/research/papers/2025/wp2510.pdf>
- **Colorado Insurance Market Study (Denver Chamber, 2025):**
The Metro Denver Economic Development Corporation found that recent legislation intended to improve affordability and access in Colorado actually increased operational burdens and litigation risk, contributing to insurer exits and rising premiums. <https://www.metrodenver.org/news/report-property-and-casualty-insurance-challenges-colorado-released-metro-denver-economic>
- **Washington Low-Income Housing Insurance Study (WA OIC, 2024):**
This study provided a balanced view of policy options to improve insurance availability for affordable housing providers. It included both pros and cons for each recommendation, offering a model for how policy analysis can be structured to support informed decision-making. <https://www.insurance.wa.gov/sites/default/files/2025-02/housing-providers-study-12182024.pdf>

Conclusion

We urge the NAIC to revisit the Playbook outline so that drafting of the Playbook itself will reflect a more balanced and data-driven approach. Including the perspectives and experiences of insurers, alongside consumer and regulatory viewpoints, will ensure the Playbook serves as a truly effective guide for the future. We stand ready to assist and collaborate with the NAIC as the Playbook drafting progresses and will provide further written comments at the appropriate time.

Thank you for your consideration.



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