Affordability and Availability of Homeowners Insurance Playbook Template

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Title Page

- **Audience:** State Insurance Regulators, Legislators, Policymakers
- **Date:** [Insert Date]
- **Prepared by:** The NAIC's Property and Casualty Insurance Committee

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Executive Summary

The Availability and Affordability Playbook serves as a resource for state insurance regulators to address the growing challenges related to homeowners' insurance affordability and availability. It is structured into four parts:

Part 1 examines direct consumer impacts, macro trends, and the underlying drivers of affordability and availability pressures;

Part 2 highlights peril specific state actions and innovative regulatory responses;

Part 3 explores emerging and widening protection gaps facing homeowners; and

Part 4 outlines strategies, regulatory tools, and implementation considerations to support market stability, consumer protection, and resilience. Together, these sections provide a framework for understanding how current market pressures have developed and how regulators can respond.

The availability and affordability of homeowners insurance in the United States have improved and stabilized in many areas following a period of significant market stress but competitive insurance markets operate in dynamic cycles of highs and lows that maintain market balance. In recent years, however, these issues posed pressing challenges shaped by the convergence of rising catastrophe losses, inflation-driven rebuilding costs, increasing asset values generally and especially in climate sensitive areas.

Over the past decade, repeated billion-dollar disasters, escalating construction expenses, extensive building in catastrophe prone areas have driven losses and premiums sharply higher. These trends placed sustained pressure on insurance markets, resulting in rising premiums nationwide and heightened volatility in certain regions.

In response to these loss trends and capital pressures, insurers have taken a range of actions to better align coverage offerings with underlying risk. These actions have included adjustments in adjustment of underwriting appetite, the use of risk-based pricing, and the introduction or

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expanded use of coverage features—such as higher deductibles, percentage-based deductibles, exclusions, sublimits, and different valuation structures (including Actual Cash Value versus Replacement Cost coverage), that allow coverage to remain available across a range of risk profiles and price points. While these features can increase households' share of financial responsibility when losses occur, they also reflect efforts to manage rapidly increasing loss costs, maintain market participation in higher-risk areas, and balance affordability, availability, and the evolution of protection gaps across states and regions.

State insurance regulators play a critical role in responding to these pressures. Regulators are tasked with advancing multiple objectives simultaneously, including protecting consumers, supporting insurer solvency, and ensuring rates remain actuarially sound and reflective of risk. Achieving these goals requires modern, data-driven, and flexible regulatory approaches that are responsive to changing risk conditions and market dynamics.

This includes monitoring evolving market conditions, identifying where affordability and availability challenges may emerge, and assessing how regulatory and legislative interventions interact with loss trends, consumer behavior, and insurer capacity. In some cases, well-intentioned policy actions may improve access or consumer protections in the short term while producing longer-term cost or availability impacts that warrant careful evaluation. A balanced understanding of both intended outcomes and practical effects is essential for informed policymaking.

As insurance markets continue to adjust following a period of significant stress during this hard market cycle—and as capacity has begun to recover in many areas—long-term affordability remains one of the most important public policy challenges facing states. By considering the full range of market drivers, policy tools, and tradeoffs outlined in this Playbook, regulators can help ensure that homeowners insurance remains a viable and sustainable risk-management tool that financially safeguards policyholders and supports homeownership, community resilience, and broader economic stability.

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Part 1: Direct Consumer Impact, Macro Trends, and Factors Increasing Existing Risks

Section A: Overview of Part 1

Part 1 offers a foundational overview of the key issues influencing homeowners insurance affordability and availability across the United States. It focuses on the broad macroeconomic and environmental factors, such as natural disasters, disposable income, and economic shifts, that are driving market pressures. This section discusses the principal drivers behind rising costs and reduced access, examines how regulatory changes impact pricing and availability, and presents strategies to improve both. Part 1 is intended to provide a framework for the rest of the Playbook, highlighting challenges and opportunities in expanding access, closing protection gaps, and promoting competition among insurers.

For those new to the insurance industry, you can find additional background information on how the insurance industry works using these links:

iii.org/article/insurance-101

iii.org/article/homeowners-insurance-basics

Section B: Macro-Factors and Emerging Risks Impacting Availability and Affordability

How Insurance Market Regulatory Structure Shapes Insurance Solutions

Insurance regulation plays a central role in supporting the financial stability and risk-based pricing by insurance companies. States adopt different methods for rate filing processes (such as prior approval versus file-and-use), review timelines, and legislative criteria. As risk models continue to advance, insurance regulators are increasingly focused on proactive strategies to predict and manage emerging risks. As discussed in Parts 3-4 of this Playbook, state regulators have used their authority to respond to the affordability and availability pressures of homeowners insurance through various actions.

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Reinsurance

Reinsurance is primarily a risk-transfer tool that helps an insurance company manage and protect its capital, which is essential to solvency and growth in the primary market. As a result, reinsurers help cover catastrophic losses, absorb shocks from the system, and support the stability and capacity of the insurance market, which can effect availability and affordability for consumers. Reinsurers share in insurers' risks. As such, reinsurance can allow insurers to take on more risk and provide insurance across broader product lines and geographic regions.

A homeowners insurance premium needs to cover an insurer's covered claims, administration and distribution costs, taxes, reinsurance, and overall cost of capital for the company, with claims, administration, and distribution costs being the large majority. As it relates to the cost of reinsurance, the passed along cost onto the consumer premium accounts for only a single digit percentage. For this reason, changes to reinsurance rates only have a limited impact on the premium of the primary insurance product.

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Between 2018 and 2023, insurers saw US property and casualty reinsurance costs double.[2] However, it is worth noting that reinsurance is a cyclical business. From 2017 through 2022, when the industry absorbed $597 billion in cumulative natural catastrophe losses - $843 billion in 2024 prices – the reinsurance industry did not earn its cost of capital. Most recently, from 2023 to 2024, return on equity slightly reduced in line with the slight erosion of reinsurance prices. The recent sentiment is that growth in reinsurance supply had outpaced the growth of reinsurance demand. Reinsurance rates hardened during 2023 as the industry had to price in the effects of economic inflation, surging replacement and repair costs, natural catastrophes, and legal system abuse.

In an analysis of insurance company responses to the Climate Risk Disclosure Survey in 2022, many insurers describe purchasing reinsurance as a key strategy for managing climate risk, while some reinsurers note that climate risk is leading them to reevaluate their risk.[3] In 2023, U.S. property catastrophe reinsurance rates rose by as much as 50% at a key July 1 renewal date, reported broker Gallagher Re.[4]

In recent years, the reinsurance market has shown signs of greater stability. According to a 2025 Aon report, "while pricing continued to moderate overall, there was significant variation in renewal outcomes as reinsurers differentiated by loss experience and performance." Additionally, Moody's indicated that overall "pricing for property reinsurance is declining as the supply/demand balance shifts toward reinsurance buyers." [6] In the traditional market, capacity is currently more plentiful at an all-time high, and capital inflows to the alternative markets, particularly catastrophe bonds, have increased competitive pressure on pricing. Nonetheless, risk-adjusted returns in property reinsurance remain attractive, and profitability has improved relative to prior years. AM Best has recently changed its overall outlook of the US homeowners segment from Negative to Stable, citing, in part, due to improved property reinsurance market dynamics.[5]

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[2] National Bureau of Economic Research: Disaster Risk and Rising Home Insurance Premiums (2024) https://www.nber.org/digest/202410/disaster-risk-and-rising-home-insurance-premiums?page=1&perPage=50

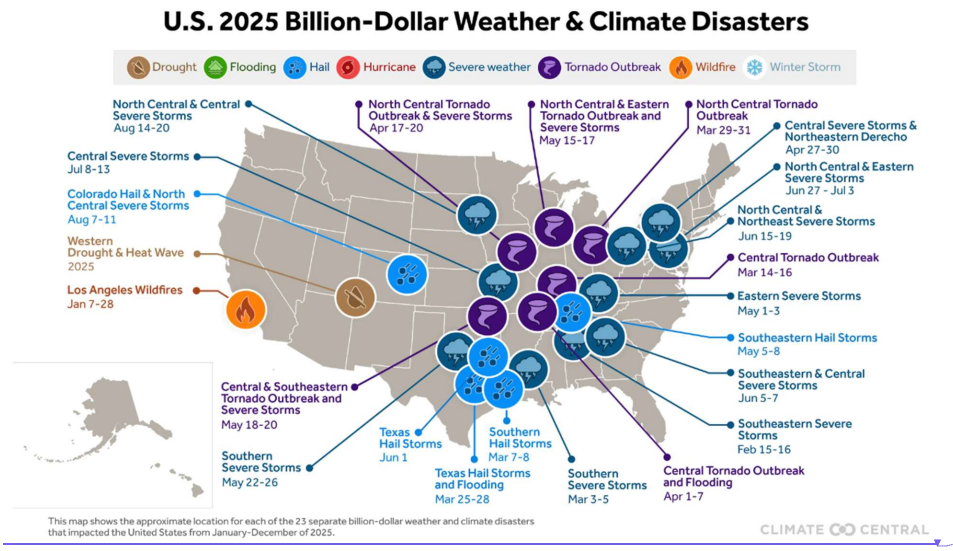
[3] California Department of Insurance and Ceres: Climate risk management in the U.S. insurance sector: An analysis of climate risk disclosures (2023) https://www.ceres.org/resources/reports/climate-risk-management-us-insurance-sector

[4] Reuters: U.S. property catastrophe reinsurance rates rise up to 50% on July 1, report says (2023) https://www.reuters.com/world/us/us-property-catastrophe-reinsurance-rates-rise-up-50-july-1-report-2023-07-03/

[5] AM Best: Market Segment Report: Market Segment Outlook: US Homeowners Insurance (2025) https://www3.ambest.com/ambv/sales/bwpurchase.aspx?record_code=360432&altsrc=

Natural Catastrophes and Their Impact on Affordability and Availability

A significant factor contributing to homeowners insurance availability and affordability is increasing frequency and severity of weather-related events.[6] According to Climate Central[7], 2025 experienced 23 weather and climate disasters that cost at least $1 billion in damages. This follows a record number of billion-dollar weather and climate disasters in 2023 (28 events) and 2024 (27 events), according to the National Oceanic and Atmospheric Agency (NOAA).[8] Among these disasters in the U.S., nineteen were a result of severe convective storm outbreaks, while four exceeded $5 billion in losses—two wildfire disasters and two severe convective storm disasters—according to data from Aon.[9] In the U.S., severe convective storms in 2025 reached $52 billion in insured losses, the third consecutive year to exceed $50 billion.[10]



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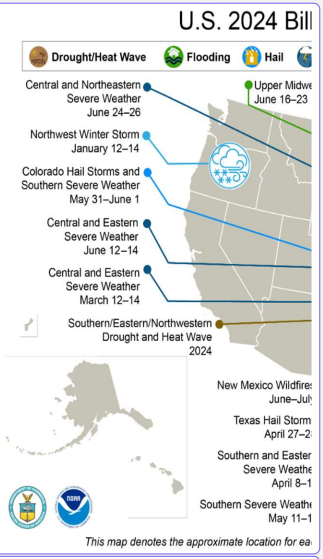

[6] Office of Financial Research: Wind, Fire, Water, Hail: What Is Going on In the Property Insurance Market and Why Does It Matter? (2023) https://www.financialresearch.gov/the-ofr-blog/2023/12/14/property-insurance-market/

[7] https://www.climatecentral.org/climate-services/billion-dollar-disasters

[8] NOAA Climate.Gov: 2024: An active year of U.S. billion-dollar weather and climate disasters (2025) https://www.climate.gov/news-features/blogs/beyond-data/2024-active-year-us-billion-dollar-weather-and-climate-disasters

[9] Aon 2025 Climate and Catastrophe Insight

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Extreme heat and drought can dry out forests and vegetation, increasing available wildfire fuel. Warming oceans are associated with more rapid hurricane intensification. Warmer air can carry more moisture, contributing to extreme precipitation and flooding.[11] Rising sea levels amplify coastal flooding and storm surges.[12]

Homeowners rely on their property insurance to help them recover from damage caused by such disasters. However, the increase in frequency and severity of climate-related disasters in combination with other cost drivers in recent years has led insurers to reassess their portfolios and take steps to manage risk exposure. Insurers manage their exposure by aligning underwriting and pricing with underlying risk – using risk-based rates, underwriting standards, higher deductibles or mitigation requirements, limits on new business, purchasing more reinsurance, among other actions, or some combination of these and other strategies.[13]

Deloitte concluded in its 2026 Global Insurance Outlook that weather events are making it more expensive for insurers to buy reinsurance, and that unrelenting, high-intensity, climate-fueled events are costing insurers billions of dollars.[14] The market outcomes this playbook seeks to address include sustained premiums nationwide, and, in some areas, reduced new business writings by P&C insurers for homeowners coverage. As a result, consumers may face higher insurance costs or reduced availability of coverage in certain markets.

Housing Growth in High-Risk Areas and Its Impact on Availability and Affordability

Housing development trends in the United States have increasingly shifted toward areas with higher exposure to severe weather-related hazards. Over recent decades, suburban expansion and population growth in the Western and "Sun Belt" states have driven new construction into regions more prone to wildfire, heat, drought, and flooding risk.[15] For example, in 1990, about 13% of new homes were built in places at high risk of fire. By 2020, that number had more than

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[11] New York Times: 2024: An active year of U.S. billion-dollar weather and climate disasters (2025) https://www.nytimes.com/2025/10/22/climate/trump-noaa-weather-tracking.html

[12] NOAA: Climate Change: Global Sea Level (2023) https://www.climate.gov/news-features/understanding-climate/climate-change-global-sea-level

[13] Consumer Federation of America: Overburdened: The Dramatic Increase in Homeowners Insurance Premiums and its Impacts on American Homeowners (2025). https://consumerfed.org/wp-content/uploads/2025/03/OverburdenedReport.pdf

[14] Deloitte: 2026 global insurance outlook (2025) https://www.deloitte.com/us/en/insights/industry/financial-services/financial-services-industry-outlooks/insurance-industry-outlook.html

[15] Redfin News: America Is Increasingly Building Homes in Disaster-Prone Areas (2022) https://www.redfin.com/news/homes-built-disaster-prone-areas/

doubled to 31%.[16] This pattern is reflected in the growing number of homes located within or adjacent to wildfire perimeters across the contiguous United States. Both housing growth and expanding burned area have contributed to this increase, with nearly half of the additional homes built after 1990 within the 2010s fire perimeters.[17] Development in high-risk areas concentrates exposure and has contributed to insurance availability and affordability pressures.[18]

Data Transparency and Its Impact on Availability and Affordability

Use of Proprietary Wildfire Maps and Lack of Consistent Standards and Risk Classification

Insurance regulators' primary tools for assessing risk were historically static—relying on actuarial tables based on historical averages and broad geographic zones. Insurers depended on the Insurance Services Office (ISO) Public Protection Classification (PPC) system, a standardized measure based on distance to fire stations and water sources. They system was transparent, consistent, and relatively straightforward for regulators to review.

The advent of catastrophe modeling has transformed the rating landscape, introducing more forward-looking approaches to risk assessment. Third-party vendors offer sophisticated models that account for vegetation density, slope, aspect, wind patterns, and other property-specific characteristics. Unlike the ISO scores, these models are generally proprietary. Insurers now utilize satellite imagery and aerial photography to assess the combustibility of individual properties. The use of proprietary wildfire maps has resulted in variation in how wildfire risk and protection classes are defined, which can lead to differences in risk classifications[19][20]

This variation can complicate a regulator's review of risk-based pricing. When an insurer files a rating plan based on a proprietary wildfire map, regulators are often asked to approve rates based on complex, non-public models. In the absence of common benchmarks, regulators may face challenges in independently assessing how different models reflect physical risk.

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[16] The Guardian: More than 80% of new California properties are in high fire-risk areas (2025) https://www.theguardian.com/news/datablog/2025/feb/15/california-wildfire-building-risk

[17] Radeloff, V. C., et al., Rising wildfire risk to houses in the United States, especially in grasslands and shrublands. Science 382, 702–707 (2023)

[18] Hemmati, M., Gray, I.P. & Bowen, S.G. The growing void in the U.S. homeowners insurance market: who should bear the rising cost of climate change?. npj Clim. Action 4, 35 (2025). https://doi.org/10.1038/s44168-025-00231-8

[19] NBER Working Paper Series. (n.d.). How Are Insurance Markets Adapting to Climate Change? Risk Classification and Pricing in the Market For...

[20] California Department of Insurance. (2025). Future Directions and Considerations of Modeling Wildfire Risk.

There may also be situations where homeowner mitigation efforts—such as clearing brush or hardening a roof—are reflected differently across insurers' underwriting or pricing approaches.[21] Such variation can be expected in a competitive and innovative market.

Flood Mapping Concerns and the Need for a Common Standard

While wildfire mapping has moved from simple standards to complex proprietary models, flood mapping faces a different challenge: divergence between the private market and the established federal flood insurance maps.

Flood mapping in the United States has historically been a federal enterprise. Since the passage of the National Flood Insurance Act of 1968, FEMA has served as the primary source of flood risk data[22]. Under the Federal Flood Insurance Rate Map (FIRM), if a properties located inside the "100-year" flood zone generally required insurance when they had a federally backed mortgage, while properties outside that boundary often did not. Standard homeowners' policies generally exclude flood losses, requiring separate policies often through the National Flood Insurance Program (NFIP).[23,24]

As computing power developed, private insurers realized that FEMA's binary "in or out" approach failed to capture the true gradation of risk. For example, FIRMs from FEMA often fail to account for precipitation-induced (pluvial) flooding, focusing instead on riverine and coastal flooding. These maps ignore that all properties have flood risk exposure and frequently overlook flash floods, stormwater runoff, and smaller streams, leading to a false sense of security and inadequate insurance coverage for millions, particularly in urban areas.[25] While FEMA worked to modernize its inventory through initiatives like "Risk MAP" and "Risk Rating 2.0," private insurers began developing proprietary flood models using higher-resolution elevation data and distinct hydrodynamic inputs.[26] These proprietary approaches have allowed some private carriers to differentiate risk among properties. This allowed insurers to offer innovative flood products that address flood risk at more affordable levels and creates a bifurcated market in which risk

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[21] Headwaters Economics. (2018). Lessons for Wildfire from Federal Flood Risk Management Programs.

[22] FEMA. (n.d.). A Brief History of the NFIP. FloodSmart.gov. Retrieved from https://agents.floodsmart.gov/articles/brief-history-nfip

[23] Bipartisan Policy Center. How Do Hazard Mitigation Measures Impact Homeowners' Property Insurance Premiums? April 2, 2025.

[24] Congressional Budget Office (CBO). (2024). Climate Change, Disaster Risk, and Homeowner's Insurance.

[25] https://neptuneflood.com/research/deep-dive-into-fema-flood-maps/

[26] Association of State Floodplain Managers (ASFPM). (2025). FEMA's National Flood Mapping Program and the Importance of Flood Hazard Identification & Risk Assessment.

assessment varies depending on whether it is based on the federal map or insurer-developed models.

Continued Access to National Oceanic and Atmospheric Administration (NOAA) and FEMA data for weather modeling

Data developed by insurers or third-party vendors for catastrophe models hinges on access to high-quality, accurate data. Two critical sources of such information are NOAA and FEMA data. NOAA's data and tools are used by both insurers and policymakers to assess risk and predict losses. In early 2025, the Trump administration discontinued updating the NOAA database for weather events that cause more than $1 billion in damage.[27] The loss of that data may lead to less accurate risk pricing and analysis. Similarly, FEMA data is relied upon by insurers and regulators for various hazard impacts. FEMA uses various data, including its own risk assessments (Hazus), the National Flood Hazard Layer (NFHL), and data from partners like NOAA (wind, precipitation, NDFD), to run models to predict flood, storm surge, and other hazard impacts. This helps with mitigation, planning, and response by providing geospatial data, weather inputs (like METAR/WPC), and detailed flood zone information for hazard mapping and emergency management.[28] The future of FEMA data has been in question at the federal level.

Communication and Education Gaps

How Consumers Access and Understand Insurance Information.

Consumers can access insurance information through multiple channels, including their insurance agent, company website and mobile apps, and consumer service teams, as well as state's Division/Department of Insurance websites and consumer service teams. Each state typically has staff available to answer general questions related to property and casualty insurance, including homeowners insurance, insurance laws, administrative rules, and general insurance business practices. State Divisions/Departments of Insurance may have information available on their websites to help consumers navigate the homeowner market. This may include shopping tools to help consumers find insurance companies and understand pricing. Finally, in some states, Divisions/Departments of Insurance may publish premium comparison reports or market summaries on their website. Consumers may also find general educational materials and market context through independent industry resources, such as the Insurance Information Institute and insurance trade publications, which provide plain language explanations of coverage, market conditions, and emerging issues.

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[27] Louisiana Illuminator: Trump's anti-climate policies are driving up insurance costs for homeowners, experts say (2025) https://lailluminator.com/2025/12/04/trump-climate-insurance/

[28] FEMA: Hazus (2025) https://www.fema.gov/flood-maps/products-tools/hazus#:~:text=Who%20Should%20Use%20Hazus?,the%20impacts%20of%20incoming%20storms.

Individual states may have laws that establish specific consumer notification requirements. For example, Colorado Statute (Section 10-4-111, C.R.S.) requires insurance carriers to provide homeowners with an annual homeowner disclosure form. This form summarizes their insurance policy and provides basic information related to premium increases, cancellation, and non-renewal reasons. The disclosure also identifies certain coverage options that may be available that the consumer may want to consider purchasing, as not included in the policy.

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Consumer-level Access Challenges and how Limited Transparency Affects Decision-making

Often, consumers do not understand what is or is not included in the policy, despite the availability of information. A 2024 LexisNexis study of homeowners insurance consumers found that 70% rely on insurance carriers or agents to help ensure they have adequate coverage.[29] These homeowners tend to be less aware of property risks, with only 31% considering themselves highly informed.[30] That same study found that, while most homeowners assume they have sufficient coverage, only about half (51%) of respondents knew the specific details of their policy coverage.[31] A study by Guardian Service further confirms this finding: a survey of 2,000 homeowners found that 57% were unsure of exactly what is or isn't covered by their policy today.[32] For example, consumers often misunderstand that standard homeowners insurance excludes floods and earthquakes, requires separate coverage for high-value items, and that "replacement cost" isn't the same as "market value".[33] Even the different sections of a policy, or corresponding documents and agreements, are often unknown to consumers, again pointing to how few actually read or then understand their policy details.[34]

The complexity of policies makes it difficult for consumers to understand what is and is not covered, even when they attempt to read their policy materials. A study by Professors Daniel Schwarcz, Brenda J. Cude, and colleagues found that reading homeowners insurance policy

[29] LexisNexis: Home Consumer Insights Report (2025) https://risk.lexisnexis.com/insights-resources/white-paper/home-consumer-research-study?trmid=INSHME24.MrktRsrch.HmeConsStd.WSLN-1318612

[30] PR Newswire: LexisNexis Risk Solutions Releases New Study on U.S. Homeowner Insurance Preferences and Behaviors (2024)

[31] PR Newswire: LexisNexis Risk Solutions Releases New Study on U.S. Homeowner Insurance Preferences and Behaviors (2024) https://www.prnewswire.com/news-releases/lexisnexis-risk-solutions-releases-new-study-on-us-homeowner-insurance-preferences-and-behaviors-302260017.html

[32] Guardian Service: 2025 Home Insurance Consumer Insights: How Americans Shop, Compare & Choose Coverage (2025) https://ulw.guardianservice.com/home-insurance/2025-consumer-insights-report/

[33] Consumer Financial Protection Bureau: What is homeowner's insurance? Why is homeowner's insurance required? (2024) https://www.consumerfinance.gov/ask-cfpb/what-is-homeowners-insurance-why-is-homeowners-insurance-required-en-162/#:~:text=Homeowner's%20insurance%20pays%20for%20losses,that%20is%20right%20for%20you.

[34] NAIC: Understanding Your Homeowners or Renter's Policy (2012) https://content.naic.org/article/consumer-insight-understanding-your-homeowners-or-renters-policy

language does not reliably lead to meaningful consumer understanding.[35] In fact, exposure to policy excerpts sometimes increased confusion instead of improving comprehension, especially when broad coverage grants were later limited by exclusions. This dynamic can contribute to disputes or misunderstandings following a loss, including potential unexpected out-of-pocket expenses. Regulators can strengthen plain-language standards, improve disclosures, and support consumer education to help consumers understand coverage options, limits, and tradeoffs.

Influence of Adjacent Industries

Many of the factors that influence the cost of homeowners insurance fall outside the direct scope and authority of insurance regulators. Several key factors frequently identified by stakeholders are highlighted here: rising reconstruction costs, building codes, and litigation risk.

Impact of Increasing Housing Reconstruction Costs on Affordability and Availability

Reconstruction costs reflects local geography, access to contractors and materials, regional code requirements, site conditions, and the need to bring older homes up to current building code standards.[36] These factors can all contribute to higher reconstruction costs.[37] Some communities, such as those in mountainous or remote regions, face additional cost pressures. For example, construction seasons may be shorter, access to home sites on steep slopes or distant and remote locations may require additional equipment or staging, and homes may be custom-built, with homes potentially located on slopes that require engineering reviews and foundation reinforcement.[38]

Labor Shortages: Labor shortages continue to affect the construction industry, contributing to higher costs and longer project timelines. Contractors report difficulty finding qualified workers at every skill level, leading to higher wages and project delays.[39] In some states, workforce

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[31] Schwarcz, Daniel, Brenda J. Cude, Kyle D. Logue, and German Marquez Alcala, Read But Not Understood? An Empirical Analysis of Consumer Comprehension in Homeowners Insurance (February 01, 2025). 112 Virginia Law Review (forthcoming, 2025), U of Michigan Law & Econ Research Paper No. 24-043, Minnesota Legal Studies Research Paper No. 25-13, available at SSRN: https://ssrn.com/abstract=5120347 or http://dx.doi.org/10.2139/ssrn.5120347

[36] World Bank: Safer homes, stronger communities: A handbook for reconstructing after natural disasters. (2010). https://documents1.worldbank.org/curated/en/290301468159328458/pdf/528390PUB0safe101Official0Use0Only1.pdf

[37] RSMeans: Gordian: How does location affect cost of construction projects. (n.d.). https://www.rsmeans.com/resources/how-does-location-affect-cost-of-construction-projects

[38] Alqahtani, D., Mallick, J., Alqahtani, A. M., & Talukdar, S. (2024). Optimizing residential construction site selection in mountainous regions using geospatial data and explainable ai. Sustainability, 16(10), 4235. https://doi.org/10.3390/su16104235

[39] Associated General Contractors of America. (2022, August 31). Construction workforce shortages risk undermining infrastructure projects as most contractors struggle to hire [Press release].

availability has not kept pace with rebuilding demand.[40] Rural and smaller city regions experience tight labor constraints, with fewer workers available, requiring contractors to compete for the limited labor force and pay higher wages.[41] These labor constraints are often exacerbated following natural disasters, when rebuilding demand spikes sharply and skilled construction workers are drawn to affected areas, further increasing costs and prolonging recovery timelines.

Inflation: Costs to rebuild a home have risen faster than general inflation, and the construction sector has experienced some of the sharpest cost increases in any part of the economy. Much of this comes from material and labor inflation that began before the COVID pandemic and accelerated afterward.[42] Lumber, steel, electrical components, and other reconstruction materials all saw large price swings, and many of those costs have not returned to pre-2020 levels.[43] Inflation in construction costs is now one of the most significant drivers of higher premiums for homeowners insurance. While some material prices have stabilized[44], overall construction cost inflation continues to outpace general inflation.

Tariffs: Tariffs and international trade friction also contribute to reconstruction costs. Federal tariffs on steel, aluminum, and certain lumber products increase the cost of several categories of construction materials commonly used in homes.[45] These additional costs are often reflected in contractor pricing and reconstruction estimates. This matters for rebuilding because tariff-driven price increases tend not to fall quickly, even when supply chains improve. Over time, these costs become embedded in baseline reconstruction pricing.[46] A recent survey conducted by the

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[40] Home Builders Institute. (2025, May). 2025 Denver study: Closing the construction labor gap in Colorado [Report]. https://hbi.org/wp-content/uploads/2025/05/HBI-Denver-Study.pdf

[41] Lipp, B. E. (2024, August 15). Construction labor shortages in rural and urban areas: A regional perspective. Federal Reserve Bank of Richmond. https://www.richmondfed.org/region_communities/regional_data_analysis/regional_matters/2024/rm_08_15_24_labor_shortages_rural_urban

[42] Wong, J. (2023, October 24). The effect of inflation, supply chain disruption, and labor shortages on real estate development. Pepperdine Caruso School of Law. https://law.pepperdine.edu/surf-report/posts/effect-inflation-supply-chain-disruption-labor-shortages-real-estate-development-justin-wong.htm

[43] National Association of Home Builders. (2024, July 26). How soaring prices for building materials impact housing. https://www.nahb.org/blog/2024/07/how-soaring-prices-building-materials-impact-housing

[44] Yield PRO. (2025, December 11). Construction materials prices rise despite lumber price drop. https://yieldpro.com/2025/12/construction-materials-prices-rise-despite-lumber-price-drop/

[45] National Association of Home Builders. (n.d.). How tariffs impact home building. https://www.nahb.org/advocacy/top-priorities/building-materials-trade-policy/how-tariffs-impact-home-building

[46] Cox, L. (2022, June 1). Steel and the construction sector in the United States (Working Paper No. 2022-01). Princeton University, Department of Economics. https://economics.princeton.edu/wp-content/uploads/2022/06/cox_steel_20220601.pdf

National Association of Home Builders found that 60% of builders said their suppliers had already increased tariffs since March 2025 or announced upcoming increases in supply costs. As of mid-April 2025, suppliers had increased prices by an average of 6.3%, which was estimated to add nearly $11,000 to the cost of a typical home.[47]

Supply Chain Disruptions: Supply chain disruptions can also play a role in higher reconstruction and personal property replacement costs. Shortages of framing lumber and other essential components have led to delays and higher bid prices.[48] Roofing materials were affected by manufacturing backlogs and transportation issues, which added cost and extended repair timelines. Electrical components in HVAC systems were also in short supply for extended periods. In rural counties, longer transportation routes have often amplified the shortages and added freight costs to already elevated material prices.[49]

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Material Volatility: Material volatility further complicates affordability because it affects both the timing and reliability of replacement costs; costs suppliers, contractors, and insurers have to build into pricing. The delivered cost of core materials like lumber, roofing, and mechanical equipment can increase significantly over short periods of time due to shifts in production capacity, transportation and fuel costs, and broader commodity cycles, as seen during and after the pandemic.[50] For residential reconstruction, the volatility is magnified by the need to source completed assemblies like truss packages, roofing systems, windows, and HVAC systems that depend on multiple suppliers and manufacturing steps. As a result, otherwise similar homes with reconstruction needs a few months apart can end up with very different estimates.

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Demand Surge: Demand surge is a significant contributor to temporary spikes in reconstruction cost after catastrophic events. When many homes in a region require repairs simultaneously, local contractor capacity is quickly exceeded. Demand surge raises costs because contractors must reprioritize their schedules, increase staffing, or source materials from outside the region, all of which increase bid prices.[51] These labor and material pressures create uncertainty for

[47] Sangameshwar, D. (2025, June 23). Tariffs drive up homeowners insurance costs. Insurance Thought Leadership. https://www.insurancethoughtleadership.com/personal-lines/tariffs-drive-homeowners-insurance-costs

[48] Liu, N., & Ren, S. (2025). Production disruption in supply chain systems: Impacts on consumers, supply chain agents and the society. Annals of Operations Research, 344(2–3), 965–988. https://doi.org/10.1007/s10479-023-05782-9

[49] CBRE. (2022, April). Supply chain disruption. In 2022 U.S. construction cost trends [Report]. Retrieved from https://www.cbre.com/insights/books/2022-us-construction-cost-trends/03-supply-chain-disruption

[50] Cushman & Wakefield. (2023, March 15). Commodities volatility: The impact on U.S. construction costs and supply chains [Report]. https://www.cushmanwakefield.com/en/united-states/insights/commodities-volatility

[51] Ahmadi Esfahani, N., & Shahandashti, M. (2020). Post-hazard labor wage fluctuations: A comparative empirical analysis among different sub-sectors of the U.S. construction sector. Journal of Financial Management of Property and Construction, 25(3), 313–330. https://doi.org/10.1108/JFMPC-07-2019-0063

insurers when estimating future claim costs. If reconstruction costs are expected to rise quickly or unpredictably, insurers may adjust rates or change assumptions to account for that uncertainty.

Building Code Updates: Core building codes, covering structural, fire, mechanical, electrical, and plumbing systems, are updated on a three-year cycle by model code organizations like the International Code Council (ICC), with each new revision incrementally increasing reconstruction costs.[52] Local governments decide whether to adopt those updated editions, so the version in effect at the time of reconstruction can vary by jurisdiction.

Regionally, jurisdictions may adopt hazard-specific building codes to address risks such as wildfires, hail, earthquakes, hurricanes, and floods. These upgrades can increase reconstruction costs, but the extent of that impact depends on the scope of the upgrade and the amount of the structure that must be brought into compliance.[53] In some communities, thresholds for major code adoption can significantly increase reconstruction costs even if only part of the structure is damaged.

Role of Building Codes in Resiliency

At the same time, resilient building codes can help reduce the severity of damage during catastrophic events and lower insured losses over time. When homes are built or reconstructed under newer building codes, losses tend to be lower, repairs are more straightforward, and structures remain habitable more often after an event.[54,55] This can create more predictable loss outcomes and supports long-term housing stability for communities.[56]

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[52] Home Innovation Research Labs. (2024, July 2). Estimated costs of the 2024 IRC code changes (Report No. CR1428-07022024). National Association of Home Builders. https://www.nahb.org/-/media/NAHB/advocacy/docs/top-priorities/codes/code-adoption/estimated-costs-of-2024-irc-changes.pdf

[53] National Association of Home Builders. (n.d.). Estimated costs of building code changes. Retrieved from https://www.nahb.org/advocacy/top-priorities/building-codes/construction-codes-standards-research/estimated-costs-of-building-code-changes

[54] Federal Emergency Management Agency. (2025, April). Building codes save: A nationwide study of loss prevention [Report]. U.S. Department of Homeland Security. https://www.fema.gov/sites/default/files/documents/fema_rsl_building-codes-save-study_042025.pdf

[55] Done, J. M., Simmons, K. M., & Czajkowski, J. (2018). Relationship between residential losses and hurricane winds: Role of the Florida building code. ASCE-ASME Journal of Risk and Uncertainty in Engineering Systems, Part A: Civil Engineering, 4(1), 04018001. https://doi.org/10.1061/AJRUA6.0000947

[56] National Institute of Building Sciences. (2019). Mitigation saves 2019: Mitigation code provisions edition [Report]. https://nibs.org/wp-content/uploads/2025/04/NIBS_MMC_MitigationSaves_2019.pdf

National research shows that homes built under well-adapted and well-enforced building codes perform better during disasters.[57] States with strong statewide building codes, consistent adoption, and enforcement mechanisms see fewer total losses and shorter recovery times.[58] Homes constructed under modern wind, hail, and wildfire performance standards were significantly more likely to avoid major structural damage[59] and communities with stronger building code adoption experienced more uniform recovery.

Where older building codes remain in effect, homes are more vulnerable, and insurers face greater uncertainty about loss severity. This inconsistency makes it harder to estimate risk, price coverage, and support more appropriate dwelling limit assumptions across counties with very different building code environments.[60]

Litigation Costs

Over the past decade, claims costs have escalated due to various legal and societal shifts, contributing to broader cost pressures in the insurance system.[61] According to recent surveys from the Independent Insurance Agents & Brokers of America (Big I) and the Insurance Information Institute in partnership with Munich Reinsurance America, excessive litigation has been estimated to add more than $6,000 annually to insurance premiums for a typical family of four.[62]

The use of assignment of benefits (AOB) agreements has increased alongside rising claim frequency and severity in certain jurisdictions. In 2019, Florida accounted for approximately 8%

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[57] Insurance Institute for Business & Home Safety. (2024). Rating the states 2024: An assessment of residential building code and enforcement systems [Report]. https://ibhs1.wpenginepowered.com/wp-content/uploads/RTS_2024_v2.pdf

[58] U.S. Department of Housing and Urban Development. (n.d.). Resilient Building Codes Toolkit (Narrative) [Report]. HUD Exchange. https://files.hudexchange.info/resources/documents/Resilient-Building-Codes-Narrative.pdf

[59] Powell, L. (Director). (2025). An analysis of the performance of IBHS FORTIFIED home construction during Hurricane Sally [Report]. Center for Risk and Insurance Research (CRIR), Culverhouse College of Business, The University of Alabama. https://aldoi.gov/PDF/News/PerformanceIBHSFortifiedHomeConstructionHurricaneSally.pdf

[60] Verisk. (2014, Summer). The role of building codes in reducing natural disaster property losses: Hailstorms in Missouri. ISO Mitigation Advantage Newsletter. https://www.isomitigation.com/newsletter/summer-2014/the-role-of-building-codes-in-reducing-natural-disaster-property-losses-hailstorms-in-missouri/

[61] https://www.insurancejournal.com/blogs/iat/2025/03/21/813836.htm

[62] Insurance Business Magazine. (2025, February 5). Excessive lawsuits driving up insurance premiums for US policyholders [News article]. https://www.insurancebusinessmag.com/us/news/breaking-news/excessive-lawsuits-driving-up-insurance-premiums-for-us-policyholders-558342.aspx

of US homeowners insurance claims but more than 76% of related litigation,[63] with the volume of AOB lawsuits growing from roughly 1,300 statewide across all lines in 2000 to more than 79,000 in 2013 and more than 153,000 in 2018. Between 2013 and 2016, AOB property lawsuits grew from 2,852 to 9,000.[64] Leading up to the state's legislative tort reform efforts, the Florida Office of Insurance Regulation's 2015[65] and 2017[66] AOB data calls showed an increase in AOB use from 12.8% to 17% of claims, and AOB claims averaged at least 85% higher in severity over non-AOB claims.

Homeowners Associations (HOAs)

HOAs are also experiencing challenges related to building maintenance, litigation exposure, and navigating higher property insurance costs. These maintenance and legal challenges can contribute to higher costs, and, in some markets, reduced insurer participation in multi-family residential properties. Although HOAs operate under governance structures that differ from single-family homeowners, many insurers write both HOA master policies and individual homeowners policies. As a result, differences in organizational and financial structures – such as building maintenance processes, long-term capital planning, and loss experience – can influence insurance pricing and availability across both markets.

HOAs typically purchase commercial master policies, funded through homeowners' association dues, that typically cover common areas, such as roofs, and liability for shared spaces. Recent reports from states across the country highlight the challenges in the HOA space.[68] More than 90% of respondents in an April 2025 survey conducted by the Foundation for Community

[63] Milliman. (2025, August 18). How recent tort reforms are shaping insurance claims [White Paper]. https://www.milliman.com/en/insight/how-tort-reforms-shaping-insurance-claims-florida-georgia

[64] Insurance Information Institute. (2019, March). Florida's assignment of benefits crisis: Runaway litigation is spreading, and consumers are paying the price [White paper]. https://www.iii.org/sites/default/files/docs/pdf/aobfl_wp_031319.pdf

[65] Florida Office of Insurance Regulation. (2016, February 8). Assignment of benefits (AOB) data call report (Data Call Report No. P15-088). https://floir.gov/docs-sf/default-source/property-and-casualty/assignmentbenefitsdatacallreport02082016.pdf

[66] Florida Office of Insurance Regulation. (2017, December 1). Assignment of benefits (AOB) data call report (Data Call Report No. P16-093). https://floir.gov/docs-sf/default-source/property-and-casualty/assignmentbenefitsdatacallreport02082017.pdf

[68] See eg https://programbusiness.com/news/minnesota-hoa-communities-grapple-with-soaring-property-insurance-costs/ (MN), https://www.worldpropertyjournal.com/real-estate-news/united-states/miami-real-estate-news/real-estate-news-florida-housing-market-problems-in-2025-cotality-florida-housing-market-data-selma-hepp-is-florida-becoming-the-next-california-flori-14426.php (FL), https://www.hawaiibusiness.com/hawaii-condo-insurance-market-challenges-crisis/ (HI), https://www.summitdaily.com/news/summit-county-colorado-hoa-fees-increase-homeowner-insurance/ (CO)

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Association Research reported that their property and casualty insurance premiums had increased at the last or current renewal. Specifically, 24% cited an increase of $101-$500, and 14% reported a larger increase.[69]

One key concern with HOAs is their reserve adequacy, as a strong indicator of an HOA's financial stability and its ability to maintain major building components. Of the limited national research conducted on reserve adequacy, it reveals that 74% of associations are underfunded or severely underfunded relative to their projected capital needs. Insufficient reserves often forces communities to defer maintenance, increasing the likelihood of simultaneous major system failures. For example, roofs, exterior cladding, and moisture barriers are critical to building performance and represent major loss drivers in regions of the country prone to high winds, hail, and freezing temperatures (water damage has become one of the most frequent and expensive categories of property loss), but could be deferred due to high upfront costs caused by the complex configuration of water facilities within these multifamily units. From an insurance perspective, deferred maintenance can increase the likelihood of larger, correlated losses and more severe claims outcomes. This dynamic can influence pricing, coverage terms, or insurer participation in the HOA market.

Another factor unique to HOAs shaping insurance outcomes is the structure of an HOA's covenants, conditions, and restrictions (CC&Rs), which determine whether the association or individual homeowners are responsible for specific building components. These documents are unique: some associations assume full responsibility for roofs, exterior walls, and primary utility systems, while others shift more obligations to individual owners. This can be further complicated when HOAs are mixed-use or have nonstandard occupancy, which can impose higher fire loads, greater mechanical and plumbing demands on shared systems, and more ambiguity in maintenance responsibilities between the commercial owners and the association. CC&Rs can complicate claims handling by introducing complexity in responsibility determination after a loss and can increase claim severity and adjustment costs. Over time, these factors can influence overall pricing and coverage availability in the same markets.

Market dynamics are also being influenced by the growth of larger, master-planned communities, including amenity-dense or mixed-use developments with concentrated shared infrastructure. These communities often present complex risk profiles and concentrated exposures that can be more challenging to insure under a single master policy.

In some markets, rising loss severity and capacity constraints have led to the use of insurance cost mitigation strategies, including higher deductibles or self-insured retentions on HOA master

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[69] HOA Resources: HOAs Report Big Challenges with Rising Insurance Premiums (N.D.). https://hoaresources.caionline.org/hoas-report-big-challenges-with-rising-insurance-premiums/

policies. These arrangements can increase the share of loss costs retained by associations and, in certain circumstances, may lead to special assessments or increased exposure for individual unit owners through their HO-6 coverage—coverage that is generally structured and priced to apply to interior portions of the unit rather than shared or exterior building components.

These HOA-specific factors have implications for the broader homeowners insurance market and warrant consideration in availability and affordability discussions.

Section C: Homeowners' Insurance Availability and Affordability – Direct Consumer Impact

Increased Rate Trends, Therefore, Higher Policyholder Premiums

Reflecting increased loss costs, homeowners insurance premiums rose significantly across the United States in recent years[70], though the rate of growth slowed substantially in 2025 and 2026 as cost trends moderated and rate levels moved closer to alignment with underlying risk. The increase reflects ongoing premium rate adjustments (the standardized prices per unit of coverage) set by insurers based on factors such as coverage needs, home age, location, liability, and past claims. When risk and losses across these factors increase, insurers' expected claim costs rise, prompting higher rates to cover the higher cost of providing coverage. Several interconnected forces have driven recent higher expected losses.

Catastrophe losses have played a central role, with insurer losses from billion-dollar disasters rising markedly over the past two decades. This increase is driven by more frequent severe convective storms, coastal hurricane exposure, and a post-2017 surge in wildfire losses.[71] Over time, sustained catastrophe losses place upwards pressure on premium rates to reflect higher claim costs. Aon reports that in 2025 catastrophic events have driven insured losses in the U.S. above USD 100 billion for the seventh time on record, reaching USD 103 billion in 2025 and representing 81% of global insured natural catastrophe losses.[72]

The cost of these losses has been magnified by development patterns discussed earlier in the Playbook. For example, increasing housing growth in areas with higher wildfire exposure has expanded overall insured exposure. A 2023 report from the USDA Forest Service estimated that

[70] 2021 NAIC Market Share Reports for Property/Casualty Groups and Companies by State and Countrywide (p.7), and the 2024 NAIC Market Share Reports for Property/Casualty Groups and Companies by State and Countrywide (p.7).

[71] NAIC 2022 Homeowners Report

[72] Aon 2025 Climate and Catastrophe Insight

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the share of housing located in high wildfire risk areas, particularly within the wildland-urban interface (WUI) in California, increased by approximately 40 percent between 1990 and 2020.[73] Population growth, persistent housing shortages, and high land costs in urban cores have pushed development outward to risky areas where land is more available and initially more affordable. However, this expansion has increased the number of homes exposed to wildfire hazards, increasing projected losses and corresponding pressure on premium rate requirements. At the same time, inflation has increased average claim severity.

As previously discussed, rising construction and labor costs have made rebuilding damaged homes more expensive than a decade ago, contributing to upward pressure on premium rates. Additionally, rising property values, particularly in fast-growing metropolitan areas and coastal areas, add risk and further pressure rates. Combined, higher catastrophe losses, increased exposure, and rebuilding costs place sustained pressure on underwriting results, particularly in catastrophe-prone regions, with implications for long-term financial stability.

As premiums rise, the affordability of homeowners' insurance becomes more pressing. Due to growing losses and challenges aligning rates with risk in some catastrophe-prone states, some insurers have scaled back their appetite for new business or exited certain areas. This has contributed to increased reliance on residual market mechanisms like FAIR Plans, which function as insurers of last resort with limited coverage but have recently represented an elevated share of written policies relative to historical norms. In other cases, households turn to surplus lines carriers outside the admitted market.

For consumers, these market shifts can translate into fewer choices and higher costs, especially in areas where catastrophe risks are intensifying. The affordability challenge is compounded by the fact that housing-related cost increases in some regions are rising faster than household income growth, creating growing affordability pressures for households in certain regions. Regulators are closely monitoring how consumers are impacted by these market dynamics and are simultaneously taking action to better understand what is happening in their markets, collaborating to identify and implement consumer protection strategies, and protecting against insurer insolvency.

Policyholder Impact and Availability

Lack of, or Limited Offering of, Insurance Coverages and/or Options

Reduced availability of property insurance can create challenges for policyholders. When insurers align pricing with underlying risk or adjust underwriting appetite in catastrophe-prone regions,

[73] Mockrin, Miranda, Barbara McGuinness, David Helmers, and Volker Radeloff. 2023. *Understanding the Wildland-Urban Interface (1990–2020)*. Madison, WI: U.S. Department of Agriculture, Forest Service, Northern Research Station.

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remaining coverage options may be more expensive and less predictable over time. Homeowners in higher-risk areas have experienced double-digit rate hikes, with average premiums rising far faster than general inflation but not faster than the inflation in the products and services often covered in claims payments. For example, from 2018 to 2023, average homeowners' premiums increased between 13% and 38% nationally, with even sharper increases in catastrophe-exposed regions.[74] For many families, these trends mean paying substantially more for coverage that may offer fewer options or tighter terms, straining household budgets and complicating efforts to maintain adequate financial protection.

Availability is a central concern, as access to insurance is a prerequisite for affordability. As rising loss costs affect insurers' underwriting decisions, policyholders may have fewer private-market choices and increased reliance on residual market mechanisms such as FAIR Plans or state-backed insurers of last resort. These programs are designed to maintain access to coverage rather than price competitiveness and typically provide narrower coverage at a higher cost.[75] For homeowners, this can mean paying more for policies that typically provide more limited or specialized coverage, requiring them to purchase a Difference in Conditions policy (sometimes referred to as a "wraparound" policy) in order to be fully covered. The loss cost driven reduced competition can also limit consumer choice, limiting the ability to shop for better terms or more comprehensive coverage.

The consequences of limited insurance options extend beyond cost considerations. When coverage is constrained or less comprehensive, policyholders may bear a greater portion of the financial risk when catastrophic events occur. Severe convective storms, hurricanes, and wildfires have become more frequent and costly, with data from NOAA indicating 23 billion-dollar weather and climate disasters in 2025[76], which followed a record 28 billion-dollar events in 2023 and 27 in 2024, compared to a long-term average of 8–9 per year.[77] Elevated loss exposure is often reflected in higher deductibles, coverage limits, or changes in market participation. As a result, property owners may face greater financial vulnerability after a loss. For many, this poses not only a threat to their ability to repair or replace their homes but also to their long-term financial security, as home equity represents the largest share of wealth for most households.[78]

These dynamics can affect consumer confidence, particularly when policyholders face rising premiums, tighter coverage terms, or greater reliance on residual markets. Increased complexity

[74] Insurance Affordability Summer 2024 National Meeting (NAIC CIPR, 2024), pp. 9–11.

[75] CIPR Spring Event: Residual Property Markets (NAIC, March 2025), pp. 11–15.

[76] https://www.climatecentral.org/climate-services/billion-dollar-disasters

[77] 2023 Annual Property & Casualty Insurance Industry Report (NAIC, 2024), p. 5; 2024 Annual Property & Casualty Insurance Industry Report (NAIC, 2025), p. 5.

[78] CIPR Spring Event: Residual Property Markets (NAIC, March 2025), p. 11.

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may also contribute to higher volumes of consumer inquiries and disputes, adding to the challenges of navigating coverage options in higher-risk environment and uncertainty of the value of coverage when needed most.

In short, when property insurance is scarce or limited due to rapidly rising loss costs, policyholders face higher costsand fewer choices. The result is not only financial strain for individual households but also broader instability for communities that depend on insurance as a cornerstone of resilience and recovery.

Growing Protection Gaps

Loss-driven pressures on policyholders can also widen protection gaps. Vulnerable populations—those with lower incomes or living in high-risk areas—may be disproportionately affected when insurance becomes less affordable or available. Some households may reduce coverage limits, increase deductibles, or forgo coverage altogether, increasing their exposure. Others may struggle to secure mortgages, as lenders typically require adequate property insurance. In this way, limited insurance availability can affect not only individual financial stability but also broader community resilience, potentially slowing recovery after disasters and amplifying the economic and social toll.[80]

Inflation and Rising Rebuilding Costs are Widening Protection Gaps

Across the property and casualty insurance sector, regulators and industry analysts consistently identify economic inflation as a central driver of rising claims costs. As explained in section B, inflation has increased the price of materials, labor, and services, directly raising the cost of settling claims and rebuilding damaged property. This has been particularly acute in the homeowners line, where insurers face higher severity of claims due to more expensive repairs and replacements, which amplifies the financial impact of catastrophic events.[81]

The combination of inflation, higher rebuilding costs and elevated natural catastrophe losses, amongst other factors, contributed to underwriting losses in multiple recent years, especially in personal lines, which contributed to an erosion of surplus for some insurers resulting in financial rating downgrades.[82] Insurers have generally responded with double-digit premium increases in homeowners and auto lines to keep pace with inflation-driven claims severity.[83] In 2024, easing

[80] NAIC Annual Report: Advancing Insurance Regulation (2024), pp. 7–9; Climate Resiliency Resource Report (NAIC, 2021), pp. 5–7.

[81] 2023 Annual Property & Casualty Insurance Industries Analysis Report; 2025 NAIC Annual Report (Advancing Insurance Regulation)(p. 1); 2025 NAIC Annual Report (Advancing Insurance Regulation)(p. 8).

[82] 2023 Annual Property & Casualty Insurance Industries Analysis Report (pp. 1, 5-6).

[83] 2025 NAIC Annual Report (Advancing Insurance Regulation)(p.2); 2024 Annual Property & Casualty Insurance Industries Analysis Report (p.4).

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inflation helped moderate claims costs, allowing insurers to achieve their first underwriting profit in four years and re-strengthen financial reserves, but inflationary pressures continue to pose a structural risk.[84] In 2025 some stabilization has begun to emerge, reflecting improved capacity, and reduce pressure on premiums in certain markets. On the other hand, geopolitical developments threaten to once again trigger rapid inflation complicated by the ever possibility of large catastrophe losses .

Inflation and rebuilding costs magnify the financial impact of climate-related catastrophes. Severe convective storms, wildfires, and hurricanes not only increase the frequency of claims but also make each claim more expensive to settle. This dynamic leaves insurers more exposed, particularly when smaller events do not trigger reinsurance coverage, forcing primary insurers to absorb the full impact of inflated rebuilding costs.[85]

From the policyholder perspective, inflation and rebuilding costs translate into their own challenges as well as higher insurance premiums and affordability challenges. Analyses of homeowners insurance affordability show that premiums have risen significantly since 2018, with increases ranging from 13% to nearly 40% nationwide, not adjusted for inflation.[86] Rising rebuilding costs are a key driver of these increases, as insurers must price policies to reflect the higher cost of restoring homes after disasters.

The escalating costs of materials and labor directly translate into higher premiums, making essential insurance coverage less affordable for a growing segment of the population, particularly those on fixed or lower incomes. This forces some homeowners and renters to forgo coverage entirely, leaving them completely exposed to catastrophic financial loss.

To manage premium costs, many consumers are compelled: to choose policies with significantly higher deductibles or lower coverage limits and for insurers to offer such altenatives so as to make basic coverage more affordabe. While this provides a short-term reduction in monthly expenses, it shifts a greater portion of the risk onto the policyholder. In the event of a loss, the higher out-of-pocket expenses can be financially devastating, effectively rendering the policy insufficient.

Rapid and sustained inflation causes a crucial lag between a policy's stated dwelling coverage limit and the actual current cost to fully rebuild a home after a total loss. When a loss occurs, the policy payout may not fully reflect rapidly changing rebuilding costs, leaving the policyholder to

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[84] 2024 Annual Property & Casualty Insurance Industries Analysis Report (p. 1, p. 5).

[85] 2023 Annual Property & Casualty Insurance Industries Analysis Report (p.5); 2024 Mid-Year P&C and Title Insurance Industry Report (p.5).

[86] Insurance Affordability Summer 2024 NAIC Meeting Presentation (p. 9-11).

absorb the shortfall. This issue is particularly acute in areas with high construction inflation or after significant natural disasters that drive up regional costs.

The combination of higher premiums and insufficient coverage limits particularly may impact vulnerable populations. Households in high-risk areas, low- to moderate-income communities, and those with less financial stability may be priced out of comprehensive coverage, widening pre-existing socioeconomic disparities in financial security and disaster recovery. This creates a cycle of vulnerability where those least able to afford a loss are also the least able to afford adequate protection. Unless or until loss costs are reduced, these impacts underscore the importance of mitigation and flexibility in coverage design, particularly as loss costs continue to evolve.

Policyholders' Share of the Claim Burdens is Increasing

In today's evolving homeowners insurance landscape, policyholders are shouldering a growing share of the financial burden when losses occur. This subsection discusses the mechanisms driving the shift toward households being more exposed to out-of-pocket costs and coverage gaps than in the past.

Underinsurance: In recent years, researchers have explored the trends and factors driving the occurrence of consumers who are not fully insured for catastrophe losses when they occur. For over a decade, United Policyholders has conducted surveys of wildfire survivors. Based on those surveys for the 2020 California wildfires, 42% of the homeowners who responded reported rebuilding costs exceeding their coverage limits.[87] In 2018, the Rand Corporation published a study of two California communities that found that homeowners in high-risk areas purchased less coverage relative to the structure's value and chose higher deductibles than homeowners in lower-risk areas.[88]

At NAIC national meetings, consumer advocates, have presented analysis regarding underinsurance in the United States, suggesting that underinsurance is not a result of isolated errors or consumer negligence, but rather a complicated, systemic issue. The fact of the matter is that the public's perception of risk is not aligned with the actual risk and this misalignment undermines all efforts to provide information to encourage insurance purchasing, whether by insurers, regulators or consumer activists.

Higher Deductibles: Insurers offer a range of deductibles to provide flexibility for policyholders, including more affordable coverage options. But, when a policyholder elects a higher deductible on their homeowners insurance policy, they may benefit from lower monthly premiums, but they

[87] 2020 CA One Year Survey Report

[88] The Impact of Changing Wildfire Risks on California's Residential Insurance Market

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also assume greater financial risk in the event of a loss. The deductible is the amount a policyholder must pay before insurance coverage applies. Policyholders with higher deductibles risk higher costs if damage occurs, especially without sufficient coverage. Unpredictable losses can strain household finances and cause debt. On the other hand, at least some coverage is more affordable, when the "Cadillac" policy would not be affordable, due either to loss cost driven premium levels or the inability to pay premiums for the one size fits all policy.

Choosing a deductible involves balancing lower premiums against greater financial exposure. A higher deductible can lower premiums and may be appropriate for policyholders with sufficient savings, particularly those seeking protection primarily against less frequent, high-severity losses. For policyholders facing rising premiums, higher deductibles may help maintain coverage by paying less each month, while increasing out-of-pocket costs if a claim occurs. However, this approach requires the financial capacity to absorb higher upfront costs, which may strain those with limited funds or higher risk exposure. While it can be a useful cost-control measure, it widens the protection gap, meaning the amount of financial losses not fully covered by insurance. This shift can lead to underinsurance and greater financial strain in the event of catastrophic events, highlighting the need to consider whether savings are worth the increased risk.

Percentage-based Deductibles: A percentage-based deductible is a form of homeowners insurance deductible that is calculated as a percentage of the insured value of the home rather than as a fixed dollar amount. When a policyholder has this type of deductible, the amount they must pay out of pocket before insurance coverage applies is directly tied to the dwelling coverage limit. For instance, if a home is insured for $300,000 and the deductible is set at 2%, the policyholder would be responsible for $6,000 before the insurer contributes to the claim.

Insurers often apply percentage-based deductibles to specific perils such as hurricanes, windstorms, or earthquakes, especially in regions where these risks are more prevalent, in order to help address affordability. By requiring the policyholder to absorb a share of the loss proportional to the home's value, insurers can better manage their exposure to widespread catastrophic damage while keeping premiums more affordable.

For the policyholder, this arrangement can result in higher out-of-pocket costs compared to a flat deductible. Because the deductible amount increases as the insured value of the home rises, policyholders with high-value properties may face substantial expenses in the event of a claim. This makes it essential for the policyholder to maintain adequate savings or financial flexibility to cover the deductible.

In practice, percentage-based deductibles typically range from 1% to 5% of the dwelling coverage, though higher percentages may be applied in areas facing more significant risk. Ultimately, this type of deductible allows the policyholder to benefit from lower premiums but

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requires careful consideration of their financial capacity to handle a potentially large deductible payment after a major loss.

When policyholders elect to take on a higher or percentage-based deductible, they are making a trade-off that reflects the growing risk and shift of financial responsibility from insurers to households. Rising premiums and tightening insurance coverage terms may shift a greater portion of risk to policyholders, particularly for those seeking to maintain affordability. While this strategy can provide short-term relief from escalating insurance costs, it also deepens the protection gap by increasing the portion of losses that policyholders must bear directly. As a result, households may find that even with insurance in place, they remain vulnerable to significant financial strain when disaster strikes.

Exclusions, Limitations, and Sublimits: As some regions become more vulnerable to natural disasters and rising costs, insurers are trying to effectively manage their exposures. For example, some insurance companies are implementing risk management strategies that include reducing coverage through exclusions and sublimits.

Policy exclusions may be used to limit or remove coverage for certain exposures, such as policies that exclude wildfire coverage, or that allow policyholders to opt out of certain coverages, such as optional windstorm exclusions.

Sublimits are provisions within homeowners insurance policies that cap the amount payable for certain types of property in the event of a covered loss. While the policyholder's overall coverage limit may seem sufficient, sublimits can affect the extent to which specific covered exposures are fully reimbursed following a loss.

Policy design choices can have important implications for loss sharing between insurers and policyholders, particularly in higher-risk regions. Thus, educating policyholders to proactively review their coverage and coverage changes—both at the time of initial purchase and during policy renewal—can help prevent the shock of discovering coverage gaps after a loss has occurred.

Increased Premiums: Policyholder premiums are increasing in response to increasing loss costs, as well as higher coverage limits. This increase is largely driven by a growing frequency and severity of claims, which are influenced by factors like climbing claims costs, increased rebuilding costs, and economic inflation. Ultimately, policyholders share the burden of these costs imposed on the insurer.

Depreciation of Claims: Depreciation plays an increasingly important role in homeowners insurance coverage design as loss patterns have shifted toward high-frequency, high-severity events. Over the past decade, severe convective storms-including hail, straight-line winds, and tornadoes—have emerged as the dominant driver of insured catastrophe losses in the United

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States. Recent industry analyses indicate that severe convective storms now account for roughly half of all insured catastrophe losses in recent years[89], with U.S. insured losses from these events exceeding $50 billion in 2025 alone, driven largely by roof damage from hail and high winds.[90]

Roof losses are a central contributor to this trend. Research by the Insurance Institute for Business & Home Safety (IBHS) demonstrates that asphalt shingle roofs—rarely used outside the U.S, though used on the majority of U.S. homes[91]—are particularly vulnerable to cumulative damage from repeated severe and sub-severe hail and wind events. IBHS studies demonstrate that frequent exposure to smaller hailstones, combined with normal weathering, accelerates shingle aging, increases granule loss, and significantly reduces resistance to future storms, even when individual events do not meet traditional "severe hail" thresholds. Research further indicates that meaningful roof vulnerabilities often emerge as roofs reach 8-10 years of age[92], despite advertised lifespans 20 to 25 years.

Against this backdrop of rising roof-related losses, depreciation and the use of Actual Cash Value (ACV) provisions—particularly for roofs—have become an important mechanism for maintaining affordability and continuing access to coverage. Depreciation reflects the reduction in value of property over time due to age, wear, and prior exposure. Under ACV coverage, claim payments are based on the depreciated value of the damaged property rather than the full replacement cost; under Replacement Cost Value (RCV) coverage, recoverable depreciation may be paid after repairs or replacement are completed.

For roof claims, ACV provisions are increasingly used to align insurance coverage with the expected service life and condition of the roof and mitigate moral hazard—particularly in regions experiencing frequent hail and wind events. These provisions help ensure that insurance functions as protection against fortuitous loss rather than as a warranty or maintenance program for aging building components. By moderating claim payouts for older roofs, ACV structures support premium affordability and preserve market participation in higher-risk regions.

In practical terms, when a ten-year-old roof is damaged by a storm and covered under an ACV roof provision or roof schedule, the claim settlement generally reflects depreciation based on

[89] Gallagher Re, quoted in Insurance Business America (Mar. 31, 2026), noting that severe convective storms represented nearly half of insured catastrophe losses in 2025, primarily driven by hail claims. https://www.insurancebusinessmag.com/us/news/catastrophe/severe-storms-dethrone-hurricanes-as-costliest-insured-weather-peril-570319.aspx

[90] Aon 2025 Climate and Catastrophe Insight

[91] Aon 'Homeowners Return on Equity Outlook', October 2024 https://www.aon.com/getmedia/85deff03-0fb1-4b50-ac6e-d2d53713bbca/20241001-homeowners-return-on-equity-2024.pdf 75 percent of single-family homes in the US have an asphalt shingle roof covering.

[92] Aon 'Homeowners Return on Equity Outlook', October 2024 https://www.aon.com/getmedia/85deff03-0fb1-4b50-ac6e-d2d53713bbca/20241001-homeowners-return-on-equity-2024.pdf The damage probability curve really begins to climb around 10 years, where asphalt shingle roofs are likely to fail 25% of the time; age is a consistent factor in damage potential for an asphalt shingle roof.

age and condition, in addition to the deductible. This results in higher out-of-pocket responsibility at the time of loss compared to full RCV coverage. While places greater financial responsibility on the policyholder, which can lead to challenges covering the remaining costs or forgoing necessary repairs, it also plays a role in moderating premiums and sustaining coverage availability in regions where roof losses from severe convective storms have become both frequent and costly. Policyholder education is critical to ensure that policy terms and financial tradeoffs between coverage options are understood.

Actual Cash Value (ACV) v. Replacement Cash Value (RCV): The ratio of Replacement Cash Value policies compared with Actual Cash Value policies within a region provides insight into how insurers and policyholders are responding to changing risk conditions over time. As loss frequency and severity—particularly from severe convective storms—have increased, some markets have seen a greater use of ACV provisions for specific components, such as roofs, as part of broader efforts to manage affordability and maintain access to coverage.

- Replacement Cost Value (RCV): Covers the cost to repair or replace damaged property without deducting for depreciation, subject to policy terms and completion of repairs.
- Actual Cash Value (ACV): Covers the depreciated cost to repair or replace the damaged property, reflecting age, wear and condition.

Each approach represents a different allocation of risk between the insurer and policyholder. In high-frequency catastrophe regions, the use of ACV provisions—particularly for roofs—can help reduce claim volatility driven by cumulative storm damage, while still preserving coverage for sudden and unforeseen losses. Understanding how ACV and RCV coverage structures interact with local risk conditions and building characteristics is critical to informed policyholder decision-making and effective regulatory oversight.

Expansion of Residual Markets ~~and Growth of Surplus Lines Market~~

Some catastrophe-exposed U.S. states and territories have seen an expansion of residual markets ~~and growth in surplus lines carriers.~~ Thirty-three states in the United States have some form of FAIR plan, although the specific structure and regulations vary by state. Some states have a single state-run plan, while others have multiple plans operated by different insurance companies. The states that have their own FAIR plans include California, Florida, Hawaii, New York, and North Carolina, among others."[93] California experienced significant year-over-year increases in new and renewed FAIR Plan residential policies, with an average annual growth rate of about 18.3% from

[93] NAIC Back to Insurance Topics: Fair Access to Insurance Requirements Plans (https://content.naic.org/insurance-topics/fair-access-to-insurance-requirements-plans, accessed March 4, 2026).

Deleted: shifting a greater share of the financial burden onto policyholders. Depreciation refers to the reduction in the value of an insured item over time due to age, wear and tear, or obsolescence. When a claim is filed, insurers often may calculate payouts based on the item's Actual Cash Value (ACV) rather than its Replacement Cost Value (RCV). Under ACV coverage, Instead of receiving enough to replace the item with a new one, policyholders are compensated for the depreciated value of an item, which is typically much lower than the full replacement cost.¶
This practice helps maintain affordability, but directly increases the policyholder's share of the claim burden. Because the insurer pays out less, the policyholder must cover the difference between the depreciated payout and the actual cost to repair or replace the item. For example, if a ten-year-old roof is damaged in a storm, the insurer may only cover half the replacement cost due to depreciation. After factoring in the deductible, the policyholder could be responsible for more than half of the total expense, despite having insurance coverage.¶
This dynamic contributes to the widening of the protection gap—the difference between total economic losses and the portion that is insured. As depreciation reduces the effective value of coverage, policyholders may find themselves underinsured without realizing it. This can lead to financial affordability challenges, as individuals may be unable to cover the remaining costs or may choose t… [10]

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2018 to 2023, rising from 140,447 policies to 324,954 over that period.[94] A review of the NAIC U.S. Surplus Lines Market Share Reports shows that surplus lines premiums grew at an average rate of about 18.5% per year from 2018 to 2023, rising from about $50 billion to more than $116 billion over that period.[95] ~~This expansion and growth of surplus lines carriers reflect shifts within the homeowners insurance system, driven by affordability and availability challenges.~~

As traditional private insurers scale back their presence in higher-risk regions due to the need to better manage loss exposure, coverage through alternative avenues has become increasingly relevant. These alternatives may involve trade-offs that increase the financial responsibility homeowners bear. Such trade-offs can include higher deductibles, narrower coverage and other coverage features that are intended to make some coverage more affordable for more people. Over time, these evolving trends may contribute to a widening gap between insured losses and total economic damage, raising important questions about the adequacy and sustainability of homeowners' protection and the importance of mitigating risk and reducing cost drivers. The following sections examine how residual markets and surplus lines carriers are responding to these challenges and the implications for policyholders seeking coverage in today's changing insurance landscape.

Residual Markets: Residual markets provide insurance to consumers who cannot obtain coverage in the private admitted market because of high risk or special needs. Usually run by state governments or regulators, they include programs such as FAIR Plans and last-resort insurers to fill gaps when private insurers withdraw or limit coverage. Residual markets have seen rapid enrollment growth, particularly in regions where insurers are withdrawing due to higher catastrophe losses and reinsurance costs. (*Note for the drafters – is there any documentation to support the statement that insurers leave markets because of rising reinsurance costs?) While residual markets ensure that coverage remains available, they are designed to provide narrower protection at higher premiums, in order to not compete with the private market.

Surplus Lines Markets

A review of the NAIC U.S. Surplus Lines Market Share Reports shows that surplus lines premiums grew at an average rate of about 18.5% per year from 2018 to 2023, rising from about $50 billion to more than $116 billion over that period.[96] Expansion of surplus lines reflects a variety of factors, including: less availability of admitted coverage in more areas of the country, the need for sophisticated risk analysis in a very dynamic climate and cost

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[94] California Department of Insurance — Fact Sheet: Summary on Residential Insurance Policies and the FAIR Plan (Published Jan. 13, 2025), Table 1 (p. 2).
[95] National Association of Insurance Commissioners. IID Surplus Lines Industry Summary. © 2021, © 2022, © 2023, and © 2024
[96] National Association of Insurance Commissioners. IID Surplus Lines Industry Summary. © 2021, © 2022, © 2023, and © 2024

environment (influenced by all of the factors discussed above), as well as regulatory hurdles impacting admitted insurers in many states.

Surplus Lines Market: The surplus lines market provides insurance for high-risk, unique, or emerging exposures that admitted private insurers are unwilling or unable to cover. This market is essential for ensuring that coverage remains available for challenging or unconventional risks. The specialized insurers that make up the surplus lines market can offer more flexible policies for challenging risks because they operate in a different regulatory environment than admitted carriers. ~~outside some state regulations.~~ While they are a small part of the homeowners insurance market, they serve an important role in ensuring access to coverage in catastrophe-prone areas. ~~However, insurance coverage through the surplus lines market may provides fewer protections and greater financial risk, as surplus lines policies are not backed by guaranty funds.~~

While surplus lines insureds do not participate in state guaranty fund protections, that does not mean there is less financial protection for surplus lines consumers. AM Best's reports that the solvency record of surplus lines insurers is historically equivalent to or better than the admitted marketplace. In fact, over the last twenty years there have been approximately 300 admitted insurers deemed impaired by regulators compared to one surplus lines company. Further, domestic professional surplus lines insurers continue to maintain a higher proportion of secure ratings than the overall property/casualty industry.

The surplus lines insurance market offers significant advantages by providing flexibility, speed, and capacity for risks that the admitted market cannot efficiently insure. Surplus lines insurers can tailor coverage, pricing, and policy terms to reflect unique or evolving exposures, such as catastrophe-prone properties or emerging technologies, without being constrained by rate and form mandates. This allows capital to respond quickly to changing loss patterns, climate volatility, and market dislocations, ensuring continued availability of insurance when standard markets withdraw or restrict coverage. By relying on risk-based pricing, global reinsurance, and specialized underwriting expertise, the surplus lines market supports innovation, absorbs volatility, and plays a critical role in maintaining overall market stability and resilience.

Interconnectedness of Homeowners Insurance and Related Markets

High and rising loss costs drive homeowners' insurance availability and affordability challenges directly and may affect consumers by raising premiums, limiting access to coverage, and creating ripple effects across housing, rental, and local economic markets. For existing homeowners, access to insurance is important to protect what is often their largest and most important asset—their home. For prospective buyers, insurance is equally critical, as lenders generally require coverage before approving a mortgage. Without insurance, some households are unable to purchase homes, thereby undermining opportunities to build generational wealth. When

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insurance options become scarce or unaffordable due to high and rising loss costs, real estate transactions may stall, and the pace of new housing development slows.

The loss cost driven tightening availability and affordability of homeowners' insurance may also affect property values and mortgage accessibility. Rising premiums and policy nonrenewals can make homes more difficult to finance, while declining affordability can depress property values. Falling values, in turn, affect local economies by reducing property tax revenues and straining government budgets that rely on real estate activity. Instability in the insurance market further impacts renters, as landlords pass on higher insurance costs through increased rents.

Local governments and communities may be affected by fluctuations in insurance availability and affordability within their jurisdictions. Examples include declining home values linked to loss cost driven insurance affordability issues, which can ripple through local economies, slowing construction, reducing employment, and weakening consumer spending. Communities reliant on real estate and construction face particular vulnerability, as reduced activity undermines economic stability and municipal budgets. In Colorado, for example, affordable housing initiatives such as **Proposition 123** have expanded state investment in affordable housing, but rising insurance costs due to increased risk compound financial pressures for developers and landlords.[97] These costs make affordable housing projects more difficult to finance and sustain, limiting the effectiveness of policy interventions aimed at addressing the housing crisis.

Ultimately, homeowners' insurance challenges are not isolated to individual households—they reverberate across property markets, rental housing, local economies, and government budgets. As loss costs accelerate, premiums rise and availability tightens, consumers may face higher costs and other financial challenges. Renters absorb costs passed down by landlords, while affordable housing initiatives struggle against mounting financial pressures. These interconnected impacts underscore the importance of addressing the underlying risk drivers that continue to pressure affordability and availability across markets.

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Part 2: Peril-Specific State Innovation and Action

Overview of Part 2

Part 2 highlights strategies that policymakers can potentially replicate to improve the affordability and availability of homeowners' insurance in their states. It starts by describing cross-peril strategies that apply to all types of hazards. It then outlines peril-specific strategies

[97] https://cdola.colorado.gov/prop123

used by participating states. The emphasis is on strategies used by these states, aiming to provide useful ideas for other states to adopt. These profiles show how different jurisdictions face similar challenges while tailoring solutions to local risk conditions, regulations, and market factors. Overall, these profiles offer insights into the risk that creates protection gaps, how it differs across hazards and regions, and how proactive regulatory and policy measures can reduce pressures on insurers, consumers, housing markets, and community resilience.

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Cross-Peril Strategies

Tort Reform

Some states where litigation costs and legal uncertainties are driving up premiums and reducing insurer participation have enacted tort reform. Measures such as adjusting standards for bad-faith claims, changing attorney-fee rules, or clarifying liability thresholds aim to reduce claim frequency and severity, limit frivolous claims, and promote a balanced judicial environment for plaintiffs and insurers.[98] A notable example of this approach can be seen in Florida, where the effects of the 2023 tort reforms have already proven significant.

Florida has enacted historic, unprecedented reforms to promote market stability. The Florida Office of Insurance Regulation closely tracks the impact of legislation on Florida's property insurance market. Recent legislative reforms for Florida's property insurance market, along with links, can be found at floir.gov/property-casualty/market-overview. Florida House Bill 837 made numerous changes to Florida's civil justice system. The bill modified Florida's "bad faith" framework to allow an insurer to avoid third-party bad faith liability if the insurer tenders the policy limits or the amount demanded by the claimant within 90 days after receiving actual notice of the claim; it clarifies that mere negligence alone is not enough to demonstrate bad faith. The bill also stipulates that a contingency fee multiplier for an attorney's fee award is appropriate only in rare and exceptional circumstances. The bill strengthened some reforms from HB 2A by repealing Florida's one-way attorney-fee statutes, with very limited exceptions.[99]

[98] https://www.milliman.com/en/insight/how-tort-reforms-shaping-insurance-claims-florida-georgia

[99] For more details, please see the bill chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.flhouse.gov/Sections/Documents/loaddoc.aspx?FileName=_h0837er.docx&DocumentType=Bill&BillNumber=837&Session=2023

Parametric Insurance

State insurance departments have begun to explore parametric insurance as a supplemental tool that compliments traditional insurance in certain contexts. Unlike traditional coverage, payments are triggered by measurable events, such as wind speed or earthquakes, rather than by property damage verification. This structure allows for rapid payouts, which, combined with traditional insurance, may provide immediate funds for deductibles, temporary living costs, or other predefined expenses after a disaster that may not be covered under traditional insurance policies. By providing rapid liquidity after defined events, parametric insurance may help policyholders by complementing traditional coverage and reduce short-term reliance on other recovery mechanisms, such as state or federal disaster aid, after large-scale events.[100]

Parametric insurance differs from traditional property and casualty products in that it does not indemnify actual loss, but this structural distinction does not fall entirely outside established insurance regulatory concepts. While many parametric products in the property context are currently offered through excess and surplus lines markets, similar predefined-benefit structures have long existed in regulated life and health insurance products. As a result, dedicated regulatory frameworks for parametric insurance in property lines remain limited and differ across states, reflecting variation in how jurisdictions address non-indemnity insurance designs.

In states such as California and Washington, policymakers and regulators have expressed interest in the potential role of parametric insurance, including to help manage wildfire and earthquake risks. California's Department of Insurance is planning a pilot grant program for 2025-2026 to support scalable, community-based parametric insurance products aimed at low-income residents.[101] The state has also introduced new rules requiring catastrophe models to incorporate homeowners' mitigation measures, which may support the development of parametric triggers linked to real wildfire risk.[102] Some other states have explored legislation related to parametric coverage, including proposals to establish pilot programs, though these efforts have not been enacted to date. Washington has proposed regulations intended to require insurers share fire risk scores, which may be relevant for parametric triggers and pricing.[103] [104]

By providing rapid, predefined payouts following specified events, parametric insurance may help address short-term post-disaster liquidity needs, and complement traditional insurance and reinsurance structures by addressing certain loss components outside the indemnity claim process.[105]

Risk Mitigation and Incentives

Risk Transfer Programs

Insurance departments across the country are implementing and launching risk-transfer programs, such as mitigation grant programs, to retrofit homes and minimize losses from

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hurricanes, severe convective storms, hail, tornadoes, and wildfires. For wind-related perils, many programs reference established retrofit standards to achieve a level of resilience, such as the FORTIFIED™ Standard developed by the Insurance Institute for Business and Home Safety (IBHS). The FORTIFIED™ Standard, based on scientific research, uses a systems approach, meaning the components of a home rely on one another. This approach ties the components of a structure together, creating a more robust structure that is sealed against water and wind intrusion, and hail damage. Compliance with this mitigation standard is typically verified by a third-party evaluator, who assesses that building science is applied and that the work is documented, thereby confirming the standard is met. Once compliance with the standard is documented and approved by IBHS, they will issue a designation of the level of mitigation achieved on the structure.

Incentives

In addition to providing monetary grants to retrofit homes, insurance departments are incentivizing mitigation through a range of policy approaches, including requirements or encouragement for carriers to offer actuarily sound homeowners' insurance premium discounts for properties that have implemented qualifying mitigation measures. Not all states have a mandate requiring carriers to offer premium discounts.

Some states allow insurance companies to offer mitigation discounts voluntarily. Carriers in these states set mitigation premium credits based on their own underwriting strategy. In practice, premium discounts are most commonly applied to homes with verifiable mitigation measures that demonstrate meaningful risk reduction, such as the IBHS Fortified™ Standard or the Wildfire Prepared Homes Standard. Not all states require adherence to a single engineered standard, and some permit insurers to recognize partial or incremental mitigation steps. Examples of steps recognized by carriers may include installing mitigation components such as protective window

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[100] National Conference of State Legislatures, *Parametric Insurance Can Offer Prompt Payout When Disaster Strikes* (2025).
[101] California Department of Insurance. *California Department of Insurance announces community-based insurance initiative to support disaster recovery* (2025). https://www.insurance.ca.gov/0400-news/0100-press-releases/2025/release034-2025.cfm
[102] California Department of Insurance: *Sustainable Insurance Strategy progress update* (2025). https://www.insurance.ca.gov/0400-news/0100-press-releases/2025/release079-2025.cfm
[103] Washington State Office of the Insurance Commissioner. *Kuderer announces priorities for 2026 legislative session* (January 12, 2026). Olympia, WA. https://www.insurance.wa.gov/about-us/news/2026/kuderer-announces-priorities-2026-legislative-session
[104] Maryland General Assembly, *Property and Casualty Insurance – Parametric Insurance – Regulation (SB 95)* (2026); Maryland Department of Legislative Services, *Fiscal and Policy Note for Senate Bill 95* (2026).
[105] National Conference of State Legislatures, *Parametric Insurance Can Offer Prompt Payout When Disaster Strikes* (2025); Gallagher Re, *Parametric Insurance Gains Traction Amid Rising Climate and Systemic Risks* (2025).

shutters to help prevent glass breakage and wind and water intrusion, or covered grates that prevent fire embers from entering the home.

In some states, carriers are required to make mitigation discounts available, though the discount's value is typically not set by the state. Rather, states may establish a benchmark discount expressed as a percentage of the premium, intended to reflect the value of higher mitigation standards adopted within a state's insurance market. This provides insurance companies with a target level of mitigation value in their market and a benchmark discount to offer consumers. This approach can encourage competition in the market for adopting or exceeding the benchmark. Insurance commissioners have also created additional incentives for carriers that meet or exceed the state's benchmark discount, such as streamlined treatment of actuarial justification for mitigation-related premium credits in rate filings.

States are also exploring market-based tools to protect consumers from catastrophic storm loss as an alternative to home retrofitting. Insurance commissioners across the country are adopting the Homeowners Policy FORTIFIED™ Roof endorsement, which, for an additional cost, allows policyholders to receive a roof upgrade that meets the FORTIFIED™ Standard following a covered roof replacement claim. When combined with tools such as catastrophe savings accounts or other financial options to set funds aside for insurance deductibles or additional mitigation, this approach can support household resilience and may contribute to longer-term improvements in insurance availability and affordability.

For states addressing wildfire mitigation, consideration should be given to adopting the IBHS Wildfire Prepared Home Standard. This standard incorporates elements of home protection, including creating a defensible space around a structure free of fuels for fire, including removal of combustible shrubbery and wood fences in the 0-5 foot "zone zero" perimeter. It also includes structural hardening measures designed to reduce ember intrusion, such as Class-A fire-rated roofs and ember-resistant vents or grates. Together, these measures help prevent embers from entering a structure and reduce the risk of structure ignition.

The Center for Insurance Policy and Research at the NAIC has created and made available a Resilience Policy Resource Guide and Retrofitting Program Playbook. This playbook is a resource that outlines mitigation programs across the country, including grant amounts, eligibility requirements, and incentives offered in each state. The CIPR Playbook is regularly updated with the latest and changing information regarding incentives adopted by states.

The Future of Mitigation

As we move into the future and observe the evolution of mitigation, increasingly robust building standards are emerging in the market. Homes built or retrofitted with features like fire-resistant siding/roofs in wildfire zones and elevated foundations and flood vents in flood-prone areas. New

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construction increasingly incorporates reinforced frames, and impact-resistant windows are appearing in areas prone to wind and hurricanes. Greater emphasis is increasingly being placed on retrofits for existing homes, including mitigation actions aligned with the IBHS Fortified™ standards, such as strengthening the roof, anchoring the structure, protecting openings like windows and doors, and creating continuous, engineered load paths to tie the house to its foundation.

Homes are increasingly incorporating smart technologies, including IoT sensors, real-time monitoring of structural stress, environmental conditions, and early warnings (e.g., water infiltration, fire embers), along with AI / predictive analytics to assess risk, predict damage, and optimize mitigation investments. For example, research on AI and generative AI in disaster management is growing, including energy resilience (e.g., solar panels, batteries, and smart controls) to help keep the home functional during a storm or grid failure.

Homeowners and developers are increasingly considering hazard risk when deciding where to build or rebuild, such as moving away from the highest-hazard zones and elevating homes to prevent flood losses. Mitigation planning will require factoring in future climate-driven risks, not just historical data. Insurance costs are already becoming more tightly linked to mitigation, with stronger mitigation generally associated with lower losses. However, homes in very high-risk areas may still face higher costs or difficulty financing/insuring until mitigation techniques and enforced building codes close the gap for potential catastrophic loss.

Public and Private Sector Collaboration

State-led Risk Pools

Thirty-three states and the District of Columbia have insurers of last resort that provide coverage to consumers who cannot otherwise obtain property coverage in the private market.[106] Thirty-one states have a Fair Access to Insurance Requirements, or FAIR Plans, five states have Beach or Wind Plans (which provide more limited coverage specific to hazards and geographic locations), and two states operate insurers of last resort programs called "Citizens".[107]

Insurers of last resort vary by state in the types of coverage they offer, whether they provide residential or commercial coverage, or both, and in the coverage limits. These plans are intended to improve insurance availability and access to coverage, but are not designed to be cost-

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[106] https://content.naic.org/sites/default/files/inline-files/2025%20SpNM_CIPR_residual_property_markets%20to%20post.pdf "The Residual Market Landscape: FAIR and Beach Plans 2019-2023" NAIC 2025 Spring National Meeting materials, Stephen Jablonski, CPCU, President, Property Insurance Plans Service Office (PIPSO).

[107] Isabel Peñaranda, Moira Birss, Ruthy Gourevitch, and Tanaya Srini, "Insurers of Last Resort: Why Today's FAIR Plans Need a Redesign to Address the Home Insurance Crisis," Climate and Community Institute, October 2025 https://climateandcommunity.org/research/insurers-of-last-resort.

competitive with the private market. States can use these risk pools as tools to enhance coverage availability, but they are limited in their ability to address affordability concerns. Colorado recently established a new insurer of last resort—the first such program created in nearly 40 years[109]— with operations beginning in 2025.[110]

In some states, insurers of last resort also support risk reduction and resilience initiatives. The North Carolina Insurance Underwriting Association (NCUIA) operates a mitigation program to strengthen roofs within its service area[111]. In 2025, NCUIA issued a catastrophe bond that included disaster-resilience features. This effort enhances the organization's risk capacity but, importantly, creates a funding stream for resilience efforts that reduce risk before storms occur.[112]

State Programs to Backstop Risk (e.g., Catastrophe Funds)

Some states have programs that support their property markets through direct involvement. Created in 1993, the Florida Hurricane Catastrophe Fund (FHCF) is a state-administered residential property reinsurer that provides a mandatory layer of coverage for nearly all residential properties in the state.[113] Florida requires all residential property insurance companies doing business in the state to participate in the FHCF. This requirement augments companies' reinsurance capacity and strengthens their ability to write property coverage.

The FHCF also supports risk mitigation efforts. Florida law requires a minimum of $10M annually up to a maximum of 35 percent of the FHCF's prior audited year's investment income, to be used for the broad purpose of hurricane loss mitigation. These investments improve property risks, lowering costs for insurers and consumers alike.

While Florida takes a direct approach to increasing the capacity of its market to insure against hurricane risk, California has a state-created program to increase the availability of earthquake coverage. The California Earthquake Authority (CEA) is a quasi-public entity that offers residential earthquake insurance sold through private insurers. Established in 1996, the CEA now provides approximately two-thirds of the residential earthquake policies sold in California.[114] The CEA expands consumer access to residential earthquake coverage through a policy that complies with homeowners insurers' obligation under state law to also offer earthquake insurance.

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[109] https://www.coloradofairplan.com/
[110] https://coloradosun.com/2025/07/14/colorado-fair-plan-applications-launch/
[111] https://strengthenyourroof.com/Home/NCIUA
[112] https://www.artemis.bm/news/nciuas-recent-catastrophe-bond-included-integrated-disaster-resilience-feature/
[113] https://fhcf.sbafla.com/media/kfuhfqjv/2024-sba-catf-annual-report-final.pdf
[114] https://www.earthquakeauthority.com/about-cea/cea-history

Like the FHCF, the CEA also invests in mitigation programs to reduce risk exposure and improve affordability. The CEA offers earthquake retrofit grants to homeowners to strengthen it before an earthquake hits. Homeowners who take advantage of a mitigation grant can qualify for a premium discount on their earthquake insurance premiums.

More broadly, many states have specific funding accounts to respond to natural disasters. Eligible expenditures from these accounts include repairs to public infrastructure, roads, and water management systems, as well as efforts that support community recovery alongside private insurance provides a community in the wake of a disaster. These state expenditures support rebuilding and enhancing future insurability for consumers and can be augmented by Federal disaster declarations and federal grants when available.

Disaster contingency accounts provide state-specific support to local communities (typically with some level of local cost-sharing) in emergency situations. Minnesota established a Disaster Assistance Contingency Account (DACA) in 2014 to provide for prompt response and recovery from state-declared disaster situations.[115] In 2024, the Minnesota legislature established a regular replenishment mechanism to bring the account balance to $50 million at the end of each state biennium, rather than replenishing the account on an ad hoc basis.[116]

Education Campaigns with Nonprofit and Local Partners

Many states have effectively engaged non-governmental partners to expand education and outreach activities in support of programs that reduce property insurance risk. This includes direct outreach to consumers as well as engagement with the wide array of stakeholders involved in the construction, repair, and maintenance of homes.

At the consumer level, education efforts are supported through multiple channels. In addition to information provided by insurers and agents and brokers, several NAIC Consumer Representative organizations provide resources to help consumers better understand coverage options and affordability considerations.[117] The NAIC has also partnered with nonprofit organizations, such as the Federal Alliance for Safe Homes (FLASH), to advance consumer-facing education on preparedness, mitigation, and risk reduction strategies that can lower losses and improve long-term insurability.[118]

At the program and policy level, the NAIC and state insurance regulators have engaged insurer-supported organizations to strengthen resilience education and mitigation strategies grounded in building science. In 2023, the NAIC entered into a formal memorandum of

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[115] https://www.house.mn.gov/hrd/pubs/ss/sscontfund.pdf
[116] https://www.lrl.mn.gov/docs/2025/mandated/250224.pdf
[117] https://uphelp.org/buying-tips/
[118] https://flash.org/wp-content/uploads/1/2024/03/2-20-24-Resilience-Playbook.pdf

understanding with the Insurance Institute for Business & Home Safety (IBHS), an insurer-supported research organization, to provide regulators access to building science research, training, and field demonstrations. For example, IBHS has partnered with state insurance departments on training and demonstration events showcasing Fortified roofs[119] and Wildfire Prepared standards.[120] Through this collaboration, state insurance departments, insurers, and technical experts have jointly participated in training sessions, research briefings, and in-market demonstrations focused on hail, wind, wildfire, and flood risk reduction, reinforcing the role of insurers as active contributors to resilience education and loss prevention efforts.

Insurers also routinely participate alongside regulators in NAIC-supported working groups, data calls, training sessions, and resilience initiatives—particularly those focused on mitigation standards, catastrophe modeling, and consumer preparedness—reflecting the collaborative nature of state-based insurance regulation and market oversight.

At the implementation level, several states work with nonprofit technical partners that support workforce training and program delivery. For example, the Alabama and Louisiana Departments have collaborated with Smart Home America to provide subject-matter expertise and technical assistance in designing their respective Fortified grant programs. Smart Home America (as do other nonprofit organizations) also provides training and continuing education to home builders, licensed contractors, and real estate professionals, helping translate mitigation standards into on-the-ground practice.[121]

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Collaboration with Emergency Management and State Agencies for Disaster Response

State emergency management agencies routinely collaborate with insurance departments and other state entities across all phases of disaster management, from preparedness and response to recovery. For example, Missouri State Emergency Management (SEMA) collaborates regularly with state agencies throughout all phases of emergency management, from pre-disaster to post-disaster. SEMA also regularly collaborates with local and national organizations, including those from the nonprofit, non-governmental, faith-based, and for-profit sectors, to provide post-disaster assistance. Examples include post-disaster Multi-Agency Resource Centers (MARCs) or Disaster Assistance Centers (DACs). Recent MARCs/DACs in Missouri supported thousands of individuals impacted by storms in 2025, including the St. Louis EF-3 tornado.

[119] https://www.postbulletin.com/news/local/new-minnesota-law-incentivizes-construction-that-stands-up-to-climate-change

[120] https://www.forbes.com/sites/jamiegold/2025/06/03/wildfire-prepared-neighborhood-offers-resilience-insurance-benefits/

[121] https://www.smarthomeamerica.org/our-work/research-and-projects

Insurers are an integral part of this post-disaster response ecosystem. Following major catastrophes, insurers routinely coordinate with emergency management agencies and insurance departments to support rapid claims response and household recovery. This coordination often includes the establishment of insurer-operated catastrophe response centers in affected areas, where policyholders can meet directly with claims adjusters, receive guidance on the claims process, and, in appropriate cases, obtain advance payments to address immediate needs such as temporary housing or emergency repairs. These efforts operate in parallel with state and local recovery activities and help accelerate stabilization in impacted communities.

In some states, formal structures have been established within their state governments that bring the state's insurance commissioner and emergency management leadership together at the same table. The Alabama Resilience Council was created by executive order in 2023.[122] The council coordinates state government activities and facilitates interactions between the state and private entities to proactively address impacts to Alabamians before they occur.[123] The Council includes an additional 12 state entities, and its work provides a forum for advancing strategies that reduce risk exposure through improved resiliency (which translates into better insurance affordability for consumers and businesses).

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Similarly, the Connecticut Insurance Department formed a multidisciplinary advisory council in 2024 to develop and recommend risk-mitigation and resiliency programs in that state.[124] The advisory council continues to discuss strategies for mitigation, incentives for consumers, funding sources, and how to target state resources for maximum effect.[125]

Complementing these governance structures, insurers have worked with state insurance departments and the NAIC to develop and promote standardized post-disaster claims response tools that support more consistent and efficient emergency operations across states. For example, the APCIA Catastrophe Action Toolkit—developed in collaboration with regulators and informed by prior NAIC catastrophe response practices—provides a menu of pre-identified regulatory actions and best practices that can be activated quickly following a disaster. These include recommendations related to early access for insurers and adjusters, expedited or temporary emergency adjuster licensing, streamlined claims reporting, extensions of claims deadlines, and other previously identified emergency measures that support timely claims handling while maintaining consumer protections.

[122] https://governor.alabama.gov/newsroom/2023/05/governor-ivey-signs-executive-order-to-establish-the-alabama-resilience-council/

[123] https://www.safestrongal.com/

[124] https://portal.ct.gov/cid/ct-severe-weather-resiliency-council?language=en_US

[125] https://portal.ct.gov/cid/-/media/cid/1_consumerresources/resiliency-advisory-council-commissioner-report-feb-2025.pdf?rev=09e4cd31fb4b4e9db476abbc8413fc1d&hash=4BA49A33FF0360D5138A0C6634C88B8F

Technology and Data Innovation

GIS/Satellite-based Risk Scoring and Post-disaster Verification

Insurers are increasingly using technology across underwriting, renewals, and post-disaster verification processes. When applied appropriately, technology can increase insurers' capacity to respond to disasters, adjust claims, and assist consumers. As these technologies evolve, regulators plan an important role in understanding how carriers integrate them into their workflows and evaluating their use for consistency with applicable state laws.

For example, satellite imagery has long been used by insurers to understand the risk profile of specific geographic areas. Satellite and drone imagery are increasingly being used in the renewal and post-disaster contexts. These tools can enhance a company's ability to quickly and safely evaluate exposure and support risk assessment and claims processes. As with other technologies, the impacts of these tools on availability and affordability can vary based on application, underwriting approach, and regulatory context.

Climate Model Integrations with State Affordability Forecasts

Climate models are playing an increasingly important role in insurers' efforts to assess risks associated with extreme weather events. States are taking a variety of approaches to understanding how climate models are used and how they affect consumer pricing.

The Florida Public Hurricane Loss Model (FPHLM) was established by the Florida legislature in 1995 and released its first version in 2006.[126] The FPHLM is used in insurance ratemaking, disaster planning, and state financial oversight of insurance companies. The model was developed through collaboration among the state, NOAA, risk consultants, and researchers from several universities in Florida and across the country.[127] It is often cited as a example for states evaluating whether and how to integrate climate modeling into insurance oversight.

During the 2025 session, California e a new law requiring the creation of a public wildfire catastrophe model.[128] The California Insurance Department, in partnership with Cal Poly Humboldt, has convened a strategy group to inform the development of this new model and make recommendations on its construction and use.[129] The new model will be public and is intended to support wildfire risk assessment and inform the California Insurance Department review of insurers' rate filings.

[126] https://fphlm.cs.fiu.edu/

[127] https://fphlm.cs.fiu.edu/docs/FPHLM_05_02_2014.pdf

[128] https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202520260SB429

[129] https://www.insurance.ca.gov/01-consumers/180-climate-change/catmodelgroup.cfm

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While Florida and California have established state models, many other states may not want to implement this approach. State regulators can, however, draw on NAIC resources to augment their capacity. The Catastrophe Risk Management Center of Excellence (COE) was established within the NAIC's Center for Insurance Policy and Research (CIPR) to help regulators build technical capacity.[130] The COE facilitates regulator access to catastrophe models, provides education and technical assistance to state departments, and conducts research in this space. The COE has partnered with states on several projects intended to support affordability for consumers and improve regulatory review processes. NAIC staff assisted Alabama in evaluating and developing a discount floor for mandatory insurance premium reductions for homeowners who install a Fortified roof. Similarly, NAIC staff are assisting Minnesota in an assessment of how insurers are calculating discounts for Fortified roofs to improve the state's speed-to-market in reviewing discount filings.

Oklahoma has collaborated with the COE to use data collected through the PCMI data call to target high-insurance-risk zip codes in population centers within the state for initial grants from the Strengthen Oklahoma Homes pilot project. This project integrates data collection, catastrophe modeling, and risk mitigation efforts to provide direct support for insurance affordability and accessibility for consumers. An additional source of comparative information by state and county is FEMA's National Risk Index which illustrates which communities are most at risk for eighteen (18) natural hazards.

Many private entities have made catastrophe models available for public use. For example, First Street has developed several predictive models that are used to translate catastrophe modeling outputs into consumer-facing risk information, with the aim of helping property owners better understand potential hazard exposure for homes and businesses. States may consider whether and how third-party models could complement existing tools, such as FEMA risk maps, when evaluating hazard exposure for risks such as flooding or wildfire. In some cases, coordination with state housing agencies could help inform insurance coverage and resilience planning for affordable housing providers and other businesses.

Artificial Intelligence for Claims Triage and Fraud Reduction

As insurers explore the use of artificial intelligence to increase speed and efficiency, regulators must ensure transparency into how carriers use these tools in a rapidly evolving space. AI use has the potential to help insurers reduce administrative costs and detect or prevent fraud within the claims system, with the potential to reduce administrative costs over time that could be passed on to consumers. However, AI use also raises several factors that pose risks to the affordability and availability of insurance for consumers and businesses. The NAIC Big Data and Artificial

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[130] https://content.naic.org/research/catastrophe-modeling-center-of-excellence

Intelligence (H) Working Group is pilot testing a tool to assist regulators in support of their examinations or regulatory inquiries in 12 states. The pilot's experience will provide insights to update the tool, which may be adopted later in 2026.

The use of AI may pose several benefits but also risks to consumers. Insurance regulators need to consider how insurers using AI gather and store information that may be classified as not public under state public information or data laws. The NAIC's efforts in this space aim to maximize the benefits of AI for efficiency and fraud detection, while maintaining regulatory oversight to prevent unfair discrimination or unfair trade practices that may harm consumers.

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Hurricanes—Florida, Mississippi, and Alabama

Overview

Hurricanes continue to be one of the most challenging risks for homeowners insurance, especially in states along the Gulf Coast and Atlantic. In Florida, rapid growth throughout the state and rising sea levels are increasing the number of homes exposed to damage from storm surge, wind, and flooding. In Mississippi and Alabama, repeated hurricane impacts interact with older housing stock, mixed coastal and inland exposure, and communities with fewer resources to recover from major storms. Across the region, hurricanes have driven higher losses, rising insurance costs, and, in some areas, fewer coverage options as insurers respond to the changing risk landscape. While these challenges are shared, each state has responded differently through building standards, mitigation programs, data collection, legal and regulatory reform, and market oversight. The examples in this section are intended to highlight approaches that may be useful not only in Florida, Mississippi, and Alabama, but also in other states that face hurricane risk now or may face it more frequently in the future.

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Florida

Introduction

On August 24, 1992, Florida's insurance market was changed forever when Hurricane Andrew made landfall near Homestead, Florida.

In response, Florida's Insurance Commissioner issued 27 Emergency Rules in 1992 and 30 additional rules in 1993, beginning on August 31, 1992. Among the most significant actions were:

- Establishing a **grace period for premium payments** to address communication and mail disruptions; and

- Implementing a **moratorium** preventing insurers **from canceling or non-renewing policies.**

Resulting market pressures led to insurer insolvencies, and after Hurricane Andrew and the Report of the Study Commission on Property Insurance and Reinsurance, Florida took additional structural actions to stabilize the market by:

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- Creating the Florida Residential Property and Casualty Joint Underwriting Association (RPCJUA) insurer of last resort (which merged with the Florida Windstorm Underwriting Association in 2002 to form **Citizens Property Insurance Corporation**),
- Expanding the capacity of the **Florida Insurance Guaranty Association (FIGA)** to include municipal bonds issued by hurricane-affected counties,
- Establishing the **Florida Hurricane Catastrophe Fund (FHCF)** to provide catastrophe reinsurance to residential property insurers at more affordable rates than private reinsurers. This approach helps maintain market capacity and moderate premium volatility, and
- Instituted an evolving approach to incentivize or require insurers to offer premium discounts for structural mitigation improvements, such as hurricane shutters.

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Florida also **enacted a strong statewide building code** promoting wind mitigation, leading to recognition by IBHS has having some of the strongest building codes in the nation. The **Florida Commission on Hurricane Loss Projection Methodology** was formed to review and approve models used for hurricane and flood-related ratemaking. As part of this, Florida's first **Public Hurricane Loss Projection Model** was developed.

Following the adoption of the 2002 Florida Building Code, the state developed a broader wind mitigation discount framework. After the 2004 hurricane season, which saw four named hurricanes making landfall and some areas hit three times, the Florida Legislature **revised the hurricane deductible**. The change moved from a per-event model to an annual, calendar-year basis to help homeowners.

Reports

- **Insurance Institute for Business & Home Safety (IBHS) Rating the States report** evaluates building code enforcement and administration, and contractor licensing in the 18 Atlantic and Gulf coast states most vulnerable to catastrophic hurricanes.

Data Collection

The Florida Office of Insurance Regulation (OIR) maintains robust, granular insurance market data, including:

- A **Market Intelligence Report** that captures personal, residential, and commercial policies at a zip code level on a monthly basis.

- **Catastrophe Claims Data and Reporting** that collects zip-code-level claims data following landfalling hurricanes for homeowners, dwelling, mobile homeowners, and other lines.
- **Data Call Reporting Webpage** that contains many helpful data calls, including the Florida Property Claims Lifecycle Data Call Reporting, which annually collects information on the lifecycle of closed residential property claims.

Strategy, Initiatives, & Resources:

The Florida storm preparedness and risk mitigation landscape is supported by a comprehensive framework of programs, models, and regulations designed to protect property owners and ensure actuarial accuracy. Florida Wind Mitigation Resources and key initiatives that promote hurricane resilience for consumers and insurers in Florida include the following:

Florida Hurricane Catastrophe Fund (FHCF), a governmental, tax-exempt fund that requires all residential property companies in Florida to place a reimbursement contract applicable to their catastrophe reinsurance program, specifically for named storms (section 215.555, Florida Statutes).

The Florida OIR uses the **Florida Public Hurricane Loss Projection Model (FPHLM)**. The FPHLM is an open-source tool developed by Florida International University (FIU), as referenced in section 627.06281, Florida Statutes. OIR runs insurer experience through the FPHLM to compare insurer indications in rate filings and for catastrophe stress testing. Additionally, FIU has developed a **Public Flood Loss Projection Model** and is working on a **Public Severe Convective Storm Loss Projection Model**.

Florida has also implemented targeted mitigation assistance programs, including:

- **My Safe Florida Home Program** helps homeowners strengthen their homes through wind mitigation inspections and grant assistance, and helps them save on insurance (section 215.5586, Florida Statutes).
- **My Safe Florida Condominium Pilot Program** assists condominium associations with hurricane readiness and insurance savings (section 215.55871, Florida Statutes).

Florida requires standardized mitigation verification through the Uniform Mitigation Inspection Form (OIR-B1-1802). This form is completed by a licensed home inspector who validates the mitigation attributes or construction techniques. Insurers then evaluate the form to determine if the policyholder/applicant is eligible for any discounts to reduce their windstorm premium.

This form and the associated discount tables must be used by all Florida residential property insurers unless the insurer opts to conduct a separate study from OIR's study. The related forms include:

- The Windstorm Mitigation Discounts; Single Family Residences (OIR-B1-1699) form, which displays the range of wind premium credits for existing construction on single-family residences.
- The Windstorm Mitigation Discounts; Non-Single Family Residences (OIR-B1-1700) form, which displays the range of wind premium credits for existing construction on non-single family residences.
- The Notice of Premium Discounts for Hurricane Loss Mitigation (OIR-B1-1655) form, which is provided by the insurer to the policyholder for any personal lines residential policy at the time of issuance and at each renewal, describing what actions the policyholder may be able to take to reduce their windstorm premium.

Separate studies approved by the OIR must:

- Disclose all assumptions
- Evaluate the fixtures or construction techniques demonstrated to reduce the amount of loss in a windstorm and
- Quantify the discounts, credits, rate differentials, and deductible reductions that reflect the full actuarial value of such fixtures or construction techniques.

The Department of Financial Services, Florida Office of Insurance Regulation, Division of Emergency Management, and insurers have worked collaboratively to establish post-event insurance villages where impacted consumers can file and resolve claims and speak directly with insurer representatives.

In 2024 The Florida Department of Financial Services' launched the **"Check My Contract"** program allowed property insurance policyholders to submit post-loss repair, restoration, roofing, or public adjuster contracts for independent DFS review to identify potential fraud, unlawful assignment of benefits, price gouging, or noncompliance with emergency consumer-protection laws. The program was designed as a post-storm consumer protection.

Consumer education is an essential role of the state in helping homeowners navigate the unpredictable insurance market. Florida's Insurance Consumer Advocate and the Florida Department of Financial Services maintain the following online consumer educational materials:

- Consumer Outreach & Education webpage,
- Plan Prepare Protect: Are You Disaster Ready?,

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- Demolish Contractor Fraud: Steps to Avoid Falling Victim, and
- Applying For Homeowners Insurance.

Partnerships

Citizens Property Insurance Corporation (Citizens) is a state-run insurer created by the Florida Legislature in 2002 to provide insurance protection to Florida policyholders who are unable to obtain property insurance coverage in the private market.

Citizens is funded by policyholder premiums, and if its surplus is depleted by a storm or series of storms, Florida law requires Citizens to levy assessments on most Florida property-casualty insurance policyholders until any deficit is eliminated. After the back-to-back active storm seasons of 2004 and 2005, many policyholders were either unable to find coverage in the private market or were faced with large rate increases as companies stopped writing business in Florida or struggled to return to profitability. Because of this, many agents began offering quotes through Citizens, as they could offer more affordable premiums. Citizens soon became a competitor in the marketplace rather than the "insurer of last resort" as originally intended.

The Citizens Property Insurance Corporation – Depopulation/Takeout Program was created to help return Citizens policies to the private market and reduce the risk of additional assessments for all Floridians. Some of the benefits to policyholders include:

- lower premiums,
- more comprehensive coverage, and
- lower risk of premium assessments.

The depopulation process begins approximately 100 days prior to the actual assumption date. All information required for the depopulation application can be found on OIR's Take-Out Webpage. OIR must review all submitted documentation. If OIR determines that the take-out company is approved to participate in the depopulation, the approval is granted via a Consent Order. Once the OIR approves a company to participate, that company must then complete a separate process with Citizens.

Mississippi

Introduction

Following the devastating effects of Hurricane Katrina, the state of Mississippi recognized the critical importance of preparedness in the face of natural disasters and is implementing a comprehensive approach to managing and mitigating the risks they pose. As part of climate risk

management, the Mississippi Insurance Department (MID) collects catastrophe data and collaborates with other insurance departments for comparative analysis.

Additionally, the department encourages homeowners to maintain updated home inventories to mitigate post-event losses. The Strengthen Mississippi Homes and MEMA Safe Room Grant programs offer financial assistance for hurricane and tornado preparedness. MID prioritizes consumer education through press releases and social media, promoting severe weather preparedness. Partnerships with MEMA, Federal Emergency Management Agency (FEMA), and Smart Home America enhance disaster resilience efforts. The 2024 Extreme Wind Conference and the 2025 Disaster Leadership Conference underscored the importance of effective disaster response strategies and the role of technology in recovery. Through these combined efforts, Mississippi is forging a path to better availability and affordability in the insurance market.

Reports:

- 2024 Extreme Wind Conference: State leaders discuss hurricane mitigation program during Extreme Wind Conference
- 2025 Disaster Leadership Conference; Gulf Coast states joining to stand against insurance rate hikes: Gulf Coast states joining to stand against insurance rate hikes
- Local leaders discuss response plans at annual Disaster Leadership Conference: https://www.wxxv25.com/local-leaders-discuss-response-plans-at-annual-disaster-leadership-conference/
- Disaster Leadership Conference in Biloxi hosted by Mississippi: https://magnoliatribune.com/2025/11/11/mississippi-hosting-disaster-leadership-conference-in-biloxi/
- Mississippi Senate Study Committee on Housing Report: https://acrobat.adobe.com/id/urn:aaid:sc:US:15b427b8-57f9-4ad7-8120- 4f00b4b80e24

Data Collection:

- MID is part of the NAIC Homeowners Market Data Call (C) Task Force supporting NAIC and state efforts to gather updated zip code and county data for market study.
- MID is developing a joint data call with the Louisiana Department of Insurance to compare market dynamics between our states.

Strategy, Initiatives, & Resources:

Mississippi is actively engaging in **policyholder education on retrofitting, risk-based pricing, and local hazard zones** for mitigation through several initiatives, including**:**

- The **Strengthen Mississippi Homes (SMH)** program (formerly the Comprehensive Hurricane Damage Mitigation Program), offers grants to help homeowners retrofit their properties against damage from hurricanes, tornadoes, and other severe wind events.

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Status: The Mississippi Legislature suspended funding for the SMH Fortified Home program during the 2025 special session. The grant program is not accepting applications until funding is restored. However, legislation (2026 SB 2409) was advanced to codify administration and funding of the program.

- **FEMA's Wind Retrofit Guide for Residential Buildings,** which offers technical information for selecting and implementing effective retrofit projects in hurricane-prone regions.

Mississippi has **two insurers of last resort** to provide coverage to property owners who cannot find coverage in the open insurance market: the Mississippi Windstorm Underwriting Association (MWUA) and the Mississippi Residential Property Insurance Underwriting Association (MRPIUA).

MWUA focuses exclusively on wind and hail in specified coastal counties and provides incentives to help lower the cost of making homes more resilient against these risks, including:

- **Wind mitigation discounts** for use of wind mitigation techniques, including building code compliance and IBHS certifications.
- **IBHS certification discounts** of at least 40% for homes certified by the IBHS as Fortified for Safer Living.
- **Community enforcement discounts** for qualifying homes certified under the IBHS Fortified for Existing Homes program.
- **FORTIFIED Roof and Home discounts** of 12-55% off the wind portion of the insurance premium for installing a FORTIFIED Roof or building a FORTIFIED Home.

MRPIUA offers coverage for a broader range of risks, including fire and other types of property damage. It was created in 2003 when the Mississippi Legislature passed HB1113, which updated state law and replaced the earlier Mississippi Rural Risk Underwriting Association (MRRUA) with MRPIUA. The purpose of the MRPIUA is as follows:

- To provide an adequate market for residential coverage insurance throughout Mississippi in order to ensure its orderly growth and development.
- To provide adequate insurance upon property in all areas to enable homeowners to obtain financing for the purchase and improvement of their property.
- To provide an equitable method whereby every licensed insurer writing fire and extended coverage in Mississippi is required to meet its public responsibility.
- To provide a mandatory Plan to assure an adequate market for fire and extended coverage throughout Mississippi to fulfill the purposes provided by the Mississippi Legislature.

Premium Discounts and New Construction Standards (IBHS FORTIFIED)

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Implementing IBHS FORTIFIED standards in new residential, commercial, and multifamily construction enhances resilience to severe weather events. Mississippi has found targeting new construction is a key component of successful implementation because it is more cost-effective to build to higher, resilient standards initially than to retrofit existing, older structures.

Updated standards, like the 2025 FORTIFIED Home, FORTIFIED Commercial, and FORTIFIED Multifamily, enhance key building components by implementing measures such as more stringent roof-deck nailing patterns and testing for roof-mounted vents to prevent wind-driven rain intrusion. These standards have demonstrated effectiveness in hurricane-prone areas and are now applicable to inland regions. A transition period allows contractors and evaluators to prepare for compliance by November 1, 2025.

Through proactive building code conversations, the MID informs on the importance of strengthening building codes to mitigate risks from hurricanes and other natural disasters and to support insurance availability.

Focus on rural tornado-prone communities and safe housing retrofits:

Mississippi has a Statewide Residential Safe Room Grant Program to help homeowners build storm shelters and safe rooms. The program is funded through FEMA's Hazard Mitigation Grant Program and offers up to $3,500 to cover 75% of the cost of constructing a FEMA-approved safe room. There are thirty-eight available grants per county. The goal is to improve statewide storm preparedness and reduce weather-related deaths.

Consumer Outreach and Educational Materials:

The Mississippi Insurance Department held Disaster Conferences in 2024 and 2025 to reach out and educate city and county officials on available programs and our efforts to reactivate funding for the Strengthen Mississippi Homes program.

Disaster prep resources:

Mississippi offers resources to assist homeowners, including a Homeowner's Insurance Shopping Tool, Consumer Hurricane Checklist, and information on the Mississippi Residential Property Insurance Underwriting Association. Located on our website: Weather Disaster Preparedness

MID supports other states and rural insurers in urging FHFA to eliminate the requirement that all federally backed mortgages must have RCV coverage in place. Elimination of this requirement would provide more consumer choice for price-conscious insurance purchasers.

Partnerships:

Windstorm Insurance Network (WIND) is a member association that hosts an annual conference to bring together defense and policyholder professionals to engage on property/windstorm insurance claims issues, regional mitigation lessons, and emerging policy innovations.

Alabama

Introduction

Alabama is continuing its efforts to become more resilient across the state. With a small coastline that touches two counties, our state has unfortunately suffered numerous catastrophic hurricanes. The rest of our state has also suffered from many perils. Effects from the hurricanes are felt from the coast to the northernmost state boundaries. Tornadoes, hailstorms, and convective windstorms are dealt with all year long by Alabama residents. Resilience work covers all perils, with none more important than the others, especially for the individual going through the event.

Reports:

FORTIFIED Homes Study**:** The Alabama Department of Insurance (.gov) commissioned a study by the University of Alabama's Center for Risk and Insurance Research, which found that FORTIFIED homes, built to a higher standard of construction, suffered significantly less damage and required fewer insurance claims during Hurricane Sally compared to standard construction homes. This study highlights the potential for mitigation efforts to improve insurance affordability and availability in coastal areas.

Affordable Homeowners Insurance Commission Report**:** Governor Bentley created this commission to address the rising cost and limited availability of homeowners insurance, particularly in coastal areas vulnerable to storms. The commission produced a report with recommendations to address these issues.

Coastal Insurance Working Group Report**:** This group, created by Governor Bentley, focused on public policy and multi-state approaches to address the cost of property insurance along Alabama's Gulf Coast. Their report includes potential solutions for lowering insurance costs by decreasing expected losses, expenses, and capital costs, according to the Alabama Department of Insurance

Data Collection:

Hurricane Sally data report

The Property Insurance Clarity Act requires insurers to report annual data on homeowners' policies, premiums, and losses.

Strategy, Initiatives, & Resources:

The Strengthen Alabama Homes program (SAH) offers wind mitigation grants to homeowners, particularly in coastal areas, to help them retrofit their homes to meet the FORTIFIED™ standard. This initiative aims to protect properties from hurricanes, convective windstorms, and hail damage, thereby reducing homeowners' insurance premiums through legislation passed in 2012. SAH is quickly approaching 10,000 homes that have received roof mitigation, and $100 million has been invested in the program by the Alabama Department of Insurance. The Hurricane Sally data call conducted by the Alabama Department of Insurance & Center for Risk and Insurance Research validated the FORTIFIED program, showing that it reduced claims by 70% and claim severity by up to 60%.

The Alabama Insurance Underwriting Association (AIUA) offers various mitigation incentives to help homeowners and businesses protect against wind damage. Key incentives available include wind mitigation discounts, which involve building codes and IBHS certifications, significantly reducing insurance premiums. Homes certified by the IBHS as Fortified for Safer Living receive a minimum of 40% insurance discount. Additionally, community enforcement discounts are available for homes certified for the IBHS mitigation program, Fortified for Existing Homes. Homeowners can also qualify for insurance discounts by installing a FORTIFIED Roof™ or building a FORTIFIED Home™, with savings ranging from 20-55% off the wind portion of the property owner's insurance. These incentives are designed to help homeowners and businesses reduce their risk of wind damage and lower their insurance costs. It is important for individuals to stay informed about these programs and take advantage of the available discounts to protect their properties.

Mitigation grant programs such as Alabama's are increasing the adoption of mitigation practices nationwide, even without code changes. Alabama's building code adoption and Fortified program have resulted in 25% of coastal homes now meeting Fortified or improved standards. The following is a summary of the FORTIFIED program:

- Premium Discounts-FORTIFIED
  - FORTIFIED Roof: 25–35% discount on the wind portion of the premium.
  - FORTIFIED Silver: 35–45% discount.
  - FORTIFIED Gold: 45–55% discount.
- Tax incentive for home mitigation
  - Retrofit Tax Deduction
  - Catastrophe Savings Accounts

Consumer Outreach and Educational Materials:

Consumer outreach activities and educational materials include:

- County Safe Rooms

- Speaking to community and consumer groups throughout the state.
- After major storms, deploying staff to Disaster Recovery Centers to assist Alabamians with insurance issues.
- Distributing thousands of information packets at events like the Alabama National Fair.
- Offering a "Consumer's Guide to Homeowners Insurance"
- Offering tools to compare homeowners insurance premiums from different companies on the Department's website.

Partnerships:

- Alabama Insurance Underwriting Association
- The Hurricane Insurance Issues Task Force discussed during its April 20, 2025, meeting creating an insurance referral service for homeowners in challenging coastal coverage areas

Severe Convective Storms, Tornadoes, Hail, and Wind—Alabama, Oklahoma, Minnesota, Mississippi, and Wyoming

Overview

Severe convective storms, including tornadoes, hail, and damaging winds, are becoming increasingly frequent and intense across the Southeast, Upper Midwest, Midwest, and Western United States. Recent years have seen a notable shift in storm patterns, with tornado activity migrating eastward into the Southeast, resulting in more severe impacts in regions less historically prepared for such events. The Midwest and Upper Midwest are experiencing more frequent convective outbreaks, larger hail events, and higher wind losses, while the Western states face growing risks from high winds and hail, compounded by the threat of wildfires. This section provides an overview of the tools and strategies Alabama, Oklahoma, Minnesota, Mississippi, and Wyoming use to manage these risks within their states.

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Alabama

Introduction

Alabama faces significant challenges from severe convective storms, tornadoes, hail, and high winds, which continue to impact communities across the state. To address these challenges, Alabama proactively employs a range of tools, partnerships, and resources to safeguard homeowners and businesses. The state has pursued efforts to improve insurance affordability, promote market stability, and build resilience against harsh weather.

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Reports:

- Affordable Homeowners Insurance Commission Report (2012): Recommendations to address tornado-related affordability and transparency.
- Hurricane Sally IBHS Study: Validates effectiveness of FORTIFIED construction.

Data Collection:

- Annual insurer reporting via SB 210.
- Post-catastrophe claims data calls

Strategy, Initiatives, & Resources:

- See Alabama's Hurricane section.

Partnerships:

- IBHS and Smart Home America for FORTIFIED

- FEMA and AEMA collaboration
- Center for Risk and Insurance Research at the University of Alabama at the University of Alabama Culverhouse College of Commerce has partnered with the American Property Casualty Insurance Association (APCIA), the Alabama Department of Insurance and Smart Home America to produce the 2016 Tornado Preparedness Guide & Insurance Tips

Oklahoma

Introduction

Oklahoma is situated in the heart of Tornado Alley, one of the most tornado-prone regions in the world, with an average of over 50 tornadoes annually. Tornadoes are most frequent in Oklahoma during spring, when the state faces significant threats from supercell storms. To address these risks, Oklahoma promotes disaster resilience through proactive planning, innovative projects, and collaborative efforts.

Reports:

Oklahoma continues to advance a comprehensive, data-driven approach to disaster resilience, with a particular emphasis on tornadoes and severe wind and hail mitigation. The state's efforts are supported by ongoing analytical work, robust data collection practices, targeted homeowner-focused initiatives, and strong interagency and private-sector partnerships. A key component of Oklahoma's mitigation strategy is the use of evidence-based research to guide policy and investment decisions.

The report *Tornado Damage Mitigation: Benefit–Cost Analysis of Enhanced Building Codes in Oklahoma* leverages data provided by the Oklahoma Department of Insurance (OID) to quantify the economic and safety benefits of stronger construction standards. This analysis underscores the value of pre-disaster mitigation and helps inform state leadership, insurers, and homeowners about the long-term savings associated with resilient building practices.

Data Collection:

Oklahoma's commitment to high-quality data is also reflected in its structured approach to information gathering before and after major disasters. Through coordinated pre- and post-disaster data calls, the state collects critical information on damage, claims, and homeowner needs, enabling faster responses, improved situational awareness, and more accurate assessments of long-term mitigation opportunities. Pre and Post Disaster Data Calls

Strategy, Initiatives, & Resources:

The state supports several flagship initiatives designed to strengthen residential structures and reduce casualties from severe weather. The SoonerSafe Safe Room Rebate Program offers

rebates to help residents install storm shelters, significantly increasing survival rates during tornado events.

For homeowners who struggle to obtain traditional insurance coverage, the OK-MAP program serves as a high-risk insurance pool, providing access to essential protection for individuals who have been denied coverage at least twice in the standard market.

In 2025, OID further expanded its mitigation portfolio by launching applications for the OKReady grant program, a central feature of the Strengthen Oklahoma Homes initiative. Through a partnership with the Insurance Institute for Business & Home Safety (IBHS), the program helps homeowners upgrade to IBHS FORTIFIED Home standards, improving resilience to wind and hail and reducing long-term property losses statewide.

Insights gathered from prior National Tornado Summits continue to inform these programs, helping the state refine its understanding of tornado risk, building performance, and community preparedness. Prior National Tornado Summits- Insights

Consumer Outreach:

Oklahoma's consumer outreach efforts remain a cornerstone of its mitigation and preparedness strategy. OID regularly distributes public bulletins—such as *"Are You Ready for Storm Season?"*—alongside fraud-prevention guides to help residents safeguard themselves both physically and financially.

Public awareness tools, including the NAIC home inventory app, are promoted annually to support pre-storm planning.

The OID leverages modern communication platforms such as the Mulready Minutes Podcast to educate consumers on insurance topics, mitigation practices, and seasonal hazards.

After disasters, Oklahoma deploys Multi-Agency Resource Centers (MARCs) to offer on-site assistance, and the state maintains ongoing investments in Statewide public education campaigns and early warning investments to improve safety and reduce losses.

Partnerships:

These efforts are strengthened by collaborative partnerships across state agencies and external organizations. OID works closely with the Oklahoma Department of Emergency Management (OEM) to align mitigation priorities and coordinate disaster response.

The Department also partners with IBHS to administer the Strengthen Oklahoma Homes program, ensuring that FORTIFIED standards are implemented with technical rigor.

Furthermore, OID, OEM, and the University of Central Oklahoma collaborate on the statewide "Get Ready" campaign, enhancing community preparedness through accessible, research-based messaging. Through these combined strategies—rigorous analysis, improved building practices, direct consumer support, and strong cross-sector partnerships—Oklahoma continues to strengthen its resilience against tornadoes and other severe weather hazards while improving homeowner protection across the state.

Minnesota

Introduction

Severe convective storms in Minnesota typically peaking in late summer, causing significant, localized destruction through tornadoes, large hail, and high-speed straight-line winds. These events, which have included an average of 46 tornadoes annually and numerous derechos in recent years, heavily impact rural and urban residential properties, increasing pressure on insurance markets.

Reports

In early 2025, the Minneapolis Federal Reserve released an analysis of Minnesota's insurance markets, with a particular focus on how rising premiums and reduced availability are affecting multifamily housing. The report found that weather-related losses, especially severe convective storms, caused annual premiums to increase significantly between 2023 and 2024, while insurers are pricing for higher risk and and uncertaintly. Affordable housing providers experienced reductions in coverage and struggled to find insurers willing to write their business.

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During the 2025 session, the Minnesota Legislature recognized the need for additional study of multiple issues impacting the state's home insurance markets. It convened a task force to evaluate issues and provide recommendations on insurance affordability across multiple markets. The task force was charged with reviewing nine topic areas and returning a report to the legislature with recommendations for additional actions to support access to affordable insurance.

The Task Force's final report returned seven recommendations, including studying whether the state's FAIR Plan should expand its product offerings, funding the Strengthen Minnesota Homes grant program, examining the feasibility of creating catastrophe savings accounts, and clarifying the state's existing alternative dispute resolution process to provide more consistency for policyholders and companies.

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Data Collection

In 2023, Minnesota enacted a statutory mandate requiring insurers to offer policyholders a premium discount or rate reduction for receiving a FORTIFIED designation from IBHS. With a small number of existing FORTIFIED designations in the state, however, regulators had a limited frame of reference with which to evaluate company filings in compliance with this requirement.

Working in partnership with the NAIC CIPR Catastrophe Risk Management Center of Excellence, the Minnesota Department of Commerce issued a voluntary data call that collected company information for analysis using catastrophe models and actuarial analysis. This collaborative approach resulted in the Department issuing a bulletin to carriers outlining the regulatory review process for insurer filings at or above an expected discount threshold, as well as for filings below that threshold. [Placeholder for MN Bulletin] This project allowed the Department to design a swifter and more efficient filing process, which improves speed to market time for carriers and improves access to cost savings for policyholders.

Strategy, Initiatives & Resources

The Minnesota Department of Commerce has developed resources for state residents looking to navigate the purchase and use of insurance for their home. Department resources are housed on Commerce's Disaster Information Center and organized for consumers on how to prepare before and respond after disasters occur. These materials are also utilized by Department staff when responding in the field following disasters to assist Minnesotans in the wake of disasters.

A cornerstone of the Department's efforts to help Minnesotans prepare for disasters is the development of resources for consumers to develop a home inventory. This includes a written checklist and template for creating an inventory and video content demonstrating how valuable a home inventory can be if your home is damaged in a storm. Commerce has also developed video content aimed at helping consumers understand their homeowners insurance policy.

In 2023, the Minnesota Legislature passed two initiatives brought forward by the Department designed to directly support the affordability of home insurance in the state. The state established a mitigation grant program, Strengthen Minnesota Homes. Modeled on like programs in other states, the grant program is designed to help Minnesotans receive a FORTIFIED designation on their home.

Separately, the state required insurers to provide a premium discount or rate reduction to Minnesota policyholders who receive a FORTIFIED designation. This requirement took effect on August 1, 2023, and applies to any home with a FORTIFIED designation, not just homes that receive a grant from the Strengthen Minnesota Homes program.

Mississippi

Introduction:

Mississippi works to promote consumer access to homeowners insurance coverage in a stable and reliable insurance market.

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Reports:

- Clarity Act Data Sets established by HB 739
- The Property Insurance Clarity Act created by HB 739 requires insurers authorized to transact homeowners insurance business in the State of Mississippi to provide policy and premium information to the Mississippi Insurance Department.

Data Collection:

- Clarity Act Database: Clarity Act/Market Analysis Data Call
- NAIC catastrophe data call: MID is a member of the Climate and Resiliency (EX) Task Force, which serves as the coordinating NAIC body for discussion and engagement on climate-related risk and resiliency issues. MID also serves on the Catastrophe Insurance (C) Working Group, which monitors and recommends measures to improve the availability and affordability of insurance and reinsurance for catastrophe perils in personal and commercial lines.
- The Louisiana and Mississippi Departments of Insurance are currently discussing a joint data collection effort to compare insurance market dynamics side by side. Commissioners Chaney and Temple are finalizing the details.
- The National Weather Service Damage Assessment Toolkit, now known as the Climate Central Database, is a tool used to track billion-dollar weather and climate disasters. It was formerly run by NOAA but has now become a non-profit organization and is being led by former NOAA scientists.

Strategy, Initiatives, & Resources:

- Strengthen MS Homes grants (FORTIFIED Roof). (Suspending Pending 2026 Legislative Session)
- The Strengthen Mississippi Homes (SMH) Program SMH Program is a comprehensive initiative aimed at providing financial grants (up to $10,000) to homeowners in Mississippi for retrofitting their homes against hurricane damage. The program is part of the Mississippi Comprehensive Hurricane Damage Mitigation Program HB 753.
- The MEMA Safe Room Grant Program offers reimbursement grants of up to $3,500 for Mississippi homeowners to install FEMA-compliant safe rooms.

Consumer Outreach and Educational Materials:

The MID issues bulletins, press releases and practical tips across various social media channels, focusing on severe weather preparedness. These include:

- Tornado Claims Bulletin Insurance Coverage For Tornado Damage
- Claims and Preparedness Guides and Press Releases:
    - Storm Response and Claims Tips
    - Protect Your Home From Winter Damage
    - September is National Preparedness Month
    - Filing a Claim Following Severe Storms
    - Insurance Explained As Hurricane Season Begins
    - PREPARE NOW FOR HURRICANE SEASON, REVIEW INSURANCE HURRICANE PREP
    - Updating Home Inventory Should be at The Top of your Holiday To-Do List
- Weather Disaster Preparedness - Official Website of the Mississippi Insurance Department
- Annual Severe Weather Preparedness Weeks

The MID also often assists in setting up on-site claims centers following extreme disaster events.

Additionally, the Mississippi Emergency Management Agency (MEMA), with funding from FEMA's Hazard Mitigation Grant Program offers reimbursement grants to help Mississippi homeowners install FEMA-compliant safe rooms.

Partnerships:

MID and MEMA coordination

- The MID and MEMA coordinate during disasters through a comprehensive and integrated program of disaster preparedness, response, recovery, and mitigation initiatives. MEMA is responsible for coordinating state and federal resources to respond to and recover from natural and man-made disasters within the state.

FEMA and IBHS relationships

- MID collaborates with FEMA's Hazard Mitigation Assistance (HMA) to provide additional safe room funding. The program provides funding for eligible mitigation activities that protect life and property from future disaster damage.
- Smart Home America program alignment: Smart Home America and its staff and its partners are experts in FORTIFIED construction, disaster resilience, property mitigation,

and insurance. They offer a directory of certified service providers in Mississippi. Smart Home America provides a Coastal Construction Code Supplement

Tornado/Wind Conference

- The 2024 Extreme Wind Conference was a significant event held by the MID, focusing on the impact of extreme wind events and the need for effective disaster response and recovery strategies. The conference was held to educate city leaders, insurance regulators, emergency responders, and the insurance industry about the various roles and responsibilities involved in extreme weather events. It also provided insights into technology used by insurance companies and what tools and information city leaders need to assist with quick recovery efforts.

Wyoming

Introduction

Wyoming homeowners insurance is significantly affected by roof and siding damage resulting from high winds, hail, and occasional tornadoes, with the eastern plains being particularly susceptible. The region experiences elevated wind speeds and frequent thunderstorms, especially during major wind events, and has recorded gusts exceeding 100 mph. Although Wyoming generally sustains less property damage than areas designated as "Tornado Alley," extreme weather occurrences remain a concern. As a result, insurers in Wyoming have increasingly implemented higher percentage-based deductibles for wind and hail claims, rather than traditional flat dollar amounts.

Reports

Wyoming does not regulate insurance rates or rules; however, the Wyoming Department of Insurance (DOI) has recently conducted data calls for rules on the top seven companies selling homeowners' insurance. This initiative was prompted by changes in policy language and additions to rules.

Data Collection

- Recent data calls focused on the top seven homeowners' insurance providers.

Strategies, Initiatives, and Resources

- While Wyoming does not regulate rates or rules, the DOI monitors changes in policy language and rule additions.

- The DOI also encourages insurers to offer loss prevention incentives, such as water detection devices free of charge to homeowners to reduce water-related claims.

Consumer Outreach and Educational Materials:

- The DOI provides resources, such as the Consumer's Guide to Home Insurance and a Home Insurance Shopping Tool.
- Public awareness campaigns highlight common claims issues in Wyoming, particularly high wind damage.
- These efforts include monthly Public Service Announcements and information posted on the DOI website.

Partnerships

The DOI regularly communicates with professional trade organizations representing Property and Casualty Insurance companies to keep the public informed about ongoing issues impacting property insurance.

Section E: Wildfire (California, Colorado, Washington, and Wyoming)

Overview

Wildfires impose shocking human losses and costs on insurers and on property owners, homeowners, renters, businesses, and cause disruptions and declines in local economies. Globally, wildfires burned through nearly one billion acres in 2025 – equivalent to 44% of the entire United States' land area – yet the costliest event of the year, the January fires in and around Los Angeles, burned just 57,000 acres while causing more than $53 billion in damage.[131] In California, drought-stressed forests and wildland-urban interface (WUI) expansion has

[131] UNDRR: The invisible costs of wildfire disasters in 2025. (2026). https://www.undrr.org/news/invisible-costs-wildfire-disasters-2025

intensified wildfire risk, contributing to unprecedented levels of acres burned, structures destroyed, people evacuated, and overall costs in recent years. As the WUI—areas in which development occurs within or adjacent to wildlands—continues to be developed, in conjunction with increased heat and drought, and the legacy from decades of severe fire suppression in forested areas, high-severity wildfires will occur more frequently.[132,133] In some regions, persistent housing shortages and affordability pressures in urban cores have also intersected with these trends, contributing to residential development in higher-risk WUI areas alongside other market and geographic factors.[134] The California Fourth Climate Assessment found that, if greenhouse gas emissions continue to rise, the frequency of extreme wildfires will increase, and the average area burned statewide will grow by 77 percent by 2100. In recent years, wildfire insurance availability and affordability challenges have significantly increased.

In multiple western states, drought and invasive pests such as bark beetles have made some forests highly flammable, and increased development in these areas could raise the risk of large fires and limit insurance options. Officials warn that unchecked expansion into forests may cause insurance problems similar to California's, prompting a focus on mitigation grants and potential regulatory action. Across the western U.S., drought and increased recreation have resulted in significant increases in human-caused fires, as outdoor recreation increases and the buildup of fuel and droughts make the areas more combustible. As the WUI expands and fire seasons lengthen, several western states face rising wildfire risks and volatile insurance markets.

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California

Introduction

The California homeowners insurance market has been significantly impacted by increasing wildfire frequency and intensity, resulting in substantial insured losses. For many years, California homeowners insurance premiums were comparatively low relative to catastrophe exposure when compared with other hazard-prone states, reflecting historical rate regulation and constraints on the use of forward-looking catastrophe pricing tools. As wildfire losses escalated and risk conditions changed, these historically constrained rate levels became increasingly misaligned with underlying risk.

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[132] Institute of Energy and the Environment: California's wildfire crisis: Expert insights on causes, spread, and solutions. (2025). https://iee.psu.edu/news/blog/californias-wildfire-crisis-expert-insights-causes-spread-and-solutions

[133] Kumar, M., AghaKouchak, A., Abatzoglou, J.T. et al. Compounding effects of climate change and WUI expansion quadruple the likelihood of extreme-impact wildfires in California. npj Nat. Hazards 2, 17 (2025). https://doi.org/10.1038/s44304-025-00067-6

[134] https://research.fs.usda.gov/nrs/articles/between-nature-and-neighborhoods-mapping-dynamics-wildland-urban-interface-and-growing

In recent years, premiums have begun to rise and reliance on the state's insurer of last resort has increased, particularly in higher-risk regions. At the same time, regulatory reforms are being implemented to modernize ratemaking, better reflect current and prospective wildfire risk, and support longer-term market stability and availability.

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Reports

Climate Insurance Report: Senate Bill 30 (Chapter 614, Statutes of 2018) established a working group of environmental advocates, researchers, and insurance experts to make recommendations on policies to reduce the costs of wildfires, extreme heat, and flooding. They released the first-ever report in 2021 titled "Protecting Communities, Preserving Nature, and Building Resiliency; How First-of-Its-Kind Climate Insurance Will Help Combat the Costs of Wildfires, Extreme Heat, and Floods."

The report's wildfire recommendations include: (1) Develop a publicly available mitigation model that can be used by local governments and state mitigation investments, (2) Make Fire Hazard Severity Maps more comprehensive, including by creating moderate, high, and very high hazard designations for the entire state, rather than only for the State Responsibility Areas. (3) Align insurance incentives with mitigation requirement, (4) Close the community wildfire mitigation gap with stronger planning and documentation of successful home and community mitigation.

Sustainable Insurance Roadmap: In 2022, Insurance Commissioner Ricardo Lara and the United Nations' Principles for Sustainable Insurance Initiative (PSI) announced a first-of-its-kind "Sustainable Insurance Roadmap" for California. The Roadmap highlights the four interlocking goals of reducing emissions, accelerating community mitigation, keeping insurance affordable and available for vulnerable communities, and closing protection gaps between insured and uninsured losses.

It addresses different strategies to reduce risks of wildfire, such as (1) Collaborate with state agencies and engage with risk scientists to establish a list of home and community hardening actions (see Required Wildfire Mitigation Discounts Regulation), (2) Support Cultural and Prescribed Fire to reduce wildfire risks, (3) Identify areas of high risk and wide protection gaps.

Regulations

Mandatory One Year Moratorium on Non-Renewals: Originally established in statute through legislation enacted in 2018, the one-year moratorium on insurance cancellations and non-renewals is now implemented and administered through regulatory bulletins issued by the California Department of Insurance. The moratorium requires insurers to refrain from canceling or non-renewing residential insurance policies located within or adjacent to a fire perimeter for one year following a Governor-declared state of emergency related to wildfire.

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Consideration of Mitigation Factors; Wildfire Risk Models. (Safer from Wildfire Regulations): An insurer that applies or uses a rate that is developed with, determined by, or relies upon a rating plan that segments, creates a rate differential, or surcharges the premium based upon a policyholder or applicant's wildfire risk must comply with Section 2644.9 of Title 10 of the California Code of Regulations. Under this regulation, insurance companies are required to take into account completed property-level mitigation efforts and community-level designations in their rating plans.

Sustainable Insurance Strategy**:** Since 2017, California has experienced the eight largest wildfires in state history, as well as fourteen of the most destructive wildfires, and seven of the deadliest wildfires, which include the Camp Fire - the single deadliest wildfire in the history of the state, resulting in the loss of 85 lives. In 2023, a number of insurance carriers representing more than 60% of the admitted market share announced plans to either limit or stop issuing new homeowners and commercial property insurance policies. To address the critical affordability and availability issues impacting policyholders, CDI developed a comprehensive package of reforms designed to modernize, strengthen, and stabilize California's marketplace for homeowners' insurance and commercial property insurance. Key regulatory components included:

Complete Rate Application: CDI amended Sections 2648.1, 2648.2, and 2648.4 of Title 10 of the California Code of Regulations to specify the materials and information that must be included initially in a complete rate filing application submitted to the California Insurance Commissioner. This rulemaking increases expediency and transparency in the prior rate approval process by reducing unnecessary delays in the rate review and approval process, providing consumer representatives more opportunity to timely review all of the materials, information, and documents required as part of a complete rate application in order to decide whether to intervene in the rate review process, Finally, by clarifying the steps that must be taken to submit a complete rate application to CDI before the clock on reviewing the application begins, and eliminating lengthy exchanges of communications about incomplete applications before the rate review process may actually begin.

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Catastrophe Modeling and Ratemaking: CDI amended or adopted Sections 2644.4, 2644.4.5, 2644.4.8, 2644.5, 2644.8, and 2644.27, of Title 10 of the California Code of Regulations. Prior to this rulemaking, California insurance rates were determined based, in part, on projections from insurers' historical losses. This rulemaking permits insurance companies to use catastrophe modeling, as they have long been able to in most other states, to determine their catastrophe losses adjustment in the ratemaking formula, where they are presumed to have demonstrated a need to do so by committing to take on the risk of writing additional business or maintaining existing business in higher-risk wildfire-prone areas.

Pre-Application Required Information Determination ("PRID") Procedure: CDI adopted Section 2648.5 of Title 10 of the California Code of Regulations, which sets forth a new process where insurers, before submitting a complete rate application to the Commissioner, can submit information and data regarding a model and obtain a nonadjudicative determination specifying all information and data regarding a model that are required to be submitted as part of a complete rate application that relies upon the model for purposes of requesting a proposed rate change.

Standard Net Cost of Reinsurance (NCOR): CDI amended Sections 2342.7, 2644.16, 2644.25, 2644.27, and adopted Section 2644.25.1, 2644.25.2, and 2644.25.3, of Title 10 of the California Code of Regulations which allows the consideration of the cost or benefits of reinsurance for specific catastrophe perils and exposure for commercial property insurance and residential property insurance within specific property lines. Allowing insurance companies to recognize and recover their California-only NCOR in their rates will encourage carriers to re-enter and expand their business in the California property market because their rates will more accurately reflect the cost of doing business in California. In addition to providing necessary insurance coverage to protect consumers and businesses, the calculation and inclusion of the NCOR in residential and commercial property insurance rates promotes insurer solvency and market stability. Companies utilizing reinsurance must commit to increasing coverage in the higher-risk wildfire-prone areas defined by the CDI in its separate Catastrophe Modeling and Ratemaking regulations.

Adopted Legislation Highlights

Wildfire Resilience Grant Program: AB-888 California Safe Homes Grant Program. (Insurance Code, section 2033). The law establishes the California Safe Homes grant program to be developed by CDI to reduce local and statewide wildfire losses. It requires CDI to prioritize specified needs when awarding grant funds, and would require eligible program applicants, which would include individuals, cities, counties, and special districts, to meet specified criteria. CDI is required to collect specified information about the performance of the program and, on or before January 1, 2027, and every 2 years thereafter, to publish a performance report that would be posted to its internet website and submitted to the Legislature.

Grant Funding for a Public Wildfire Catastrophe Model: SB-429 Wildfire Safety and Risk Mitigation Program. (Insurance Code, section 970). The law establishes the Wildfire Safety and Risk Mitigation Program to fund a public wildfire catastrophe model and to provide grant funding to one or more universities for eligible projects with specified criteria for the purpose of creating a research and educational center responsible for developing, demonstrating, and deploying a public wildfire catastrophe model that provides significant wildfire safety benefits to California communities and assists alignment of federal, state, and local wildfire risk reduction efforts. CDI

is required to create a framework and multiyear plan with available data for a public wildfire catastrophe model.

Collecting Reinsurance Data: SB-495 Insurance. (Insurance Code, Article 10.85) The law requires, on or before March 1, 2026, and on or before March 1 every year thereafter, an admitted insurer in a group with written premiums in the prior year from specified lines of insurance totaling $50,000,000 to submit a report to the commissioner that includes data and information necessary to understand its reinsurance program placement data and use of probabilistic catastrophic models for the previous year.

One Year Wildfire Insurance Moratoriums: SB-824 Insurers: declared disaster: homeowners' insurance policies. (Insurance Code, section 675.1.) The law prohibits, subject to certain exceptions, an insurer from canceling or refusing to renew a policy of residential property insurance for one year after the declaration of a state of emergency based solely on the fact that the insured structure is located in an area in which a wildfire has occurred, with respect to an insured property located within or adjacent to the fire perimeter, as specified.

Wildfire Data Collection: SB-824 Insurers: declared disaster: homeowners' insurance policies. The law requires an admitted insurer with written California premiums above a specified threshold to submit a report with specified fire risk information on its residential property policies to the commissioner biennially. Reports can be found on CDI's website (see Data Collection section).

Defensible Space Guidelines: SB-190 Fire safety: building standards: defensible space program. (Government Code, 51189; Health and Safety Code, 18931.7 and 13159.5). The law requires the State Fire Marshal to develop model defensible space guidelines that local governments may adopt and enforce to reduce flammable vegetation and ignition sources around at-risk homes.

More recently, this framework has been expanded to include—with rulemaking underway to implement—an ember-resistant "Zone 0," requiring the elimination or modification of combustible materials within the first five feet immediately surrounding a structure. This 0–5-foot zone reflects updated wildfire research showing that wind-driven embers pose the greatest ignition threat to homes and is intended to strengthen home survivability in high- and very-high fire hazard severity zones.

Insurance Availability for Agricultural Structures: SB-11 The California FAIR Plan Association: basic property insurance: exclusions. (Insurance Code, section 10094.5). The law allows for the FAIR Plan to sell commercial coverage to farms covering structures. (See section on "Modernization of FAIR Plan")

Promoting Safe Prescribed Burning and Insurance Coverage: SB-332 Civil liability: prescribed burning operations: gross negligence. (Civil Code, section 3333.8). The law provides that a burn

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boss and a private landowner upon whose property a burn boss carries out a prescribed burn are immune from liability for damages or injuries to persons or property as a result of a prescribed burn, unless the burn was conducted in a grossly negligent manner. CDI helped create and develop a state-backed liability fund to cover prescribed and cultural burning. Cultural and prescribed burning is an essential practice to meet diverse objectives, including wildfire risk reduction and biodiversity stewardship. These practices have faced insurance barriers. Together with the Nature Conservancy, CAL FIRE, and the University of California Cooperative Extension, CDI, has helped create the "Prescribed Burn Claims Fund Pilot", which removes a significant barrier to obtaining insurance for potential damages from a prescribed fire or cultural burn conducted by a certified prescribed fire burn boss or a cultural fire practitioner. The Fund was codified a year later through SB-926 (Dodd, 2022).

In 2024, a follow-up bill, SB-310, passed (Civil Code, section 3333.8; Public Resources Code, sections 4002.4 and 4002.6) authorizing the Secretary of the Natural Resources Agency and local air districts to enter into written agreements with federally recognized California Native American Tribes to waive certain state requirements for cultural burns in ancestral territories and expands the definition of burn boss.

Promoting Resilience Through a New Type of Financing Districts: SB-852 Climate resilience districts: formation: funding mechanisms. (Government Code, section 62300). This law authorizes local cities and governments to establish Climate Resilience Districts. These districts are empowered to finance and implement projects aimed at mitigating impacts of climate change such as wildfires, sea-level rise, extreme heat, drought, and flooding.

Climate Risk Insurance Solutions: SB-30 Insurance: climate change. (Insurance Code, section 12922.5). With California communities increasingly exposed to climate change-related threats, Commissioner Ricardo Lara wrote the nation's first climate insurance law, passed by the State Legislature and signed by the Governor in 2018. The law requires the Insurance Commissioner to convene a working group to identify, assess, and recommend risk transfer market mechanisms that, among other things, promote investment in natural infrastructure to reduce the risks of climate change related to catastrophic events, create incentives for investment in natural infrastructure to reduce risks to communities, and provide mitigation incentives for private investment in natural lands to lessen exposure and reduce climate risks to public safety, property, utilities, and infrastructure.

- Climate Insurance Working Group: Pursuant to SB-30, Commissioner Lara appointed a working group of environmental advocates, public policy experts, researchers, and insurance experts to make recommendations to reduce the threat from wildfires, floods, mudflows, urban high heat, sea-level rise, and other issues facing California. In 2021, the group published a report titled "Protecting

Communities, Preserving Nature, and Building Resiliency; How First-of-Its-Kind Climate Insurance Will Help Combat the Costs of Wildfires, Extreme Heat, and Floods." (see Reports section).

Highlighted Legislative Ideas

Innovative Insurance Grant Program: AB-1236 Insurance: Climate and Sustainability Insurance and Risk Reduction Grant Program. This bill would have required the department to establish and administer the Climate and Sustainability Insurance and Risk Reduction Grant Program, to be funded upon appropriation by the Legislature, for the purpose of achieving specified goals, including developing proofs of concept that expand innovative insurance options and testing community-based insurance to reduce overall insurance costs.

Planning and Zoning: SB-182 Local government: planning and zoning: wildfires. This bill would have imposed certain fire hazard planning responsibilities on local governments and requires cities and counties to make specified findings on fire standards prior to permitting development in the very high fire hazard severity zone.

Tax Incentives for Home Hardening: SB-295 Personal income taxes: Fire Safe Home Tax Credits. The bill would have created two 50% tax credits under the Personal Income Tax Law for qualified homeowners who live in moderate, high, or very high fire hazard severity zones who incur expenses for vegetation management and/or make qualified home hardening improvements.

Strategies, Initiatives and Resources

Modernization of the FAIR Plan

As discussed in the Regulations section above, the Sustainable Insurance Strategy is a comprehensive initiative aimed at modernizing the state's insurance market to ensure accessible insurance for all Californians, creating a resilient insurance marketplace, and protecting consumers and communities from the adverse impacts of climate change. While the regulations adopted as part of the Sustainable Insurance Strategy were foundational components of the approach *(Complete Rate Application, Catastrophe Modeling and Ratemaking, Pre-Application Required Information Determination ("PRID") Procedure, and the Standard Net Cost of Reinsurance (NCOR)*), another crucial component of the strategy is the modernization of the FAIR Plan. For decades, the FAIR Plan has functioned as a last-resort backstop for many Californians. However, in the past 10 years, its expansion has revealed deep flaws in a system that was never designed to bear the weight it now carries today. Under Proposition 103, regulatory constraints have limited insurance companies' ability to fully reflect wildfire risk in rates, contributing to reduced private-market participation in some high-risk areas and increased reliance on the FAIR Plan for coverage.

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CDI is continuing to restore the FAIR Plan to its original purpose – as a temporary solution, not a permanent one – while giving Californians more options and stronger protections in the traditional insurance market. CDI's major FAIR Plan reforms include:

- **Greater coverage**: FAIR Plan coverage has been temporarily expanded for high-value commercial properties, homeowners associations, and affordable housing developments, available July 26, 2025. This new "high-value" commercial coverage option would cover properties with limits up to $20 million for each building with a total maximum limit of $100 million per location and would sunset in 2028.
- **Improved transparency**: FAIR Plan transparency expansions became effective July 1, 2025, including the requirement that total exposures, policy counts, financial data, and other information be publicly posted on the FAIR Plan website and shared with policymakers.
- **Full and fair payment of Los Angeles wildfire claims**: CDI is currently investigating the FAIR Plan's handling of smoke damage claims from the Los Angeles wildfires, to resolve consumers' complaints and help get people back on their feet as they recover their lives.
- **Improved processes and staff adequacy**: CDI required the FAIR Plan to hire more staff, improve its claims process, and shift costs away from consumers.
- **Greater operational accountability**: Commissioner Lara expects to file in the coming weeks the Department's Report of Examination for an ongoing financial examination of the FAIR Plan, including its compliance with recommendations from CDI's 2022 Operational Assessment Report. The report called for significant changes in the FAIR Plan's governance, operations, underwriting and claims handling, risk management, customer service, and financial planning strategies and policies.
- **Additional fiscally responsible tools**: Commissioner Lara co-sponsored Assembly Bill 226, jointly authored by Assembly Members Lisa Calderon and David Alvarez. This bill authorizes the FAIR Plan to access bonds, loans, and lines of credit, subject to prior approval by the Insurance Commissioner, to make fire insurance more accessible.

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Inclusive and Innovative Insurance Pilot Projects

CDI is working to develop innovative wildfire insurance options in the communities, aligning with California's support of home and neighborhood hardening efforts through the California Wildfire Mitigation Program Authority.

Data Collection

The Data Analytics and Reporting (DAR) Division collects, analyzes, and reports data on non-renewals and FAIR Plan policies in the residential market, implements data collections on losses in relation to wildfire risk categories, and delivers regular updates to CDI's wildfire data webpage to provide a consistent, publicly accessible place for data resources related to wildfire. This data

provided the backbone of information used to develop the implementation approach for the Commissioner's Sustainable Insurance Strategy.

Consumer Outreach and Engagement

Partnership Initiative: CDI's consumer outreach activities aim to empower every household in California with the knowledge to understand basic insurance concepts, guard against fraud, and protect their most valuable financial assets, especially as climate-related disasters and market instability continue to rise. The social and economic value of equipping Californians with this critical insurance education is both significant and far-reaching.

Initiative Goals:

- Increase consumer awareness of CDI's role, responsibilities, and available services
- Expand awareness of insurance access and fraud prevention
- Host monthly "Partnership Introduction Webinars"

Local Climate Planning Hub: This local government outreach portal serves as a centralized resource for cities, counties, and municipalities to navigate the evolving risks of climate change and learn about innovative insurance strategies aimed at reducing these risks and promoting resilience.

Consumer Resources

To help policyholders access and maintain insurance coverage, CDI has developed several tools and fact sheets that provide guidance on risk mitigation, insurance availability, and claims support. These include:

- Safer from Wildfires Consumer FAQ: Fact sheet to inform residential and commercial policyholders of the insurance mitigation discounts under the "Consideration of Mitigation Factors" regulation (see section on Regulation).
- Home Insurance Finder: This online service allows consumers to search insurance, renters, condominium, or mobile home insurance in a specific area. Consumers may search by:
    - Type of insurance (homeowners, renters, condominium, or mobile home, etc.)
    - Desired spoken language (Cantonese, English, Spanish, etc.)
    - Agents/brokers who are located within either 5, 10, 25, 50, or 75 miles of a selected ZIP code or city in California.

Engagement with Universities and Researchers

- CDI continues to partner with researchers at the University of California, California State University, and other research institutions to examine risk assessment and risk reduction measures.

- CDI has collaborated with Dr. LeRoy Westerling and colleagues, researchers at University California Merced, who focus on wildfire scenario modeling, to create a suite of mapping models for predicting fire severity and statistically downscaling simulated wildfires burned areas by severity class to 30-meter resolution.
- Public Wildfire Catastrophe Model Strategy Group: Cal Poly Humboldt has convened a strategy group of researchers and wildland fire experts to make recommendations to Insurance Commissioner Ricardo Lara for steps to create the nation's first public wildfire catastrophe model. A public wildfire catastrophe model predicts future losses and can be a benchmark for use in the review of catastrophe risks for the insurance sector, provide accessible data for wildfire safety efforts, and create educational and career opportunities for California students. Cal Poly Humboldt chairs the strategy group, which is made up of researchers, wildfire risk reduction experts, and higher education leaders from across the California State University, the University of California, and other areas. In May 2025, the Group published its recommendations for Future Directions and Considerations of Modeling Wildfire Risk (see related adopted legislation above).

Partnerships among Insurance Regulators

- NAIC Climate and Resiliency Task Force: In 2021, CDI led the NAIC in establishing an Executive Committee Task Force on Climate and Resiliency. The Task Force developed recommendations that were adopted by the NAIC through the National Climate Resilience Strategy for Insurance. CDI will continue to work closely with our fellow state insurance regulators at the NAIC on pre-disaster mitigation, solvency, technology, and innovation
- International Association of Insurance Supervisors (IAIS): CDI engage with the IAIS to advance initiatives on closing protection gaps, solvency standards and tools and building capacity among regulators.

Colorado

Introduction

Colorado faces a major and growing challenge, with about half of the state's people living in the Wildland-Urban Interface (WUI) where houses are close to flammable vegetation. In recent years, fire behavior has dramatically changed, with larger, more intense fires happening outside traditional "fire seasons" due to ongoing drought and strong wind events. Wildfire risks have caused notable shifts in Colorado's homeowners insurance market, including rising premiums, less availability in high-risk areas, and new state-level measures.

Reports

In the aftermath of the 2021 Marshall Fire, several studies were undertaken to understand the extent of underinsurance and how to respond to catastrophic wildfires. The Marshall Fire Insurance Claims Study (2024) by the University of Colorado, found that 36% of homeowners

were "severely" underinsured. The research further suggested that the homeowner's insurance company is the most important predictor of underinsurance, indicating that insurers' proprietary rebuilding cost estimates are often insufficient.[135] Marshall Fire Operational After-Action Report (AAR), designed to formally analyze the emergency response to the Marshall Fire incident, underscored the extreme scale and speed of catastrophic Wildland-Urban Interface (WUI) fires. For the Division of Insurance, the AAR's findings inform the need to develop market resilience strategies and require coordinated disaster planning between emergency services and the insurance sector.

The DOI's 2023 report on homeowners insurance availability highlighted trends in the Colorado market. The report, mandated by Senate Bill 22-206, analyzed the availability of coverage, premiums, and wildfire exposure. It revealed that the homeowners insurance loss ratio in Colorado averaged 78.6% between 2020 and 2024, a figure heavily influenced by severe catastrophe activity, which directly fueled sharp rate increases.[136] The report supported the need to establish the Colorado FAIR Plan in 2023 as a market of last resort for those who can no longer obtain private coverage.[137]

Data Collection

In recent years, the Division has undertaken a series of actions to improve its data collection methodology and collect more granular data to allow more proactive regulatory oversight of insurer actions and pricing models. The Division of Insurance has collected insurer reports on key market indicators, including non-renewals, average premiums by ZIP code, new policies, and overall premium and loss metrics. This data have been used to help the Division review trends in coverage and understand impacts on different parts of the state.

In addition, Colorado has instituted a jurisdiction-specific approach that includes enhanced information-gathering requirements related to the use of proprietary models and risk scoring tools used in rating and underwriting. These requirements are in the process of being implemented and require insurers and, where applicable, third-party vendors to provide detailed information regarding model structures, underlying methodologies, data sources, and validation practices, and the treatment of mitigation discounts in rating.

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[135] SSRN: Coverage Neglect in Homeowners Insurance (2024) https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5057551

[136] DORA - Colorado Division of Insurance. Homeowners' Insurance Availability Study Now Available (SB22-206).

[137] R Street Institute. Colorado Homeowners' Insurance: On the Right Path. July 16, 2025

While these disclosures are intended to support regulatory understanding during a transition toward more data-driven risk assessment, early implementation has proven more complex than initially anticipated. Practical considerations have emerged related to administrative burden, particularly for smaller carriers and resource-constrained insurance departments, the handling of confidential and proprietary information, and the challenge of maintaining consistency across jurisdictions as similar approaches are considered elsewhere.

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Strategies, Initiatives, and Resources

Colorado has taken steps to improve coverage adequacy, availability, and transparency through a series of regulatory and legislative actions over the past five years, many initiated by findings from the 2020 East Troublesome and 2021 Marshall Fire. As explained above, studies undertaken in the aftermath of the latter fire found many homeowners were significantly underinsured.

HB23-1174 focused on addressing underinsurance issues and ensuring consumers have information to understand their coverage needs. The act identifies the factors an insurer must consider when determining their home reconstruction and requires insurers to disclose certain information regarding the replacement costs before issuing or renewing a homeowner's insurance policy. It created an Annual Reconstruction Report, intended to help consumers understand how construction costs can change over time regionally. Regulations 5 -1-25 and 5-1-26 were adopted to implement the statute.

In 2023, the Colorado legislature passed a bill (HB23-1288) creating the first new FAIR Plan in nearly 40 years. Funded by P&C insurers, the FAIR Plan offers products with caps of $750,000 for homeowners and $5 million for commercial coverage. The FAIR Plan offered its first coverage in the spring of 2025.

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More recently, Colorado has undertaken efforts to improve the accuracy and transparency around insurers' use of wildfire risk models. Specifically, HB25-1182 requires:

- Insurers factor in parcel specific and community mitigation actions when scoring a property's wildfire risk
- Insurers provide notice about risk scores, pricing impacts, and how to lower risk to policyholders
- A process for policyholders to appeal wildfire risk scores directly with insurers.
- Insurers publicly list available discounts for mitigation efforts

This is an important step in this information gap for key consumers, while also advancing transparency for regulators and consumers. It should be noted, however, that all the above legislative changes have added an additional cost burden on insurance affordability.

While all these measures are critical steps, Colorado continues to explore options to address the affordability and availability issues facing Colorado consumers. In 2025 and 2026, Colorado introduced legislation (HB25-1302, SB26-155) that would have established two programs to address availability and affordability issues in Colorado. The first option would have been a Strengthen Colorado Homes program, providing grants to homeowners to fortify their homes, similar to programs undertaken in several other states. The second program would create a Wildfire Catastrophic Reinsurance Program (or study to explore such a program) to stabilize high-risk areas.

Finally, while not an insurance law, the Wildfire Resiliency Code Board created a baseline set of construction, defensible space, and vegetation management requirements for designated areas of the state. These new standards apply to new residential construction and to exterior renovations where 25% or more of the exterior wall area is replaced to address several components that are known to reduce wildfire vulnerability. As with many updates to building and land-use standards, implementation is occurring alongside ongoing stakeholder engagement and refinement of compliance pathways.

Consumer Outreach and Educational Materials:

In addition to these legislative initiatives, the Division continues to build out its consumer resources. The Division created a Homeowner and HOA Toolkit, which can be found on the Division's website. This toolkit includes information related to premium, underwriting, coverage options and other general information concerning homeowners and homeowner associations.

Partnerships

The Division is actively engaged in several cross-agency partnerships. It works with the Colorado Division of Homeland Security and Emergency Management regarding wildfire risk, the larger Department of Public Safety for overall public risk and emergency protocol, with the Department of Public Health and Environment on post-fire home safety, the Department of Revenue for post-fire tax details for consumers, and various other Divisions in the Department of Regulatory Agencies in terms of emerging trends and innovations that aid consumer protection efforts.

Further, there are several community level programs across the state. Wildfire Partners, originating in Boulder County, provides expert home assessments, retrofit suggestions, and mitigation certification. Certified homes may receive insurance benefits, and the initiative has expanded to other counties with regulatory and grant support. Firewise USA, a voluntary program developed by the National Fire Protection Association (NFPA) provides guidance to both individual homeowners as well as local communities on mitigation efforts to prepare homes and neighborhoods to withstand wildfires. Communities annually invest in both educational and wildfire risk reduction actions to become or stay a Firewise USA recognized site. Fire Adapted Colorado, an independent nonprofit, is dedicated to supporting Colorado wildland fire mitigation

professionals including wildfire councils, fire departments and districts, and local governments working towards fire adaptation.

Washington

Introduction

Washington's wildfire risk hazard levels exceed those in many other U.S. states. While wildfires have traditionally been more prevalent in Eastern Washington, they are increasing in Western Washington, which now represents approximately 40% of the state's fire-affected land. Wildfire risk is influencing the homeowners insurance market in Washington, resulting in higher premiums, more non-renewals, and challenges in obtaining new coverage, especially in wildland-urban interface (WUI) areas. The Washington State Office of the Insurance Commissioner (OIC) has reported an increase in complaints regarding wildfire-related insurance policy actions. Additionally, in some cases, the cost to rebuild homes surpasses the coverage provided by current insurance policy limits, leading to situations where homeowners are underinsured.

Reports

The 2025 Wildfire Mitigation and Resiliency Standards Work Group (HB 1539) studied and made recommendations to the Legislature on wildfire mitigation and resiliency standards. The work group reached strongest consensus in two key areas: the need for a voluntary state-supported grant program to assist homeowners in retrofitting properties to improve access to insurance and resist wildfire loss in tandem with continued and expanded investment in community-level mitigation. Members agreed that measurable, science-based wildfire mitigation practices supported by public investment would be critical to reducing wildfire-related insurance nonrenewals and cancellations in Washington's residential market. The areas of study and recommendations focused on: the development and alignment of wildfire property mitigation standards with nationally recognized, science-based standards; enhancing wildfire mitigation at the community level; sharing data between appropriate state agencies and the insurance industry regarding successful implementation of wildfire mitigation efforts; improving transparency for consumers regarding wildfire hazard and risk; and establishing a homeowner grant program for purposes such as retrofitting and evaluations, in service to decreasing insurance nonrenewals. The report and additional materials can be found on their work group website.

The Community Fire Resilience Workgroup 2025 report conducted a 5-year review of the Washington State Wildland Fire Protection Strategic Plan. The report finds that without investment and development of more effective risk mitigation systems, Washington will see increased direct impacts to communities and an expanding insurance crisis. An ongoing challenge

is that wind-driven fires are difficult to suppress and result in the type of fire behavior where the greatest number of structures are destroyed.

The Disaster Resiliency Work Group 2020 report recommended improved coordination on climate risks, a possible resilience office, and insurance incentives for mitigation. The report also recommended that Washington "develop economic incentives for resiliency activities such as partnering with the Insurance Institute for Business & Home Safety to develop a program in Washington to have certified "fortified" dwellings that may qualify for an insurance rate decrease."

Data Collection

In 2024 the OIC began collecting annual insurer non-renewal and cancellation data, including wildfire-related reasons, to track insurance market changes at the individual property level. This allows the Commissioner to focus public awareness campaigns and future mitigation efforts on these most impacted areas. The OIC also gathers claims data after disasters, such as the 2023 Washington Gray and Oregon Road wildfires and the 2025 December Atmospheric River events.

Strategies, Initiatives and Resources

Over the last decade, Washington state has steadily strengthened its wildfire resilience framework through investments in forest health, wildfire response and preparedness, building codes, utility oversight, and community investments. However, with unstable state budgets and uncertainty at the federal level for disaster recovery, the OIC is also exploring innovative options like community-based parametric insurance for wildfires to support rapid rebuilding.

The OIC is currently working on strategies to address insurance nonrenewals and cancellations due to wildfire risk and implement certain insurance-related recommendations from the December 2025 Wildfire Mitigation and Resiliency Standards Work Group, including two bills by request of the Insurance Commissioner during the 2026 legislative session. These two bills were inspired by recommendations c and e of the Work Group's report: (1) concerning wildfire risk models and score disclosure (SB 5928), and (2) a home-hardening voluntary grant program using IBHS Wildfire Prepared Home standards as the baseline (SB 6079). Both SB 5928 and SB 6079 moved out of the Senate but died in the House Consumer Protection and Business Committee.

Washington state is currently conducting a fire property protection classification (PPC) methods assessment. Fire PPCs are used by insurers as one input in assessing property risk from fire and determining insurance premiums. In Washington State, insurers primarily rely on protection classifications developed by the Washington Surveying and Rating Bureau (WSRB), these classifications are assigned at a defined community or service-area level and are intended to represent the overall level of fire protection available to insured properties. The assessment aims

to provide a comprehensive review of the existing PPC methodology in WA to establish a clear, factual understanding of how classifications are developed, maintained, and applied.

Consumer Outreach and Educational Materials

The state promotes "Washington Wildfire Preparedness Month" held in May, with OIC issuing reminders for residents to review policies, deductibles, and inventories. The OIC's Wildfires and Homeowners Insurance page offers FAQs, including steps if coverage is canceled or unavailable, preparation tips for wildfire season, and details about Washington's FAIR Plan for wildfire coverage. This resource is promoted each fire season. Insurance materials are available in multiple languages and consumer information is shared via local radio, especially for Spanish-speaking agricultural communities.

OIC staff attend county fairs and expos, especially in fire-prone regions. The Insurance Commissioner uses media appearances after major fires to share insurance resources and highlight success stories, often alongside other state leaders. OIC also offers claims advocacy after wildfires, assisting with claims issues and enforcing the Insurance Fair Conduct Act to support consumers.

Partnerships

The OIC coordinates with the WA Military Department's Emergency Management Division and the WA State Fire Marshal's Office on recovery and fraud issues. Washington also joins multi-state catastrophe response exercises.

Wyoming

Introduction

In Wyoming, the wildfire peril has shifted to a primary driver of rising costs and reduced availability for homeowners insurance, particularly for rural and vacation properties. Insurance rates have risen sharply for some year-over-year due to updated wildfire risk designations. This is most prominent in areas of the state with densely forested areas and a growing Wildland Urban Interface (WUI).

Reports

Wildfire risk is addressed in broader state plans. The Wyoming State Forestry Division's 2020 Forest Action Plan mapped statewide wildfire risk and forest conditions, finding that most of the state faces moderate wildfire risk. The Office of Homeland Security's State Mitigation Plan, updated in 2023, identifies wildfire as a key hazard. In June 2025, legislators received a 2024 Wyoming Wildfire Update, summarizing the severe 2024 fire season during which over 850,000 acres burned—approximately 70% on state and private lands—and outlining the recovery needs. Additionally, a 2023 briefing from the Insurance Commissioner warned that rising wildfire liability

insurance costs for utility companies could lead to increased electric rates, highlighting the cross-sector impacts.

Data Collection

Wyoming Wildfire Risk Assessment Portal (WYWRAP): A web tool mapping wildfire risk statewide to help officials and insurers target mitigation.

DOI informally tracks homeowners' insurance availability in fire-prone regions through complaints and agent feedback.

Strategies, Initiatives, and Resources

- Internal Capacity Building: Hiring an analyst focused on property insurance availability and wildfire issues, and NAIC-led training on climate risk assessment.
- Technical Coordination: DOI collaborates with the State Fire Marshal and Forestry Division for expertise on fire behavior and mitigation during insurance reviews.
- Public Education Campaigns: 'What is your risk?' campaign directs residents to WYWRAP for risk assessment and defensible space guidance. Wildfire Mitigation Grants through WSFD and USDA partnerships include Western States WUI Grants, State Fire Assistance grants, Volunteer Fire Assistance grants, and the federal Community Wildfire Defense Grant program.
- County Wildfire Protection Plans (CWPPs): All 23 Wyoming counties have CWPPs identifying high-risk areas and setting priorities for fuel reduction. Homeowners are encouraged to participate, as insurers may consider these efforts during underwriting.

Consumer Outreach and Educational Materials:

DOI provides disaster insurance resources online and in brochures, covering preparation, coverage reviews, and claim processes. After major fires, DOI advises policyholders to confirm adequate coverage and consider wildfire endorsements. Guidance on surplus lines insurers is available for those unable to find coverage. DOI hosts 'insurance fairs' at county events and uses local media to stress annual policy reviews. DOI maintains a 'Wildfire and Homeowner Insurance FAQ' webpage. Annual 'Wildfire Preparedness' workshops are conducted in high-risk areas by the State Forestry Division, County Fire Wardens, and insurance agents.

Partnerships

Wyoming collaborates with neighboring states through the Western Governors' Association and informal regulator networks to share wildfire mitigation and insurance strategies. A liaison working group between the State Forestry Division and DOI exchanges data: WSFD shares aggregated high-risk home locations, and DOI alerts WSFD about spikes in non-renewals or premium increases.

Section F: Earthquake, Fire Following Earthquake, Tsunami (California)

California

Introduction

California faces one of the highest earthquake risks in the country, accounting for roughly two-thirds of U.S. seismic risk and encompassing more than 15,000 known faults, according to the California Geological Survey. There is a greater than 99% chance of one or more magnitude 6.7 or larger earthquakes striking California, based on the Uniform California Earthquake Rupture Forecast. Past events underscore the scale of potential impacts: the 1989 Loma Prieta earthquake damaged more than 18,000 homes and destroyed 963[138], and the 1994 Northridge earthquake caused approximately $20 billion in property losses[139]. Yet despite this risk, only about 10% of Californians carry earthquake insurance[140], leaving most households financially exposed. In Southern California, tsunami hazards associated with offshore earthquakes are expected to be exacerbated by climate change–driven sea level rise, further compounding coastal risk[141].

Adopted Legislation Highlights

- **Earthquake Insurance Mandatory Offer** (Insurance Code, section 10081): Insurers must offer earthquake insurance when issuing a homeowners policy, which can be underwritten directly by the insurer, an affiliate, or a nonaffiliated insurer.
- **Fire Following Earthquake Coverage** (Insurance Code, section 10088.5): Fire following earthquake is covered by the underlying homeowners insurance policy.

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[138] The 1989 Loma Prieta Earthquake |California Department of Conservation

[139] Effects of the Northridge Earthquake | Seismic Safety Commission

[140] Earthquake Insurance | FEMA

[141] Climate-Driven Sea Level Rise Exacerbates Alaskan and Cascadian Tsunami Hazards in Southern California | Earth's Future

- **Grant funding and Increase Awareness of the Earthquake Brace and Bolt Program**: (Insurance Code, section 10089.396): The law requires the California Residential Mitigation Program (CRMP) to provide outreach to low-income households to increase awareness of the Earthquake Brace and Bolt program in communities where the program is offered. The law also requires the CRMP to set aside at least 10% of the funds available each year for the Earthquake Brace and Bolt program to provide supplemental grants to homeowners of low-income households who were selected to receive grants pursuant to the program.

Consumer Resources and Grants

Earthquake Insurance Providers

- California Earthquake Authority (CEA): The CEA is a not-for-profit, publicly managed, privately funded entity. It is the largest earthquake insurer in the state. It writes earthquake policies on behalf of insurers that participate in the CEA program.
- Earthquake insurance is also available through other Nonaffiliated Earthquake Insurance Providers
- Parametric Earthquake Insurance with coverage up to $20K is available to cover a policyholder's immediate needs following an earthquake. It is not homeowners insurance.

Residential Earthquake Retrofit Grants and Premium Discounts

- Earthquake Retrofit Grants: The CEA is required to set aside funds for loss mitigation grants. Accordingly, the CEA created the California Residential Mitigation Program (CRMP) to provide grants and assist with developing building codes for earthquake retrofits.
- Earthquake Brace + Bolt: An incentive program, run by the CRMP, that offers grants of up to $3,000 to qualified homeowners with eligible houses in a select number of higher-earthquake-risk ZIP Codes. The program provides retrofit funding to make homes more resistant to earthquake damage by bracing crawl space walls and bolting houses to their foundations.
- In addition to the CRMP grants, other financial assistance options for earthquake retrofits are available.

Risk Communication and Awareness

- Structural Risks to residential properties are explained at the CRMP website.
- Additional Hazard Mitigation resources are available at the California Earthquake Alliance website.

Research

Statewide California Earthquake Center (SCEC) collaborates with academic, government, industry, and other organizations to: (1) Gather and analyze data from field observations and laboratory experiments. (2) Develop system-level models and simulations of earthquake processes to synthesize knowledge as a physics-based understanding of seismic hazard. (3) Communicate that understanding to expand knowledge and reduce earthquake risk.

Section G: Flood (Florida, Minnesota, and Mississippi)

Overview

Flooding poses a significant threat to communities throughout the United States, affecting both coastal and inland regions. Various factors, such as heavy rainfall, hurricanes, storm surges, and river overflow, contribute to flood risks, resulting in property damage, economic loss, and disruption to daily life. As extreme weather events become more frequent, understanding and mitigating flood hazards is crucial for protecting residential areas and supporting long-term resilience efforts. This section discusses activities specific to flood for the states of Florida, Minnesota, and Mississippi.

Florida

Introduction

Florida has a significant flood risk due to its low elevation, high water table, and proximity to the ocean. Every property in the state is technically in a flood zone, though the level of risk varies by location and elevation. While coastal areas are most vulnerable to storm surges, inland communities frequently experience flooding from heavy rainfall and overflowing rivers. Homeowners have access to flood insurance through the National Flood Insurance Program (NFIP) or private insurers. Although standard homeowners insurance doesn't cover flooding, floods can still affect coverage by creating conditions in the market that produce non-renewals, higher premiums, or producer uncovered damage that may make a home more difficult to insure.

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Reports

- Section 161.551, Florida Statutes (F.S.), requires state agencies, municipalities, counties, special districts, authorities or other corporate bodies of the state, which commission or manage a construction project within the coastal building zone using funds appropriated from the state to conduct a sea-level impact projection ("SLIP") study. The SLIP study must be conducted, submitted to the Florida Department of Environmental Protection

("Department"), and published on the Department's website before construction can commence.

- The Resilience Inference Performance Level (RIPL) report aims to help insurance regulators, builders and homeowners identify cost-saving, risk-reducing strategies for residential construction against water intrusion hazards.

Data Collection

- The Market Intelligence Report captures Personal Residential Primary Private Flood and Personal Residential Excess Private Flood policies at a zip code level on a monthly basis.
- The Catastrophe Reporting Form captures Stand-Alone Private Flood policies in force, and Private Stand-Alone and Private Flood Endorsement claims at a zip code level. This form is filed after a hurricane makes landfall in Florida.

Strategy, Initiatives, & Resources:

- RIPL resources provide a comprehensive, systems-based framework for assessing and enhancing the resilience of residential buildings. Developed upon the Sustainable Adaptive Material Performance Level (SAMPL^{TM}) platform, RIPL identifies key preventive factors, particularly the selection and combination of building materials and finishes, that can substantially mitigate water intrusion risk due to natural hazards in residential construction.
- Flood Awareness Week (FAW) Dashboard spotlights vital resources, expert advice, and community-driven initiatives that help consumers stay safe and resilient.
- The Elevate Florida Program is a first-of-its-kind, groundbreaking statewide residential mitigation program. It is led by the Florida Division of Emergency Management (FDEM), this program is designed to protect homes and communities by reducing damage caused during natural disasters like hurricanes and floods.
- The Florida Public Flood Loss Projection Model created by Florida International University estimates loss costs and probable maximum loss levels from storm and rain fall events for insured residential properties.

Consumer Outreach and Educational Materials:

- OIR's Flood Insurance page provides consumer resources and information on private flood insurance options.
- The Department of Financial Services, Florida Office of Insurance Regulation, Division of Emergency Management, and insurers have worked collaboratively to set up insurance villages post-event. These serve to assist impacted consumers by getting claims filed, claims paid, and an opportunity to speak with company representatives. The DFS most

recently hosted 4 insurance villages post Hurricane Milton in impacted areas[142], following 7 insurance villages and 2 initial payment centers established in the aftermath of Hurricane Ian[143].

Partnerships:

- The Florida Flood Hub for Applied Research and Innovation, based at the University of South Florida, partners with the Resilient Florida Program, of the Florida Department of Environment Protection, to provide open-source resources that support statewide flood mitigation and adaptation, including technical workgroups on sea level rise and rainfall.
- The Flood Mitigation Assistance Program is funded by FEMA and administered through a partnership with the Florida Division of Emergency Management (FDEM).
- OIR partnered with the University of Florida to study new technologies, products, and material assemblies that would among other things, enhance home resilience against water intrusion. The Resilience Inference Performance Level (RIPL) report and resources are the result of the study.

Minnesota

Introduction

Minnesota faces growing risks of flooding, mostly caused by heavy rain and overflowing rivers. As cities and towns grow, more pavement and rooftops make it harder for water to soak into the ground. This leads to quick runoff that can overwhelm old drainage systems. Unlike coastal areas, Minnesota's flooding is mainly from surface water after big rainstorms or river floods. Extreme weather and city development are making these flood risks worse.

[142] https://www.fslso.com/hurricane-milton-insurance-village-information#:~:text=The%20Florida%20Department%20of%20Financial,Bradenton%2C%20FL%2034205

[143] https://www.nicb.org/news/regional-news/dfs-continues-hurricane-ian-insurance-villages-southwest-florida#:~:text=The%20villages%20will%20serve%20as,hand%20to%20assist%20insurance%20consumers.&text=Any%20additional%20insurance%2Drelated%20information,with

Reports

In 2022, Minnesota launched the state's Climate Action Framework (CAF), designed as a positive roadmap that would guide state and local actions to keep Minnesotans safe and healthy. The state has updated the CAF with a renewed focus on affordability. The CAF identifies that investment in state and municipal infrastructure, as well as building adaptation and mitigation actions, can reduce financial risk exposure for public budgets and private insurance coverage. The updated buildings chapter specifically highlights partners like Habitat for Humanity who have recognized the value that building more resilient homes can offer to residents.

Strategies, Initiatives & Resources

Many Minnesota communities offer resources to help residents and businesses strengthen their buildings against the impacts of expensive extreme weather perils. Many of these strategies focus on flood or stormwater management investments. These range from large cities to suburban cities to neighborhood associations. In a state where flood insurance coverage update is low, managing risks associated with water intrusion into buildings is a vital strategy for limiting the impacts of extreme weather events. Leveraging state and local resources helps improve insurance risks which should have a positive impact on insurance affordability and availability for consumers.

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The most significant set of investments came in 2023 with $100M in resiliency and water infrastructure grants for local and Tribal governments. These projects allowed Minnesota communities to assess risks, develop plans, and break ground on priority construction projects across the state. These investments in mitigating risk improve the insurability of the structures that make up these communities.

Local communities are also working on innovative strategies for reducing risk and increasing their capacity to respond when disasters occur. The Mississippi River Cities and Towns Initiative (MRCTI) is a coalition of communities from Minnesota to Louisiana that span the Mississippi River. The MRCTI is partnering with Munich Re to develop a parametric insurance pilot project to test how that type of risk transfer product could assist communities swiftly respond to natural disasters that affect communities along the river.

Mississippi

Reports

- The 2025 Disaster Leadership Conference brought together city and county leaders from across the south to strengthen community resilience and lead effective recovery efforts.
- Gulf Coast states joining to stand against insurance rate hikes: https://www.wlox.com/2025/11/13/gulf-coast-states-joining-stand-against-insurance-rate-hikes/Gulf Coast states joining to stand against insurance rate hikes
- Local leaders discuss response plans at annual Disaster Leadership Conference: Local leaders discuss response plans at annual Disaster Leadership Conference - WXXV News 25

- Mississippi hosting Disaster Leadership Conference in Biloxi: https://magnoliatribune.com/2025/11/11/mississippi-hosting-disaster-leadership-conference-in-biloxi/

Data Collection:

- The Mississippi River Commission (MRC) researches and provides policy and work commendations in areas of flood control, navigation and environmental projects.

Strategy, Initiatives & Resources:

The Mississippi Department of Insurance requires sellers to disclose any known defects or conditions that could materially affect the safety or value of the property, including flooding incidents. This requirement is part of the state's broader efforts to protect homebuyers from taking on more risk than they anticipated when purchasing a new home.

Flood-Risk Disclosures and Mitigation

- SB 2277 was passed to help protect consumers from purchasing flood damaged vehicles.
- Mississippi Community Development Block Grant – Disaster Recovery (CDBG-DR) funds are allocated by HUD to support long-term recovery in areas affected by Presidentially declared disasters. These flexible grants help states, tribes, counties, municipalities and households rebuild infrastructure, restore housing, and revitalize communities—particularly those with limited resources. Mississippi may offer tailored CDBG-DR programs based on local needs and available federal appropriations.
- Mississippi provides hazard and flood mitigation grants through programs like the FEMA Hazard Mitigation Grant Program (HMGP) and the Flood Mitigation Assistance (FMA) managed by the MEMA. These grants fund projects like elevating or acquiring flood-prone structures, and communities can also apply for pre-disaster grants like the Building Resilient Infrastructure and Communities (BRIC) program.

Consumer Outreach and Educational Materials:

- Mississippi hosts a Flood Insurance Awareness Week MARCH 16-22 IS FLOOD INSURANCE AWARENESS WEEK

Partnerships:

- The MS DOI and the Mississippi Collision Repair Association have teamed up to protect residents from buying cars damaged by flood: Mississippi Acts to Protect Buyers from Flooded Vehicles

- SB 2277 was passed in 2018 to help prevent consumers from purchasing flood-damaged vehicles

Part 3: Emerging Protection Gaps

Part 3 explores potential new loss cost driven protection gaps in homeowners insurance, emphasizing how changing risks, market reactions, and policy decisions are altering available coverage and affected groups. Like Part 2, this section offers strategies policymakers and regulators can adopt to improve affordability and access to coverage in their states. It concentrates on two related themes: first, it discusses approaches states have used to address emerging protection gaps, such as regulatory measures, data initiatives, mitigation efforts, and market interventions that might be applicable elsewhere. Second, it examines how evolving and escalating risks including wildfires, floods, extreme heat, storms, and earthquakes are influencing loss trends, insurer behavior, and insurance market outcomes.

Section B: Atmospheric Rivers and Flooding (California)

California

Introduction:

One important source of flooding risk in California is a meteorological phenomenon known as "atmospheric rivers." Atmospheric rivers are long, narrow regions of the atmosphere that transport water vapor, sometimes referred to as "rivers in the sky." While atmospheric rivers are a key component of the global water cycle and contribute significantly to California's water supply, they can also cause heavy and concentrated precipitation which present serious flood risks. Extreme atmospheric rivers can disrupt travel, induce mudslides, and cause catastrophic damage to life and property. Research has found that atmospheric rivers are responsible for the majority of flood damage in the West, with average annual damage of about $1 billion. Although hurricanes and tropical storms are well categorized, atmospheric rivers are not. Recent research by the state and federal government is now beginning to better understand and assess this risk. But an effective categorization-based warning system has not yet been fully developed. In early February 2024, two atmospheric rivers brought extensive flooding, intense winds, and power outages to portions of California. The storms caused record-breaking rainfall totals to be observed in multiple areas, as well as the declaration of states of emergency in multiple counties in Southern California. Even though every county in the state has had a flood emergency declaration since 1992, flood insurance take-up is only 2%.

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Reports

Climate Insurance Report: Senate Bill 30 (Chapter 614, Statutes of 2018) established a working group of environmental advocates, researchers, and insurance experts to make recommendations on policies to reduce the costs of wildfires, extreme heat, and flooding. They released the first-ever report in 2021 titled "Protecting Communities, Preserving Nature, and

Building Resiliency; How First-of-Its-Kind Climate Insurance Will Help Combat the Costs of Wildfires, Extreme Heat, and Floods."

The report's flooding recommendations include: (1) Conduct high rainfall event vulnerability analysis, (2) Make risk reduction information more accessible, (3) Create a market for natural infrastructure investment to reduce flooding risk, (4) Develop proof of concept for nature-based solution and risk transfer (see pilot projects below).

Sustainable Insurance Roadmap: In 2022, Insurance Commissioner Ricardo Lara and the United Nations' Principles for Sustainable Insurance Initiative (PSI) announced a first-of-its-kind "Sustainable Insurance Roadmap" for California. The Roadmap highlights the four interlocking goals of reducing emissions, accelerating community mitigation, keeping insurance affordable and available for vulnerable communities, and closing protection gaps between insured and uninsured losses.

It addresses different strategies to reduce risks of flooding and close protection gaps, such as (1) Catalyze community-based Flood Insurance (see pilot projects below), (2) Combine risk reduction and insurance through innovative community approaches, (3) close the protection gap by targeting resilience outreach and education towards vulnerable communities, (4) Launch a "Demystifying Insurance" initiative to increase understanding of insurance options and financial literacy.

Regulations

Catastrophe Modeling and Rate Making Regulations: In December 2024, CDI amended or adopted Sections 2644.4, 2644.4.5, 2644.4.8, 2644.5, 2644.8, and 2644.27 of Title 10 of the California Code of Regulations. Prior to this rulemaking, California insurance rates were determined based, in part, on projections from insurers' historical losses. This rulemaking permits insurance companies to use catastrophe modeling to determine their catastrophe losses adjustment in the ratemaking formula, where they are presumed to have demonstrated a need to do so by committing to take on the risk of writing additional business or maintaining existing business in higher-risk, wildfire-prone areas. The regulation requires catastrophe models to account for risk mitigation at the property, community, and landscape scales, including but not limited to forest management, prescribed fire, nature-based flood risk reduction, and risk mitigation initiated by local and regional utility companies.

Adopted Legislation Highlights

Climate Resilience Districts: In 2022, California enacted SB-852 (Government Code, section 62300), co-sponsored by Insurance Commissioner Ricardo Lara. This law authorizes local cities and governments to establish Climate Resilience Districts. These districts are empowered to

finance and implement projects to mitigate climate change impacts, such as wildfires, sea-level rise, extreme heat, drought, and flooding.

Adapting to Sea Level Rise: In 2023, California enacted SB-272 (Public Resources Code, section 30985). This law requires a local government within the coastal zone to implement sea-levelrise planning and adaptation. It also prioritizes these local governments for sea level rise funding to implement projects in their approved sea level rise adaptation plans. It also requires the California Coastal Commission, in close coordination with the Ocean Protection Council and the California Sea Level Rise State and Regional Support Collaborative, to establish guidelines for the preparation of that planning and adaptation.

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Strategies, Initiatives and Resources

Inclusive and Innovative Insurance Pilot Projects

CDI is supporting local jurisdictions and communities with innovative insurance approaches, such as:

Community-Based Flood Insurance in the City of Isleton: Community leaders in Isleton are using grant money from the California Department of Water Resources to test if a community-based flood insurance program could work in flood-prone communities like Isleton as a supplement the National Flood Insurance Program (NFIP).

Innovative Insurance Strategies in Imperial Beach: With support from CDI, Imperial Beach, California, has been awarded an $848,000 grant by the California Ocean Protection Council to develop strategies to address coastal flooding risks. The city will evaluate these risks, explore parametric insurance solutions, and establish a climate resilience financing district to fund mitigation efforts, thereby enhancing resilience against future hazards.

Consumer Outreach and Engagement

Partnership Initiative: CDI's consumer outreach activities aim to empower every household in California with the knowledge to understand basic insurance concepts, guard against fraud, and protect their most valuable financial assets, especially as climate-related disasters and market instability continue to rise. The social and economic value of equipping Californians with this critical insurance education is both significant and far-reaching.

Initiative Goals

- Increase consumer awareness of CDI's role, responsibilities and available services
- Expand awareness of insurance access and fraud prevention
- Host monthly "Partnership Introduction Webinars"

Local Climate Planning Hub: This local government outreach portal serves as a centralized resource for cities, counties, and municipalities to navigate the evolving risks of climate change and learn about innovative insurance strategies aimed at reducing these risks and promoting resilience.

Section C: Extreme Heat (California)

California

Introduction:

Extreme heat is expected to increase in frequency, duration, and intensity in parts of the U.S., including California[144], and can act as a compounding factor for insured perils such as wildfire and infrastructure failure. While many direct economic and public health impacts associated with extreme heat are not typically covered by property casualty insurance, prolonged heat can increase loss severity, disrupt essential services, and strain local government resources. To the extent that extreme heat contributes to higher insured losses from other covered perils, it may indirectly affect insurance affordability and availability. Addressing these risks through mitigation, resilience planning, and coordination across public and private stakeholders can help reduce downstream impacts on insurance markets and improve overall community resilience. [145][146]

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Deleted: *These economic disruptions and costs are very rarely insured and disproportionately impact vulnerable groups, including communities of color, seniors, children, and low-income populations. The insurance protection gaps in extreme heat response highlight the need for better risk mitigation and insurance solutions to avoid overwhelmed hospitals, business disruptions, and increased costs for local governments. Therefore, reducing risks and closing protection gaps to heat impacts will help safeguard health and the long-term sustainability of local economies. ¶*

Reports

Insuring Extreme Heat Risks: In 2019, CDI commissioned a first-of-its-kind report on extreme heat and insurance. This study is the first in the world to assess the legal and policy issues and opportunities for insurance to reduce the impacts of extreme heat events.

Climate Insurance Report: Senate Bill 30 (Chapter 614, Statutes of 2018) established a working group of environmental advocates, researchers, and insurance experts making recommendations for policies to reduce the costs from wildfires, extreme heat, and flooding. They released the first-ever report in 2021 titled "Protecting Communities, Preserving Nature, and Building Resiliency; How First-of-Its-Kind Climate Insurance Will Help Combat the Costs of Wildfires, Extreme Heat, and Floods."

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[144] California Natural Resources Agency. Fourth Climate Assessment. https://cal-heat.org/
[145] Schmeltz, M.T., Petkova, E.P., and J.L. Gamble. 2016. Economic Burden of Hospitalizations for Heat-Related Illnesses in the United States, 2001-2010. International journal of environmental research and public health, 13(9), 894.
[146] California Department of Insurance. 2024. Impacts of Extreme Heat to California's People, Infrastructure, and Economy

CDI has already implemented several of the report's extreme heat recommendations, such as (1) performing extreme heat public sector cost analysis (see 2024 study below), (2) improving warning systems by naming and ranking heat waves (see AB 2238 legislation below), and (3) developing pilot projects for extreme heat (see Initiatives below).

Protection Gap Study for Extreme Heat: In July 2024, CDI completed and published a comprehensive analysis titled "Impacts of Extreme Heat to California's People, Infrastructure, and Economy." This first-of-its-kind report, the result of legislation sponsored by Commissioner Lara in 2022, meticulously quantifies the uninsured and insured costs of seven recent extreme heat events across the state, highlighting the urgent need for adaptive strategies to mitigate the growing threat of extreme heat.

The report creates a framework to measure the true costs of seven significant extreme heat events over the past decade, providing a detailed analysis of the financial and human tolls they exacted on our communities. The full spectrum of costs is likely much deeper than the report's preliminary estimates. Some types of insurance are available to cover costs connected to extreme heat, such as health coverage, workers' compensation insurance, and crop insurance. However, the report exposes significant gaps in traditional insurance coverage for heat-related losses and calls for the development of innovative insurance mechanisms and investments in adaptation and resilience. Key findings of the report include:

- The preliminary estimates on the cumulative cost of the seven studied heat events amounted to $7.7 billion, affecting nearly the entire population of California.
- Adverse health outcomes disproportionately impacted Black, Hispanic, and Native American communities, with significant mortality rates among older adults and heat-related illnesses among younger populations.
- Due to extreme heat, labor productivity losses ranged between $7.7 million and $210 million per event, with substantial uninsured wage losses.
- Power outages during heat events resulted in substantial economic impacts, with the 2022 Coastal Inland event incurring the highest costs at $230 million.
- Infrastructure costs due to heat-related damage repair and delays ranged from $3.8 million to $35 million per event, predominantly affecting roads and rails.
- Pursuant to Public Resources Code 71410 (f), this report was also used as one part of the information considered for the creation of California's extreme heat ranking tool, called CalHeatscore, by the California Environmental Protection Agency in early 2025.
    - Download Full Report
    - Download Key Findings and Recommendations
    - Extreme Heat Ranking System CalHeatScore

Adopted Legislation Highlights

Assessing Extreme Heat Impacts: AB-2238 Extreme heat: statewide extreme heat ranking system. (Public Resources Code, section 71410).

- In 2021, the CDI's Climate Insurance Workgroup recommended that California build a system to rank heat waves to better communicate the deadly risks to Californians and help communities prepare, similar to how tropical storms and hurricanes are described by "category" level.
- AB-2238 codified CDI's recommendation by requiring the California Environmental Protection Agency (CalEPA) to develop a statewide extreme heat ranking system. AB 2238 requires the Integrated Climate Adaptation and Resiliency Program (ICARP) to disseminate the system's information to communities and local leaders, and the Governor's Office of Emergency Services (Cal OES) to support ICARP's dissemination and communications campaign. The Department of Public Health (CDPH) provides consultation on the system and will support the Office of Environmental Health Hazard Assessment (OEHHA), under CalEPA, to adapt the system for use at locally relevant scales. AB 2238 also required CDI to release a report on the insurance-related costs of extreme heat, described above.
- In May of 2025, California's extreme heat ranking tool, called CalHeatscore, was released by OEHHA.

Climate Risk Insurance Solutions: SB-30 Insurance: climate change. (Insurance Code, section 12922.5). With California communities increasingly exposed to climate change-related threats, Commissioner Ricardo Lara wrote the nation's first climate insurance law, passed by the State Legislature and signed by the Governor in 2018. The law requires the Insurance Commissioner to convene a working group to identify, assess, and recommend risk transfer market mechanisms that, among other things, promote investment in natural infrastructure to reduce the risks of climate change related to catastrophic events, create incentives for investment in natural infrastructure to reduce risks to communities, and provide mitigation incentives for private investment in natural lands to lessen exposure and reduce climate risks to public safety, property, utilities, and infrastructure.

- Climate Insurance Working Group: Pursuant to SB-30, Commissioner Lara appointed a working group of environmental advocates, public policy experts, researchers, and insurance experts to make recommendations to reduce the threats posed by wildfires, floods, mudflows, high urban heat, sea-level rise, and other issues facing California. In 2021, the group published a report titled "Protecting Communities, Preserving Nature, and Building Resiliency; How First-of-Its-Kind Climate Insurance Will Help Combat the Costs of Wildfires, Extreme Heat, and Floods." (see Reports section).

Strategies, Initiatives and Resources

Inclusive and Innovative Insurance Pilot Projects

CDI is supporting local jurisdictions and communities with innovative insurance approaches. In 2021, CDI hosted a convening to identify specific pilot projects it could support to address the risks of extreme heat in low-income and disadvantaged or marginalized communities, including cool technologies, urban forests, pre-disaster mitigation and increased community resilience.

California Extreme Heat Parametric Concept: CDI has developed a parametric insurance concept for communities exposed to extreme heat challenges, helping mitigate health risks and lost income.

This work has catalyzed a groundbreaking "south-north" initiative bringing parametric extreme heat insurance to heat-exposed street vendors in Los Angeles.

Similar models have already been implemented in India, where a parametric insurance program covers 50,000 informal women workers, which pays out when temperatures exceed set limits.

Urban Forest Insurance Concept: In 2025, CDI hosted a convening to explore insurance solutions for urban forests. Urban forests provide vital benefits like improved air quality, temperature regulation, and recreation, but face growing threats from climate change, including wildfires, storms, and droughts. Parametric insurance can offer a solution by providing funds to repair damaged tree canopies or plant new trees when specific triggers, such as wind speed, rainfall, or pest infestation, are met.

Consumer Outreach and Engagement

Partnership Initiative: CDI's consumer outreach activities aim to empower every household in California with the knowledge to understand basic insurance concepts, guard against fraud, and protect their most valuable financial assets, especially as climate-related disasters and market instability continue to rise. The social and economic value of equipping Californians with this critical insurance education is both significant and far-reaching.

Initiative Goals:

- Increase consumer awareness of CDI's role, responsibilities and available services
- Expand awareness of insurance access and fraud prevention
- Host monthly "Partnership Introduction Webinars"

Local Climate Planning Hub: This local government outreach portal serves as a centralized resource for cities, counties, and municipalities to navigate the evolving risks of climate change and learn about innovative insurance strategies to reduce them and promote resilience.

Part 4: Strategies and Implementation Considerations

Section A: Overview of Part 4 (CA)

This section offers insights for state insurance regulators aiming to implement approaches featured in other states across the Playbook. The guidance is structured around practical considerations. Where appropriate, regulators are encouraged to consult with stakeholders in home jurisdictions to assess the potential long-term impacts of proposed measures on markets and customers.

Section B: Supporting Mitigation Incentives (CA, with support from NJ and any other state that has content to add)

This section will discuss encouraging insurer filings that recognize FORTIFIED or similar standards, using IBHS data and other states' pilot programs to guide outreach and insurer participation, and coordinating with grant programs to share claims data to support targeted mitigation efforts.

Section C: Legislative and Regulatory Tools and Summary of State Legislation, Regulations, and Codes (CO, but all states should review/revise their specific info)

This section will discuss informing legislative efforts, including using market data to highlight access challenges and support legislative proposals on transparency, rating flexibility, and mitigation incentives. It will also discuss reviewing and updating rules, including conducting post-implementation reviews of regulations to assess impact on affordability and access, and updating rules as needed to reflect changing market conditions or emerging risks.

The following tables provide a snapshot of each participating state's relevant legislation and regulations.

Alabama	
Regulation / Legislation	**Main Provisions**
IBHS FORTIFIED code adoption	Alabama adopted the IBHS FORTIFIED standard as a voluntary building and re-roofing program to reduce storm damage, boosting FORTIFIED homes and strengthening the insurance market, particularly on the coast.
Alabama Act 2009-500 (Ala. Code §§ 27-31D-1 et seq.) (2009)	Requires insurance companies to provide discounts to homeowners in specific coastal counties who receive a FORTIFIED Home™ designation.

Alabama Code Section 27-31D-2.1	Requires insurers to offer an endorsement for coastal homeowners insurance policies to help cover the cost of rebuilding homes to FORTIFIED Roof standard.
Alabama House Bill 283 (HB 283) (2020)	Mandates insurance companies must offer a fortified bronze roof endorsement covering additional costs for FORTIFIED Roof standards when full roof replacement is covered.
Insurance Regulation 482-1-135	Mediation for disputed claims from tornadoes, hurricanes, and tropical storms.
Alabama Code §§27-22-40 through 27-22-45	Requires new and renewal homeowners insurance policies to include Outline of Coverage and Comprehensive Policy Checklist; insurers must post 12 "minimum standards" on websites.
2024 Code of Alabama Title 40 - Revenue and Taxation. Chapter 18 - Income Taxes. Article 12 - Catastrophe Savings Account	Allows Alabama residents to set up tax-deductible savings accounts to pay for costs related to a catastrophic storm or flood.
Ala. Admin. Code r. 482-1-125-.07	Standards For Prompt, Fair And Equitable Settlements Applicable To All Insurers.
Building codes referencing ICC 500 standard	Alabama has building codes for storm safety, which reference the ICC 500 standard for storm shelter design and construction, which is also referenced by the IBC (non-mandatory local enforcement).
2024 Code of Alabama Title 27 - Insurance. Chapter 31D. Section 27-31D-2	Premium Discount or Insurance Rate Reduction - Fortified Existing Homes.
SB 210 (Property Insurance Clarity Act) (2012)	Requires the Insurance Department to gather homeowners insurance policy and premium data from insurers by county and zip code, then publish the aggregated results online.
Catastrophe Savings Accounts Law (2012)	Allows Alabama residents to create a Catastrophe Savings Account (CSA) to pay for uninsured losses from natural disasters like hurricanes or floods.

California	
Regulation/Legislation	**Main Provisions**

Colorado

Regulation/Legislation	Main Provisions
Emergency Rule on ALE & Rebuilding Timelines (Reg. 23-E-03) (2023)	Colorado Department of Insurance requires insurers to waive ALE waiting periods, extend disaster deadlines, and pause claim time limits they cause, safeguarding policyholders recovering from disasters like the Marshall Fire.
Senate Bill SB23-166(2023)	Establishes a Wildfire Resiliency Code Board to set statewide building codes for wildfire resilience in WUI areas, as determined by the WRCB. The codes apply to new construction, additions, alterations, repairs, and defensible space in all WUI risk levels: low, moderate, high, and extreme.
Colorado Senate Bill (SB) 25-142 (2025)	Defines the wildland-urban interface and extends local governments' deadline to adopt Wildfire Resiliency Code Board codes.
HB 23-1288 (2023)	Created the Colorado FAIR Plan Association, which acts as the insurer of last resort for all licensed property and casualty insurers in Colorado, including commercial providers.
HB24-1315 (2024)	Requires the Division to undertake a study on remediation standards for smoke, soot, and ash.
HB24-1108 (2024)	It requires the Colorado Insurance Commissioner to study property and casualty insurance for common-interest communities and lodging facilities, focusing on coverage availability, affordability, and recommendations for long-term sustainability.
HB 25-1182 (2025)	Requires insurers to consider and disclose wildfire mitigation actions in risk assessments and rates, publicize discounts, explain risk scores, and provide an appeal process, ending the use of "black box" risk scores.

Florida		
Category	**Bill/Rule**	**Main Provision**
Regulation	Admin. Code Rule 69O-170.0155	Governs the Uniform Mitigation Verification Inspection Form (OIR-B1-1802). §627.0629, F.S.; Rules 69O-170.0155/017
Regulation	Rule 69O-170.017, F.A.C.	Mandates all residential property insurers provide windstorm mitigation discounts based on forms like OIR-B1-1700 (non-single family) and OIR-B1-1699 (single family)
Regulation	Section 627.0629, F.S.	Requires OIR to periodically review and update fixtures or construction techniques that reduce windstorm damage and related insurance discounts
Adopted Legislation (2022)	SB 2A	Eliminates automatic attorney fees, most assignments of benefits, reduces claim filing deadlines, addresses bad faith failure to settle actions
Adopted Legislation (2022)	SB 2D	Establishes My Safe FL Home Program for homes in wind debris regions with roof deductible and age criteria
Adopted Legislation (2023)	House Bill 881	Expands My Safe FL Home Program to all FL homes that meet specific criteria
Adopted Legislation (2023)	Senate Bill 7028	Implements priority scale for My Safe FL Home Program, starts with low-income homeowners at least 60 years old, adds funding
Adopted Legislation (2023)	CS/HB 1549	Revises criteria for exporting insurance to surplus lines market, removes diligent effort requirement, only disclosure required

Adopted Legislation (2022)	Florida House Bill 7053	Establishes Statewide Office of Resilience, requires report on flood resilience and mitigation efforts
Adopted Legislation (2023)	Florida House Bill 111	Expands the requirement for public entities to conduct a sea level impact projection (SLIP) study before commencing construction of certain state-financed coastal structures to apply the requirement to certain structures that are within any area that is at risk due to sea level rise
Adopted Legislation (2021)	House Bill 7019	Created Florida Flood Hub for Applied Research and Innovation in 2021
Did Not Pass (2025)	H 705 & 1448	Mandated rate increases for Citizens Property Insurance Corporation would not apply to new policies after a certain date
Did Not Pass (2025)	H 957	Caps rate increases for property insurers at a certain percentage
Did Not Pass (2025)	H 1433 & S 1740	Links My Safe Florida Home grants to mitigation improvements, requires increased surpluses for insurers
Did Not Pass (2025)	H 1541 & S 1746	Clarifies certain policy provisions, allows roof covering reimbursement schedules
Did Not Pass (2025)	S 1020	Changes Citizens Property Insurance Corporation eligibility, mandates rate increases in specific counties
Did Not Pass (2025)	S 1222	Alters consumer advocate's powers, restricts Office of Insurance Regulation's approval of certain rate filings
Did Not Pass (2025)	H 13	Requires Citizens Property Insurance Corporation to offer windstorm coverage for residential and commercial structures
Did Not Pass (2025)	H 841 & S 790	Prohibits insurers from canceling or not renewing certain policies damaged by hurricanes or wind within specific timeframes
Did Not Pass (2025)	H 1073	Revises eligibility for Citizens Property Insurance Corporation coverage in certain counties, requires rate increases in those areas
Did Not Pass (2025)	S 114	Renames state Catastrophic Storm Risk Management Center, requires collaboration with Office of Insurance Regulation to analyze market
Did Not Pass (2025)	HM 4003 & HM 4069	Urges Congress to create federal catastrophe risk pool and reform homeowners' insurance to spread risk and lower costs
Did Not Pass (2025)	S 230	Clarifies prohibitions on certain damage claims, requires specific damages to be available, revises policy cancellation circumstances

Minnesota	
Statute/Bill/Regulation	**Main Provisions**

2024 MN Statutes Chapters 59A - 79A—Insurance Chapter 72A—Insurance Industry Trade Practices Section 72A.201—Regulation Of Claims Practices. MN Stat § 72A.201	Ensures the prompt, fair, and honest processing of claims and complaints.
65A.28, 65A.29	Insurers must submit certain homeowners' insurance data annually
Chapter 62E, Section 62E.23	Commissioner may call a public hearing if insurer proposes premium rate increase of 25%+ within 12 months
65A.298	Insurers must offer premium discounts/rate reductions for meeting FORTIFIED Home standards
65A.31 to 65A.42	Established the FAIR plan
65A.01	All homeowners' insurance policies must include fire insurance coverage
2020 Minnesota State Building Code	Includes flood design data requirements; mandates new construction and improvements in flood hazard areas resist flood hazards and loads
65A.298	Requires insurers to offer mandatory premium or rate reductions to consumers who put a FORTIFIED roof on their home
65A.299	Strengthen Minnesota Homes program enabling statute

Mississippi	
Bill/Rule/Section	**Main Provision**
Mississippi Building Code Council update (2022)	Building-code update in hurricane/flood zones
Mississippi Homeowner Insurance Policyholder Bill of Rights	Enacts homeowner insurance policyholder protections
Strengthen Mississippi Homes Program	Mitigation grant program for wind/hurricane/tornado resilience (Suspended Pending 2026 Legislative Session)
SB 2130 (2024)	Prohibits insurer from cancelling/denying coverage solely due to roof age
§83-7-1	Mandates premium discounts for IBHS mitigation standards
H 1611 (2025)	Extends required notice period for p/c policy changes from 30 to 45 days
Mississippi Code § 17-2-4	State Uniform Construction Code opt-in requirements
HB 739 (2015)	Property Insurance Clarity Act
SB2224 (2023)	Assignment of Benefits Reform
HB1705 (2024)	Wind Damage Mitigation Program

S.1708 Storm Shelter Act	Establishes tax credit for installing storm shelter
19 Miss. Admin Code, Part 5, Chapter 3 (2006-2)	Requires insurers to inform policyholders of flood/earthquake exclusions

Oklahoma	
Regulation/Legislation	**Main Provisions**
Section 1151.30 of Title 59	Prohibits roofing contractors from waiving insurance deductibles as an advertisement or inducement for sale
OK HB 1084 (Effective Nov. 1, 2025)	Regulates post-loss insurance benefit assignments to prevent abuse and rising costs for insurers and homeowners.

Washington	
Regulation/Legislation	**Main Provisions**
SB 6109 (2018)	Adopted IWUIC into state building code, requiring fire-resistant materials in WUI areas to reduce fire damage and insurance risk.
SB 6120 (2024)	Directed DNR to create a targeted wildfire risk map (redefining WUI zones) and made defensible space voluntary, refining WUI code.
UTC Wildfire Mitigation Plans / HB 1522 (2025)	Investor-owned utilities must file Wildfire Mitigation Plans; UTC given authority to approve/reject plans for quality, public input, and cost balance.
Climate Risk Disclosure (Annual)	Insurers must disclose climate risk, increasing transparency on how wildfire risk is addressed.
HB 1032 (2023)	All electric utilities must create wildfire mitigation plans detailing prevention steps, vegetation management, and shutoff procedures.
SHB 1539 (2025)	Established Wildfire Mitigation & Resiliency Work Group to recommend policy and grants for resilience and insurance incentives.
HB 1622 (2022)	Invested in forest health and community wildfire resilience, funding programs like Wildfire Ready Neighbors and defensible space grants.
HB 1138	Provided drought and water grants to support wildfire mitigation by improving water resources for firefighting.

Wyoming	
Regulation/Legislation	**Main Provisions**
WY Insurance Regulation Chapter 26	Prohibits labor depreciation for roofing work; covers claims when roofing materials can't be replaced.
WY Statutes § 26-23-107 (2024)	Places restrictions on cancellation and Nonrenewal of Homeowners' Insurance Policies for natural causes

Section D: Regulatory Data and Transparency Tools (CO, but all states should add anything needed

This section will discuss risk and exposure data, including examining insurers' risk-rating methods and requiring modifications to classifications or zone definitions to improve consistency and fairness. It will also discuss claims and market monitoring, including issuing data calls after disasters to track claims, non-renewals, and policy lapses, and using zip-code-level insurer filings to identify coverage gaps or premium spikes. It will also discuss internal reporting tools, including maintaining dashboards to support regulatory and legislative decisions.

Section E: Market Access (CA, but all states should add anything needed

Mapping Insurance Deserts

- Missouri's studies on low geographic insurance take-up rates (Brad Gerling will submit mid-jan.)
- Asked if he would also discuss MO's EQ work so he could use this to talk about using this data to communicate the value of insurance

Structuring Subsidies and Discount Programs

- Refer to strategies in Section B to align mitigation incentives with affordability measures for income-eligible homeowners.
- Support use of federal BRIC and CDBG funds to supplement state-based affordability measures.

Enforcing Fair Underwriting

- Monitor for discriminatory practices, enforce cancellation protections, and ensure FAIR Plans address availability gaps.

Section F: Partnerships and Capacity Building (CO, but all states should add anything needed

- Support engagement of insurance, fire, emergency management, and forestry agencies to align goals.

i. Support local planning efforts using insurance data insights.
ii. Support WUI building codes.
iii. Grow internal expertise by creating dedicated units, joining NAIC workstreams, and partnering with universities for training.

Section G: Consumer Education and Engagement

Although there is no consensus on the definition of insurance literacy or how to measure it, most would agree that consumers know less than they should to effectively function in the homeowners insurance market. Recent research[147] indicates that consumers are unlikely to be able to read policy language and understand the implications for their coverage.

Insurance regulators can play a key role in improving consumer understanding of homeowners insurance. Their primary audience is likely to be adults, especially for topics related to insurance affordability and availability. However, there is consensus that it is important for all to improve their understanding of insurance. More than one-half of the states[148] require that financial education be taught in public schools, and insurance content is often a component of financial education. In 2024, the NAIC endorsed a mandatory financial education course as a prerequisite to high school graduation, asserting, in part, that "State insurance regulators are uniquely positioned to offer expertise in identifying key insurance concepts and skills to be included in the curriculum of a mandated (high school) course."

However, as stated earlier, consumer education focused on homeowners insurance affordability and availability is likely to target primarily adults. Adult learners are different from younger learners in a number of ways.[149] They bring their accumulated life experiences and knowledge to their learning. They generally need to know why they must learn new information or skills, and they should ask how the content is relevant to them. They often seek information or education specifically to address problems or questions. And, if they don't find what they're looking for, they leave or choose not to participate in the future.

We all learn in one or more of the following ways:

- Visual – Information presented using graphics, for example.
- Auditory – Hearing information and/or opportunities to ask questions.
- Reading/writing – Text-based input.
- Kinesthetic/tactile – Physical activity, role playing, or hands-on activities.

Thus, education that incorporates more than one way of learning is likely to be effective for a larger proportion of the population.

Researchers have identified several key principles in adult consumer education.[150]

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[147] Cite article with Dan.
[148] Could cite NCEE and Champlain College.
[149] Cite Bartholomae et al.
[150] Cite Bartholomae et al., Educational-Methodologies-of-Personal-Finance.pdf

Develop education and outreach programs with a clear intention. What do you hope to achieve with this program? Is it a knowledge change, an attitude change, a behavior change, or a combination of these elements? Emotions can loom large for homeowners navigating difficult insurance situations. Ignoring those emotions is counterproductive.

Know the individuals and families who are the target audience. One way to achieve this is to conduct a needs assessment – connect to the audience to find out what they need and want to know. Community-based organizations can help state insurance departments to achieve this. The NAIC Consumer Representatives conducted a study in 2021 (Disparities in Insurance Access) in which they surveyed 72 representatives of nonprofit and community organizations. One notable finding from the results was that while a quarter of the respondents said their state insurance department had reached out to them with education or awareness campaigns, only 18% said the department had engaged with them to learn about their organization and the needs of their constituents.

Reaching the variety of consumers who live in every state may require developing multilingual, plain-language campaigns. Accessible channels such as town halls, community events, websites, social media, and neighborhood gatherings will enable a department to reach a broader audience. . NAIC has prepared a Financial Wellness Resource Guide to highlight states' financial literacy programs. The focus was on initiatives for underserved populations.

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Deleted: Messages tailored to address the unique needs and concerns of diverse consumer groups ensure that everyone receives clear and relevant information

Plain language in consumer communications does not mean "dumbing down" the message. Instead, it increases the likelihood that the audience will see the information as readable and understand what is being communicated. Nor is plain language achieved solely based on the words used. Delivering information in "chunks" with descriptive headings written in a question format enables adults who are skimming information for answers to their questions to find the information they need.

Provide actionable, relevant, and timely information. Actionable, relevant information helps learners translate intentions into actions. Decision times related to homeowners insurance are likely upon purchase or refinancing a home, at renewal (or nonrenewal or cancellation), and when navigating the claims process, including deciding whether to file a claim. Educators often refer to "just-in-time" education as the time when motivation to learn information is greatest. This suggests that making resources available in a timely fashion is important. Examples of methods for delivering "just-in-time" education include interactive shopping tools for high-risk homeowners, disaster recovery and insurance claim guides, and social marketing themes timed to coincide with peak consumer interest. Topics important to understanding affordability and availability in homeowners insurance include resources that explain underwriting processes, deductibles, the impact of credit history and prior claims on availability and affordability, appeals procedures, mitigation options, tips for evaluating coverage, and key questions consumers

should consider. Information that is specific to the consumer's state will seem more relevant than vague information, indicating that, for example, a requirement may or may not apply in every state.

Teach skills to use information. It is important not only to have information but also to know how to apply that information to move forward. Examples include opportunities to estimate deductibles and worksheets to compare policy coverage and costs. Other examples include step-by-step guides to applying for insurance, appealing cancellations, accessing mitigation discounts, and understanding consumer rights.

Build on motivation. Understanding learners' goals and their motivation for accessing the education is important. How can you help them achieve their goals? In the context of homeowners insurance availability and affordability, being realistic about their options and understanding their frustrations can be helpful in designing a realistic path forward.

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