

April 21, 2026

Commissioner Michael Conway (CO), Chair
Property and Casualty Insurance (C) Committee
National Association of Insurance Commissioners
via email: Aaron Brandenburg, abrandenburg@naic.org

RE: Comments on Proposed Affordability/Availability Playbook

Commissioner Conway:

The National Association of Mutual Insurance Companies (NAMIC) appreciates the opportunity to share its comments with the NAIC regarding the proposed Affordability/Availability Playbook (“Playbook”). NAMIC is the foremost trade association representing the property/casualty insurance industry. Serving more than 1,300 member companies—including local and regional insurers as well as some of the nation’s largest carriers—NAMIC members collectively write \$467 billion in annual premiums, representing 61% of the homeowners and 53% of the automobile insurance markets.

Introductory Comments

For years, NAMIC sounded the alarm regarding rising frequency and severity of losses and the need for property owners to undertake mitigation efforts to reduce the impact of these increasing severe weather events. As combined ratios in homeowners’ insurance have stubbornly remained above 100 for two decades, insurers have worked to balance the market’s desires for affordable and substantial coverage with the need to stay solvent and return a reasonable profit over the long term.

NAMIC welcomes the NAIC’s efforts to identify the best practices to bend the loss curve downward, as well as its recognition that many of the underlying loss drivers remain outside the control of the industry. To the extent there are things within the control of insurers and policymakers, prudence dictates we adjust those knobs and levers to not further exacerbate the central problem: **attracting more capital into the property**

insurance market. Making adjustments to statutes and regulations inadvertently causing further contraction within the property insurance market benefits neither consumers nor insurers.

To that end, we urge regulators to choose plays from the Playbook which:

- Work for that state’s most common perils and economic conditions;
- Reduce future expected loss costs; and
- Encourage insurers to allocate more capacity to the state.

That last bullet – encouraging additional capital allocation in the state – deserves close attention from state policymakers. Adjusting knobs and pulling levers may very well reduce premiums. But if in doing so fewer policies are issued and more people end up in the surplus lines or residual markets, states may exacerbate the very problem they are trying to solve. Irrespective of what options policymakers choose from the Playbook, states should regularly monitor policy counts in the admitted market, surplus lines market and residual markets to identify trends and determine effectiveness of implemented public policies.

Throughout the Playbook, many of the examples presented as potential “solutions” to affordability and availability challenges are presented descriptively, without any evaluation of whether they improved or worsened market outcomes. Several of the cited approaches are legislative proposals that did not pass or are too recent to have discernible effects on admitted- market capacity or residual-market reliance. For the Playbook to function as an effective resource for regulators, we encourage the NAIC to distinguish clearly between: (1) programs with demonstrated, measurable impacts on premiums, policy counts, or residual-market enrollments, and (2) unimplemented or unevaluated concepts that should be treated as ideas for further study, rather than recommended “plays.”

Accordingly, we recommend that where the Playbook features tools such as residual markets, state catastrophe funds, or mitigation grant programs, it also report available evidence on their impact on admitted-market policy counts, surplus lines growth, the FAIR-plan or other insurer-of-last- resort exposures over time, rather than treating program creation alone as evidence of success.

Sticking with the Playbook framing, regulators should choose plays that consistently and reliably move the ball downfield. To help draw up those plays, we provide a series of comments below, followed by a red line version of the report for the NAIC’s consideration.

Reader's note: page numbers referenced below are the page numbers of the NAMIC redline draft of the Playbook. Due to suggested language NAMIC has inserted into the redline, the page numbers in the redline are not the same as the page numbers in the exposed draft. In addition, the Playbook is lengthy, in part due to repetitive discussions that could be summarized. We urge the NAIC to consider consolidating the discussion in the first 38 pages of the Playbook.

Comments: Affordability & Availability of Homeowners Insurance Playbook Template

At the outset, the Playbook states that “the convergence of rising catastrophe losses, inflation-driven rebuilding costs, and shifting insurer risk management strategies” has led to availability and affordability challenges. Changing risk management strategies is not themselves a driver of affordability/availability challenges; rather, they are a response to rising catastrophe losses and inflation-driven rebuilding costs.

This is not a distinction without a difference. Insurers are responding to changes in the frequency and severity of claims. Without those changes, there would be no need to shift risk management strategies.

The introductory discussion also does not address how certain regulatory frameworks themselves contribute to availability stress. Long-term rate suppression - whether through inflexible rate approval regimes, restrictions on the use of credible catastrophe and climate models, or disallowance of reinsurance and non-catastrophe operating costs in rates- can prevent insurers from charging risk-adequate premiums. When that occurs, the logical outcome it is not stable affordability but rather reduced appetite, policy non-renewals, and greater reliance on surplus lines and residual markets. We urge the NAIC to acknowledge explicitly that regulatory structures that impede risk-adequate pricing are themselves a material driver of the availability and capacity challenges the Playbook seeks to address.

Regulation does not guarantee stability, nor can it guarantee “reasonable pricing” without creating artificial market disruptions. As policymakers consider which levers to pull, it is important to recognize what actually supports market stability and sustainable pricing. NAMIC’s suggested edits are intended to help sharpen that point.

Page 3

The Playbook cites papers suggesting that rising reinsurance rates are “the main factor behind higher prices homeowners face.” Both insurer and reinsurer pricing, however, reflect the availability of capital and future expected loss costs. Reinsurance unquestionably helps smooth volatility from severe weather events, but the Playbook should provide fuller context, particularly because reinsurance rates are already stabilizing.

Perhaps more importantly, however, is that the NAIC should rely on its own data, rather than relying on papers from third parties. We consistently see reliance on third parties for data and conclusions throughout the Playbook. The NAIC should rely on its own data in reaching conclusions like this. We also note the links for footnotes 1 and 2 go to the same paper.

A second trend we see in the Playbook is the use of limited data points to explain long-term trends in the market. The reference to the Gallagher Re report on page 3 is a prime example. What happened in a single year is less indicative of a trend than data over several years. Public policy should be built on multi-year trends, rather than peak or trough years. Similarly, concluding what’s happening in the reinsurance market from an AM Best report on the market outlook (the last sentence on page 3) without further context – to what extent did falling reinsurance rates play a role in AM Best’s market upgrade? – leaves the reader to conclude that the upgrade is solely due to softening reinsurance rates.

Page 5

Throughout the paper, the terms “rates” and “premiums” are used interchangeably. NAMIC has suggested an edit on page 5 to address that. In addition, citations regarding premium changes should rely on NAIC data rather than third party sources.

NAMIC urges the NAIC to strike the statement “The repercussions this playbook seeks to address are: premiums are dramatically increasing nationwide, and/or many P&C companies are writing fewer new homeowner's insurance policies. Often, the result is consumers cannot get insurance coverage at a price that is unaffordable” from the Playbook. These sentences do not accurately convey the state of the market nationwide, and the double negative language in the second sentence undercuts clarity.

By contrast, the section on “Housing Growth in High-Risk Areas and Its Impact on

Availability and Affordability” makes a valid point. The Playbook should consistently remind builders, realtors and other housing stakeholders that expanding housing stock in higher-risk areas, particularly to minimal standards, will not attract the insurance capital needed to support those new homes.

Page 6

This page of the Playbook contains some problematic language. First up:

The use of proprietary wildfire maps has led to significant variations in how wildfire risk and protection classes are defined, sometimes resulting in substantial differences in risk scores for homes within the same town.

This variation complicates a regulator’s ability to ensure fair and non-discriminatory pricing. When an insurer files a rating plan based on a proprietary wildfire map, regulators are often asked to approve rates based on a “black box” algorithm. Without a standard to test these models against, regulators cannot definitively say whether a model accurately reflects physical risk or inadvertently redlines vulnerable communities.

Insurers are underwriters competing against one another through their own, unique assessments of a consumer’s risk. Differing risk assessments between insurers should not be criticized as a bad development but rather as a feature of a healthy marketplace. NFIP flood maps demonstrate the drawbacks of forcing everyone to use the same maps.

The loaded and conclusive wording regarding “redlin[ing] vulnerable communities” should not be used. Some insurers may choose not to write in the Hamptons because of the wind risk or in Vail because of the fire risk. NAMIC members do not believe those companies have therefore “redlined vulnerable communities.” There is a lot more nuance here that is overlooked.

In short, this section blurs the distinctions among maps, algorithms and models.

Next:

There may also be situations where mitigation efforts undertaken by a homeowner—such as clearing brush or hardening a roof—are recognized by one insurer’s proprietary map but ignored by another’s. This lack of standardization could discourage homeowners from mitigating, since they are unsure whether their home improvements will lead to lower premiums.

This reflects a misunderstanding of the insurance marketplace. Insurers constantly work to differentiate themselves from their competition, looking for ways to take on new customers who present a good risk profile. The “lack of standardization” means insurers can innovate to find better ways to determine the true cost of insuring a given property.

Moreover, homeowners should be mitigating their risk not for the insurance discount but rather to protect their investment and the lives of the people inside their homes. If the discount is the motivating factor to undertake mitigation, we will not see the reduction in risk necessary to build resilient communities.

Regarding the “need for a common standard” in flood mapping, the common standard to date have been NFIP maps that were only recently updated. As the private market has been able to use data to develop a growing private flood market, consumers have been able to purchase private coverage at lower prices than the government’s NFIP product. The development of new modeling products has permitted that; not being tied to a “common standard” makes that possible and saves consumers money on a needed coverage.

Page 9

Regulators already approved policy form language and required disclosures. Additional efforts to improve consumer understanding should focus on supporting consumer education efforts. Insurers regularly urge customers to do regular “insurance check-ups” with their agent to ensure they have the right coverages and understand how their policies work.

The reference to the study in footnote 31 should be re-examined. This article does not acknowledge the 200 years of American law, regulation, and case holdings that have gone into crafting the document that is an insurance contract. The contract cannot be read in parts and must be considered in its entirety to apply to numerous fact patterns at any given moment in time. Insurers want consumers to understand the terms and conditions of their policies and have created a robust agency and broker force to help with that.

Page 13

Regulators should consider a reality which insurers have seen play out for decades: **premium discounts do not provide nearly as much incentive to undertake mitigation than proponents would like.** Discounts for hail resistant shingles, for example, can be substantive, but most consumers do not opt to use hail resistant shingles on their homes.

Creating a resilient community requires consumers making mitigation features a priority; discounts have not historically, in isolation, achieved that.

Page 15

The paper suggesting that “good data supporting tort reform limits is hard to come by” should be revisited in light of real world experience with litigation reforms in Florida, Georgia and Louisiana.

Page 17

This section – and, more broadly, the Playbook – also misses an important point: insurance prices communicate risk to consumers. Building on the coast or in the wildland-urban interface results in higher insurance costs, and those higher costs signal greater underlying risk. That signal can influence where and how people build.

Page 20

NAMIC urges the NAIC to delete the paragraph regarding “erosion of coverage.” That discussion conflates denied claims with affordability and availability issues. It also overlooks the fact that admitted insurers do not directly control residual markets.

Page 22

The discussion of underinsurance falls outside the scope of an affordability/availability playbook. If consumers choose lower limits or higher deductibles to reduce their premium, that is not a function of demand surge or replacement-cost estimation.

The solutions to underinsurance challenges in large part result in consumers paying more for coverage, exacerbating any existing affordability challenges which may exist in a state’s property insurance market.

NAMIC urges the NAIC to remove this portion from the Playbook and make it a standalone discussion.

Page 23

The Playbook asserts that increased access to insurer-held data would help solve underinsurance issues. While there's no authority cited to support that contention, we would additionally point out trade secret concerns and data call confidentiality also prohibit such disclosures. We urge the NAIC to remove this from the Playbook.

Page 24

The Playbook states:

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.

That's why it's imperative consumers to have more opportunities to save funds for deductibles. Catastrophe Savings Accounts (CSAs) and Disaster Savings Accounts (DSAs) – which allow consumers to save funds tax free for deductibles and mitigation projects – remain a critical piece of improving resiliency and empowering consumers to take action. We appreciate NAIC's support of CSA and DSA efforts.

Page 26

Immediately after stating “[An ACV policy] not only undermines the perceived value of insurance but also exacerbates existing protection gaps, particularly for vulnerable or lower-income policyholders,” the Playbook then goes on to discuss the role of FAIR plans. We note many FAIR plans also utilize ACV policies as a way to help manage the exposure the residual market maker is accepting.

We think the Playbook's categorization of ACV policies both in the private and residual markets fails to acknowledge marketplace realities: but for ACV policies, many homeowners would not be able to afford any coverage at all. ACV coverage plays a vital role in keeping the protection gap from growing.

Page 27

The Playbook references the growth of surplus lines premiums without differentiating between commercial and HO lines. NAMIC believes most of this growth has occurred in

commercial property rather than residential property. The Playbook should provide more detail here if this portion remains in the Playbook.

Moreover, the statement that surplus lines writers “operate outside state regulations” is incorrect. While not regulated to the extent of the admitted market, they are in fact regulated.

Page 28

Throughout the Playbook, we see the phrase “tort reform.” We encourage the NAIC to review their use of the term and edit as appropriate to differentiate between “tort reform” and “litigation reform.” They are sufficiently distinct to warrant separate treatment.

Page 30

The parametric insurance section should be reviewed and revised as there are some misconceptions and errors in it. Innovative parametric insurance are products written in the surplus lines market. These products often start in the surplus lines market so that the underwriters can receive market feedback and data before migrating to the admitted market.

Additionally, many states are comfortable with parametrics and have concluded they needed no legal change to allow them. Moreover, parametric products can be crafted so precisely that there is confidence in the indemnity element even without claim adjustment.

Pages 31-32

NAMIC has significant reservations with benchmark discounts. Benchmarks create artificially set discounts which force insurers to make risk appetite decisions not based on loss data or modeling but rather regulatory or legislative edict. In practice, they discourage risk appetite in areas of a state where the company’s loss experience and future projected losses do not match the benchmark. As benchmarks can be fluid, insurers are asked to allocate capital when the discount for a volatile loss driving peril like wind or hail could change based upon a government mandate.

We are also quite concerned with legislation that eliminates the actuarial justification requirement for the mitigation discounts. Eliminating the actuarial soundness requirement is in no way an “additional incentive[]” to insurers but rather an imprudent departure from actuarially set rates. This unorthodox approach sets a bad precedent for

other rate suppression ideas and should not be promoted as a viable Playbook option.

Page 34

Some additional context in the catastrophe fund discussion is in order. Cat funds trap large losses inside a state, requiring its citizens to become *de facto* reinsurers of the private market. After the 2004 and 2005 hurricanes exhausted the Florida Hurricane Catastrophe Fund, the Fund assessed not only residential policies but also auto policies, renters' policies and business policies. Thus, non-homeowners were forced to bail out the Fund. In short, Florida's Fund is financed by everyone in Florida – meaning there's no effective risk transfer outside of the state.

A state-sponsored catastrophe fund concentrates:

- The riskiest properties,
- In the riskiest areas,
- Within a single state,
- Into a single reinsurance facility,
- Without a mechanism to transfer that financial risk beyond the borders of the state.

Large national homeowners' insurers would not be likely to purchase reinsurance from a cat fund with a concentration of the highest risk properties. Accordingly, we urge the NAIC to strike the formation of state catastrophe funds from the Playbook.

Page 38

NAMIC urges the NAIC to refrain from broad conclusions – made with no source citation – regarding the use of models and AI. The statement “Overly restrictive models can also lead to unnecessary non-renewals or coverage denials, particularly in disadvantaged communities” is conclusory at best and notably without any source to support it. Arguably AI is not directly related to affordability and availability; this section is ripe for removal from the Playbook.

Overall Comments on the “By Peril, By State Strategies” Section

NAMIC supports the goal of sharing best practices and policy ideas that reduce costs while encouraging more insurance capital into the market. Organizing those ideas down by peril and state is a sensible approach, and NAMIC appreciates that framework.

We do think it would be helpful to limit Playbook options to those policy choices with a demonstrated track record of improving affordability and availability, rather than creating a list of ideas which have not demonstrated a track record of effectiveness. Alternatively, we would encourage the NAIC to bifurcate the “By Peril, By States” section into policies with a demonstrated track record and policies that are still conceptual or in beta test. This way, policymakers can be confident that they know which policies have a track record of success and which ones are still in development.

NAMIC also sees a significant omission throughout this section: there is too little explanation of **how and why** many of the proposed strategies are believed to work. There are multiple references to data collection, state run/created (re)insurance residual market programs, disaster preparedness resources, cat modeling and rate filing components. There is precious little to describe how or why these positively impact affordability and availability. NAMIC urges policymakers to resist the urge to “do something” if in the doing of something results in statutes or regulations which do little to move the needle, or worse, inhibit capital attraction.

Finally, this section of the Playbook contains many ideas/suggestions that are not directly related to affordability or availability. While fraud prevention, participation in NAIC committees and creating home contents inventories are all prudent and worthwhile activities, they are not directly aimed at affordability and availability. The Playbook could be shortened by limiting the content to those policies with a proven track record of impacting affordability and availability.

Page 40

NAMIC remains cautious about proposal for government or NAIC loss-projection modeling. In theory, such models could be useful. In practice, however, NAMIC is concerned that they could become the benchmark regulators use to second-guess the validity of models developed by insurers.

NAMIC cautions against adopting Florida’s data collection mechanisms. Florida is a large enough market where the per policy compliance cost makes the related costs tolerable, whereas a smaller state doing this would create significant per policy costs. Adding costs in states when loss ratios remain persistently above 100 to glean data confirming losses are becoming more frequent and severe in areas with aging housing stock and minimal building codes is not the best use of insurer capital. Moreover, if more states go to this, it would seem to be an open invitation to FIO to do this instead, further undermining state

based regulation.

Page 62

Moratoriums on canceling or refusing to renew policies do not help availability. While it may impact short term underwriting decisions, it has negative impacts on the ability of the state’s insurance market to attract and retain needed capital long term. State laws making it harder to do business in the state impede new entrants into the market.

Page 69

Colorado HB 25-1302 did not pass. Legislation with no track record should not be considered in a Playbook of solutions that improve affordability and availability.

Page 71

While data collection may satisfy the urge to “do something,” insurers have been very up front with legislators and regulators on what drives affordability and availability challenges. Adding compliance costs to insurers does not make insurance cheaper or more available in a state.

Page 75-77

We question whether the Playbook should address earthquake and flood coverage. Property policies often do not cover the peril of earthquake and flood; given that, NAIC should consider deleting these sections entirely.

Page 85

“Extreme heat” is not a peril covered under property insurance policies. While there are significant public health concerns with such events, they are outside the scope of the affordability/availability discussion.

Page 89

Any legislation that “did not pass” as noted in the charts in this portion of the Playbook should be excluded from it.

We appreciate the opportunity to share these comments and our redline version. Please do not hesitate to contact me if you'd like to discuss further.

Sincerely,



Paul Martin
Vice President – State and Policy Affairs



Erica Weyhenmeyer, CPCU, AIE, MCM, WCP
Policy Vice President, Market Regulation &
Workers' Compensation