

TO: Anne Obersteadt, NAIC Staff Support, Affordability and Availability Playbook

FROM: NAIC Consumer Representatives

RE: Preliminary Comments on the Affordability and Availability Playbook Outline

DATE: August 26, 2025

We, the below-identified NAIC Consumer Representatives, offer these preliminary comments on the Affordability and Availability Playbook Outline. We are not accompanying this comment letter with a redlined version of the outline, as our comments do not fit that format well.

Here are (in no particular order) our comments:

1. We commend C Committee's decision to make a "top priority" the creation of "a valuable resource for state insurance regulators and other stakeholders as they address the growing challenges related to homeowners' insurance affordability and availability."
2. The playbook outline, as constructed, is hard to evaluate and react to either as an outline or as a more comprehensive playbook. A true outline of just headings and subheadings, unsupported by populated text (ala' a Table of Contents) allows one to see the logical organization and identify strengths and weaknesses of organization and coverage. We tried to do this with the playbook outline and found it difficult. The draft also did not work as a more comprehensive document. It lacked navigability, accessibility, and utility. Just some of the aspects we found challenging were inconsistency in terminology (for example, "protection gap" vs. "underinsurance"), point of view (descriptive vs. prescriptive), and rigor (linking to supporting sources or not; and considering competing points of view). We will expand a bit more on some of these concerns below.
3. The compilation of current State approaches, as currently organized, may be discouraging to a reader. We could envision the compilation being helpful to one seeking to answer a variety of inquiries: What have other states done specifically on X or Y? How has that worked out? What are new ideas that we should track for effectiveness? How should approaches be refined? We would suggest reorganizing and expanding the compilation if answering questions such as these is the goal. First, we would suggest clarifying whether the goal is to be a comprehensive compilation from all states, or from all states that volunteer information or if the examples are chosen exemplars. We would suggest including historical legislation/regulation in addition to the current format of highlighting only current legislation/regulation. We would, as you have started doing, then organize by topic. Under each topic, we would summarize the content but then populate the material under hyperlinks. And we would add whatever data you have about how effective each effort has been.

4. We have concerns with the instances within the playbook outline that provide hyperlinks to supporting sources. The linked sources appear to be predominantly industry-affiliated white papers that are advocacy pieces lacking transparent rigor and data. This undermines the confidence a reader may have in the playbook outline. Compounding this problem is that the playbook outline sometimes describes the cited source in a way at odds with the broad thesis of the piece itself, and/or does not grapple with portions of the hyperlinked sources that contradict other text in the playbook outline. There are robust disagreements on, for example, the relative impact on affordability and availability of climate change vs legal costs vs building code changes vs hard markets. The playbook outline as currently constructed, both in text and by hyperlinked resources, should both acknowledge these disagreements and assist a reader in navigating through them.
5. Any credible work on affordability and availability, including several industry presentations to NAIC, acknowledges that the predominant driver is climate change. While this may be politically inconvenient, it is empirically inescapable. Intentionally or unintentionally, the playbook outline seems to avoid referring or hyperlinking to sources that use this terminology. The consequence is that some of the most robust and serious work on affordability and availability is not referenced or acknowledged or accounted for at all.
6. A reader of the draft playbook outline would be justified in concluding that in the view of the NAIC, social inflation/litigation (sometimes now more cryptically called a “frictional cost”) is a material contributor to the current challenges of affordability and availability, and that some version of tort reform will make a material difference. While this has been a popular and recurring talking point at least since the 1970s, there is not nor has there ever been any empirical rigor brought to support the assertion. Yet the draft outline seems to accept the assertion as an article of faith. Without belaboring the point, here are just some of the problems with the conclusion that social inflation/litigation is a material contributor to the current challenges of affordability and availability, and that some version of tort reform will make a big difference:
  - a. If tort reform was the answer, then why now, several decades since the tort reform movement started, are we still doing it?
  - b. The efforts of tort reform make no distinction between reducing frivolous litigation and reducing merited litigation. The efforts simply equate all plaintiffs’ claims to frivolous claims. As a result, efforts to reduce legal system abuse run a non-trivial risk of incentivizing claims adjusting abuse. Thus far, the generally sparse data that is highlighted as suggesting tort reform is “working” fails to address whether it is doing more harm than good.
  - c. The IRC paper hyperlinked in your playbook outline — under the text, “Affordability Brief.pdf” — itself contradicts the conclusion that litigation claims and expenses correlate (much less cause) unaffordability.For these reasons, we would urge NAIC not to endorse unreflectively a position that will alienate consumer-affiliated constituencies, undermine NAIC’s reputation as an honest information broker, and may turn out to be wrong.
7. There is no way to disentangle affordability, availability, and adequacy. The playbook outline explicitly only engages on the first two.

8. The playbook outline seems to try to take an evidence-informed approach to policy. We agree! Any policy proposal should be based on data, define a metric for success, and commit to periodic evaluation post-adoption against that metric. The playbook outline should specifically describe and advocate for legislators/regulators to take this approach (and model it in the document).
9. The playbook outline advocates for reliance on NOAA and OSHA data (which it should). It also should encourage regulators and legislators to resist current federal policy seeking to stop collecting such data, eliminating archival data, undermining the trust in data, and manipulating data. In the just ended 2025 Summer National Meeting, the Joint Meeting of the Catastrophe Insurance (C) Working Group and NAIC/Federal Emergency Management Agency (FEMA) (C) Working Group held a panel discussion on “Developments Impacting Weather Data Collection.” That discussion made inescapable what we are sure you already know, which is that the entire notion of affordable and available homeowner insurance is compromised if the federal government discontinues its current role and approach to collecting weather data. While we commend the recently announced efforts of a non-profit to pick up the government-discontinued NOAA data collection, it would be imprudent to rely on such gap-filling as a long-term strategy. We would recommend this playbook explicitly and repeatedly encourage legislators and regulators to weigh in on this issue. Put bluntly, the hurricane doesn’t care who you voted for.
10. The playbook outline notes the possible impact of changes in building codes. This is an important issue on which virtually nothing is known with confidence. To our knowledge, there is no careful tracking of changes in building codes, how changes are accounted for in pre- or post- loss calculations of loss or coverage, or how insurers determine whether BCU coverage has been triggered. We would encourage you to note this knowledge gap, and to suggest that legislators/regulators seek to fill it.
11. To state the obvious, insurance companies are private, for-profit businesses. If they cannot simultaneously price their products fairly and profitably, then they will not write risk. Legislative/regulatory efforts on affordability, availability, and adequacy must structure markets within this context. The most concrete example of successful legislative/regulatory reform addressing these dynamics is the Affordable Care Act (ACA), which used anti-segmentation reform such as community pricing and prohibition of pre-existing conditions to bend cost curves and reduce the frequency of uninsured. There is scholarly research exploring the applicability of ACA approaches to P&C insurance. The playbook outline should engage with those approaches.
12. Section B should start with definitions of both affordability and availability and offer some supporting statistics. Perhaps that is the intent. But this section hasn’t yet been built out.
13. Section C should start by identifying the “macro-factors.” Subsection “i.a.” seems vague. Models of what? Assumptions about what? What is considered, and by whom? Subsection “v.” (Communication and Education Gaps) similarly needs clarification. How are what are listed here gaps? The NAIC Consumer Representatives can be helpful in filling in this section once we have more information about the intent.

14. We would suggest the information below for this Section G. With additional time, NAIC Consumer Representatives can offer other suggestions to further develop this section:
  - a. Identify topics about which consumers need additional information and motivation to buy, effectively use, and maintain homeowner insurance that meets their needs. Suggested topics include:
    1. Factors used to underwrite homeowner insurance
    2. Appealing cancellations and non-renewals
    3. Accessing mitigation discounts
    4. How to evaluate homeowner insurance coverage
    5. How deductibles work
    6. How your credit history influences your homeowner insurance premiums
    7. Questions to ask when choosing homeowners insurance
  - b. Develop information, education, and social marketing campaigns that use plain language and are available in multiple languages to address the topics identified. Examples might include:
    1. A homeowners insurance shopping tool specifically for those living in higher risk areas
    2. A guide to recovering from a disaster with a focus on insurance
    3. A social marketing campaign with a theme such as “Your neighbors have homeowner insurance. Do you?”
    4. Deliver campaigns through a variety of channels including the department website, social media, and in-person events such as town halls and disaster preparedness events.
  - c. Develop partnerships and work with partners to develop and deliver campaigns. Potential partners might include first-time home buyer programs, lenders, real estate organizations, local nonprofits, Habitat for Humanity, Cooperative Extension, and other state agencies.
15. Throughout the playbook outline, we suggest numbering the pages. A guide to the acronyms used throughout the playbook would be very helpful. Any mention of an education or information resource should include a specific name and a weblink. References to, for example, “education campaigns” generically does not seem to be helpful.
16. We would encourage the group to go back to the states that supplied the less-specific information and ask for more details.
17. Perhaps the heading “Strategy, Initiatives, & Resources” is too broad. One approach might be to make “Strategy” a separate heading and explain what it means. “Consumer Outreach” could be a second heading. We did notice that one state mentioned agent outreach so perhaps “Consumer Outreach” is too narrow as a descriptor. Or perhaps educating agents is a “strategy.”

We enthusiastically endorse this effort. Thank you for considering our input.

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