PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE

Draft: 8/24/26

Property and Casualty Insurance (C) Committee
Columbus, Ohio
August 14, 2026

The Property and Casualty Insurance (C) Committee met in Columbus, OH, Aug. 14, 2026. The following Committee members participated: Michael Conway, Chair, and Kate Harris (CO); Glen Mulready, Vice Chair (OK); Mark Fowler (AL); Joshua Hershman and George Bradner (CT); Michael Yaworsky represented by Nicole Crockett (FL); Scott Saiki represented by Matt Tsujimura (HI); Timothy J. Temple (LA); James E. Brown represented by Erin Snyder (MT); Jon Godfread represented by Blaine Bergstedt (ND); D.J. Bettencourt represented by Keith E. Nyhan (NH); Larry D. Deiter represented by Tony Dorschner (SD); and Patty Kuderer (WA).

1. Adopted its Spring National Meeting Minutes

Commissioner Mulready made a motion, seconded by Commissioner Fowler, to adopt the Committee's Spring National Meeting minutes (*see NAIC Proceedings – Spring 2026, Property and Casualty Insurance (C) Committee*). The motion passed unanimously.

2. Adopted the Reports of its Task Forces and Working Groups

Commissioner Hershman made a motion, seconded by Commissioner Mulready, to adopt the following task force and working group reports: 1) Casualty Actuarial and Statistical (C) Task Force; 2) Homeowners Market Data Call (C) Task Force; 3) Surplus Lines (C) Task Force; 4) Cannabis Insurance (C) Working Group; 5) Child Care Insurance (C) Working Group (Attachment One); 6) Terrorism Insurance Implementation (C) Working Group; 7) Title Insurance (C) Working Group (Attachment Two); 8) Transparency and Readability of Consumer Information (C) Working Group; and 9) Workers' Compensation (C) Working Group. The motion passed unanimously.

3. Adopted the *Affordability and Availability of Homeowners Insurance Playbook*

Harris presented the final draft of the *Affordability and Availability of Homeowners Insurance Playbook* on behalf of the drafting group. Harris said the playbook was developed as a practical, regulator- and policymaker-facing resource to help states consider a range of policy options, implementation considerations, and state-specific examples addressing homeowners insurance affordability and availability. She said the playbook does not endorse any single approach or direct states to take specific action, but is intended to be a living, non-prescriptive resource that each jurisdiction can apply based on its legal authority, market, consumer needs, funding, and regulations.

Harris said the drafting group began its work in August 2025, developed an outline, and invited feedback from Committee members, interested state insurance regulators, and interested parties, with participating states also drafting their own state-specific sections. She said the initial draft was exposed March 22, 2026, with comments due April 10. The drafting group reviewed written comments and suggested edits, and it met individually with many commenters to better understand their highest-priority concerns. Based on that feedback, the draft was revised to improve organization, add "how to use this document" language, include a detailed table of contents and a key-terms index, move detailed state legislation and regulation summaries into an appendix, and strengthen sourcing, while preserving state control over jurisdiction-specific content.

Harris said the playbook is organized into five parts: 1) addressing direct consumer impacts; 2) macro trends and factors that increase existing risks; 3) cross-cutting strategies; 4) peril-specific state innovation, action, and emerging protection gaps; and 5) strategies and implementation considerations. She said the final exposure draft was made available July 27, 2026, with comments due Aug. 7. Newly submitted comments were reviewed and reflected in redlined revisions, and formatting will be completed by NAIC Communications staff after adoption. Harris recognized the comment review team for its work reviewing hundreds of comments and line edits.

Commissioner Kuderer made a motion, seconded by Commissioner Mulready, to adopt the *Affordability and Availability of Homeowners Insurance Playbook* (Attachment Three). The motion passed.

4. <u>Heard a Presentation from the APCIA on Auto Insurance Trends</u>

Commissioner Conway said the Committee has focused heavily on the homeowners insurance market over the past year and a half and wanted to review conditions in the automobile insurance market. Bob Passmore (American Property Casualty Insurance Association—APCIA) presented on personal automobile insurance trends. Passmore said the outlook for the auto insurance sector has improved. After AM Best assigned a negative outlook to both the auto and homeowners sectors in 2023 and 2024, the auto sector was upgraded from negative to stable, with combined ratios improving from a 12% net underwriting loss in 2022 to modest underwriting gains in each of the last two years. He said loss ratios, which had risen to their highest levels in 20 years in 2022, have declined consistently as insurers caught up to loss costs driven by inflation. Passmore said approved rate changes have been decreasing since 2023. S&P Global noted that the largest personal auto insurers, accounting for about 75% of countrywide premium, reduced rates by an average of 1.5% through mid-July 2026, with lower rates in 40 of 50 states.

Passmore said that, despite these improvements, fast-track data shows increasing severity for both bodily injury liability and vehicle damage claims over the last five years. He said vehicle damage claim frequency has declined while bodily injury frequency has increased. He suggested one possible explanation is that more consumers are increasing deductibles or dropping comprehensive and collision coverage to save money, a trend he said is supported by collision repair facilities reporting an increase in owner-paid repairs. He cautioned that some media coverage has mistakenly equated claims closed without payment with claim denials, noting that auto liability claims are often opened for all parties involved and later closed when it is determined the parties were not injured or no claim is presented.

Passmore said many auto loss cost drivers are increasing faster than overall inflation. He noted that the Consumer Price Index (CPI) rose 22.9% over the last five years while personal auto insurance rose 24%, the cost of auto parts rose more than 55%, and repair costs rose more than 34%. Used car prices, however, which affect total loss payments, have stabilized after spiking during the COVID-19 pandemic. Citing data from CCC Intelligent Solutions, he said the average total cost of repair continues to increase, though the rate of increase has slowed, mitigated by fewer parts and labor hours per repair and an increase in total losses. He said underlying factors, including labor rates, parts prices, and diagnostics, continue to pressure repair costs. He added that advanced driver assistance systems (ADAS) both increase repair costs and reduce crash frequency. He said that as vehicles become more automated, insurers face a paradigm shift in assessing driving risk and will increasingly need access to vehicle information and data. Questions remain about how liability will be apportioned when an automated system is engaged and whether insurance requirements need to change.

Citing data from Enlyte, Passmore said the amounts billed to auto insurers for medical care on third-party claims continue to outpace the health care CPI. First-party billed amounts, however, are increasing more slowly, likely because many personal injury protection and no-fault systems have built-in cost controls such as fee schedules. On legal system abuse, he said that over the last decade, CPI increased 35.8%, while commercial auto and auto liability insurance losses escalated roughly five times as fast. Additionally, nuclear verdicts have accelerated sharply over the last four years, and attorney involvement within the first 14 days of a claim climbed from 57% in 2020 to 75% in 2024. He said reforms in states, such as Florida, appear to be working, resulting in rate reductions, credits, and refunds. Georgia, Louisiana, and New York enacted significant reforms this year, and he referenced an APCIA white paper on the topic.

Passmore also said driving habits have deteriorated since the pandemic. While fatalities are down over the last three years, Cambridge Mobile Telematics reported improvements in speeding and phone use but increases in hard braking and handheld calls, and an AAA Foundation survey found that a large majority of drivers admitted to aggressive driving behaviors. He said auto insurance remains a relatively small share of total vehicle ownership costs compared with fuel, repairs, and car payments, and that overall ownership costs cannot be made significantly more affordable through regulatory limits on auto insurance. He said the APCIA advocates for auto accident cost mitigation measures, including supporting highway safety law enforcement, reducing legal system abuse, reducing regulatory costs, defending risk-based pricing, and reducing fraud.

Commissioner Conway asked how the paid amounts compared with the billed amounts shown relative to CPI. Passmore said he had not reviewed the actual paid amounts but expected them to track the billed amounts at a somewhat lower level. Commissioner Conway asked that the APCIA provide the paid data if available. Commissioner Mulready asked Passmore to expand on his comment that insurance requirements may need to change. Passmore clarified that he was referring to automated vehicles and the question of who or what was in control of a vehicle at the time of a crash, and whether insurance requirements need to change. Bradner asked whether the APCIA could share data on the states in which nuclear verdicts were occurring, noting that such information would be useful to state insurance regulators. Commissioner Conway asked that comprehensive coverage be included alongside liability when comparing auto insurance costs with other vehicle ownership costs.

5. <u>Heard a Presentation from the SULC on the Use of Criminal History as a Rating Factor</u>

Commissioner Conway said Peter Kochenburger (Southern University Law Center—SULC), a consumer representative, requested to present on a concern regarding the use of criminal history in personal property/casualty (P/C) insurance products. Kochenburger requested that the Committee consider sending insurers a voluntary survey to ask how they use criminal history data. He said a draft survey developed previously in connection with the Life Insurance and Annuities (A) Committee reached a second draft but was not issued, and that it could be adapted for P/C insurance. He said he had provided suggested material on the topic.

Kochenburger said that with the growth of big data and artificial intelligence (AI), more information, including local jurisdiction criminal records, is available online, and that while unsealed criminal records are public, how that information is used in insurance underwriting, claims, and fraud evaluation raises concerns. He said criminal record data is often inaccurate, particularly at the local level, and may include arrests regardless of their outcome, as well as minor matters, such as ordinance violations. He said there is limited oversight of how vendors and insurers use criminal history data, and he questioned whether the data is accurate, when it is appropriate to use, and whether vendors and insurers are complying with the Fair Credit Reporting Act (FCRA). Kochenburger said the use of criminal history data can undermine the purposes of expungement and rehabilitation when sealed records are still used, and he cited a 2021 National Council of Insurance Legislators (NCOIL) resolution that expressed concern about the use of arrests that do not result in a conviction. He said approximately one-third of adult Americans have a criminal record, which may consist only of an arrest, and he noted racial and ethnic disparities.

Commissioner Conway asked whether, given the complexity of insurers' models, banning the use of criminal history as a rating factor would achieve the intended result or whether models would substitute another proxy. Kochenburger said a substitute factor that achieves similar predictive power could be acceptable as long as it did not constitute proxy discrimination, and he noted that little is known about how criminal history data is currently used.

Director French asked about the status of the Life Insurance and Annuities (A) Committee survey. Kochenburger said the effort had evolved into a study by the Society of Actuaries (SOA), in coordination with the Center for Insurance Policy and Research (CIPR), on the effect of incarceration on life expectancy. He said that they are still one to two years from producing a report and were not focused on P/C questions. Commissioner Fowler said that several years earlier, he had co-chaired the life-focused workstream of the NAIC Special (EX) Committee on Race and Insurance, which developed an optional survey that received few responses. He suggested asking the CIPR and the SOA about its status. McKenney commented that insurers use third-party criminal record data vendors for underwriting and rating, that state insurance regulators have generally not reviewed those data sets for accuracy and completeness, and that the Third-Party Data and Models (H) Working Group, led by Colorado, has faced significant pushback in attempting to establish a regulatory framework for third-party data and model vendors.

6. Heard a Presentation from ZestyAI on How Verified Mitigation Data Can Expand Eligibility and Improve Affordability in Homeowners Insurance

Commissioner Conway said the Colorado Division of Insurance has worked with ZestyAI over the past several years and invited the company to present. Bryan Rehor (ZestyAI) presented on how verified mitigation data can expand eligibility and improve affordability in homeowners insurance. Rehor described ZestyAI as an AI risk decision platform for property insurance that helps carriers assess property-level risk across underwriting, rating, renewals, and reinsurance, with more than 200 regulatory approvals. He said the central question of whether a homeowner who mitigates risk sees that reflected in their premium cannot reliably be answered in most states because the necessary data did not exist until recently.

Rehor said that Insurance Institute for Business & Home Safety (IBHS) FORTIFIED designations, which recently surpassed 100,000 nationally, demonstrate that verification in a scalable format works and can be captured at the point of quote. However, much mitigation, such as defensible space or a repaired roof, is not documented by any certificate. He said severe convective storms are now the leading driver of homeowners' catastrophe losses, making wind and hail mitigation important. He cited Colorado's House Bill 1182, now in force; California legislation committing to science-based updates; and the NAIC Natural Catastrophe Risk and Resiliency (EX) Task Force's consideration of a model law. He said the mitigation "loop" remains open for three reasons: 1) mitigation has historically been invisible to insurers, with the same action earning a credit in one state but not another; 2) inspections, while accurate, are expensive and episodic; and 3) mandated discounts, though a strong start, need to be paired with verified property-level facts.

Rehor said aerial imagery analyzed by AI can read attributes an inspector would record, such as building density, defensible space, and roof material. It can also produce a structural vulnerability score using manned-aircraft imagery captured several times per year rather than satellite photos, with full transparency and an appeals process that allows any input to be overridden. He said the same imagery reads roof attributes relevant to hail risk, creating a single data layer across wildfire, wind, and hail. Rehor noted that Alabama has regulated minimum discounts of up to 55% off the wind premium for FORTIFIED Gold, backed by a decade of loss experience. He described joint research by ZestyAI and IBHS covering more than 70,000 properties within more than 400 wildfire perimeters, which he said found that homes with heavy vegetation within five feet of the structure were destroyed roughly 73% of the time—nearly double the rate of homes that kept that zone clear. He noted that in the five- to 30-foot zone, the destruction rate ranged from 27% when cleared to 70% at heavy coverage. He illustrated the findings with two homes from the study, one that survived the 2018 Woolsey Fire with cleared vegetation and one destroyed in the 2017 Tubbs Fire with vegetation up to the walls.

Rehor described a five-step "flywheel": 1) scoring every property in the quote flow; 2) identifying the actions that matter; 3) simulating the premium impact before work is done; 4) verifying completion through refreshed imagery or a manual override; and 5) rewarding verified work through the rating plan. He said eligibility, not only pricing, is at stake, because without property-level facts, a well-mitigated home may be declined and placed in the Fair Access to Insurance Requirements (FAIR) plan. He cited a California carrier that became the first to put a California Department of Insurance (DOI)-approved AI wildfire model into underwriting, the California FAIR Plan's use of property-level modeling to expand coverage in 2024, and the Colorado FAIR Plan's expectation that nearly 30,000 families previously classified as high risk would gain coverage with verified mitigation. He offered six tests for evaluating mitigation pricing proposals—granularity, objective and scalable verification, and transparency on the policy side, and cost, speed, and filing-grade quality on the operational side. Rehor asked that as new rules take shape, the Committee preserve the benefits these tools deliver to consumers rather than mandate a particular technology.

Commissioner Conway asked Rehor to address concerns that aerial imagery may be inaccurate. Rehor said ZestyAI partners with multiple imagery vendors to select the most recent, usable, clear image at the time of the quote. He said most properties receive a new image three to four times per year, and that because models are not always correct, the company has built in an appeals capability allowing a homeowner to provide evidence or a carrier to order an inspection and override the input. Commissioner Conway asked how the model treats rooftop solar panels. Rehor said solar panels are automatically detected by a computer vision model and are primarily relevant to wind and hail risk. This tends to increase hail premiums due to higher replacement costs, though coverage may depend on policy language and exclusions.

Amy Bach (United Policyholders—UP) asked whether a two-year-old image would be reliable. Rehor said two years is far too long and that imagery from the past few months is ideal to capture property conditions at the time of binding. Bach asked how a consumer could change their risk profile. Rehor said ZestyAI identifies the factors most influential in a property's score and embeds them in its data feed so carriers can provide that information. However, he said the company does not currently offer a consumer-facing portal. Commissioner Fowler said Alabama mandates wind mitigation discounts. He added that data from its Hurricane Sally report shows mitigated homes sustain less damage, while the degree of premium relief remains a difficult question for consumers on vulnerable coasts.

Having no further business, the Property and Casualty Insurance (C) Committee adjourned.

Draft date: 8/6/26

Child Care Insurance (C) Working Group
Virtual Meeting
July 27, 2026

The Child Care Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee met July 27, 2026. The following Working Group members participated: Patty Kuderer, Chair (WA); D.J. Bettencourt, Vice Chair, represented by Keith E. Nyhan (NH); Kathryn Taras (CA); George Bradner (CT); Jane Nelson and Richie Frederick (FL); Scott Saiki (HI); Mariam Hassan (IL); Jackie Horigan (MA); Angela L. Nelson (MO); Eric Bredeson (OR); Michael Humphreys and Michael McKenney (PA); and Elizabeth Kelleher Dwyer (RI). Also participating was: David Yetter (NC).

1. Adopted its July 13 Minutes

The Working Group met July 13 and took the following action: 1) adopted its June 15 minutes; 2) heard presentations from Praesidium on acceleration and training for child care providers; and 3) heard a presentation from Marsh McLennan Agency on partnering with accreditation organizations to implement risk mitigation.

Director Dwyer made a motion, seconded by Commissioner Saiki, to adopt the Working Group's July 13 minutes (Attachment One-A). The motion passed unanimously.

2. Discussed the Collection of Data on Child Care Liability

Commissioner Kuderer reported that the Working Group previously met in regulator-to-regulator session June 29, 2026, to discuss the potential use of a data call to collect information regarding child care liability insurance, including sexual abuse and molestation liability coverage. She said state insurance regulators generally agreed that additional market data would be valuable in helping the Working Group develop recommendations regarding insurance availability and affordability.

Commissioner Kuderer reviewed preliminary data call concepts. Proposed questions would ask insurers whether they write commercial liability coverage for child placement agencies, group foster homes, and day care centers; whether sexual abuse and molestation coverage is offered; whether coverage is written on an occurrence or claims-made basis; and whether insurers previously wrote such business but later discontinued participation. The proposed questions would also seek information on the timing and reasons for market withdrawals.

Commissioner Kuderer noted that the Working Group had already received comments from Pennsylvania and California regarding possible improvements to the proposed data requests.

McKenney explained Pennsylvania's recommendation that the data call specifically reference commercial general liability and business owners policies. He stated that a broader request could elicit responses from insurers writing unrelated liability coverages, such as automobile liability business, which would reduce the usefulness of the results. McKenney also recommended excluding home day care operations that are often insured through endorsements to homeowners policies, noting that such risks are materially different from the operations that the Working Group has primarily been studying. He supported adding questions for insurers that previously wrote sexual abuse and molestation coverage but later withdrew from the market, including questions regarding when coverage was discontinued and the reasons for discontinuation.
Taras described California's recommendations, which were developed in consultation with staff from the California Department of Insurance's (DOI's) regulation branch, market conduct division, legislative office, and

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data analytics personnel. Taras stated that collecting information by state could help state insurance regulators determine whether regional or geographic patterns exist within the market. She said California also recommended obtaining more granular historical information regarding where insurers have written coverage and when coverage was available in particular jurisdictions.

Taras further suggested collecting policy count information in addition to average premium information. She explained that premium data would be more meaningful if state insurance regulators also understood the number of policies supporting those figures. Taras reported that California's data analytics staff recommended establishing coverage-limit categories for reporting purposes because standardized reporting structures generally improve the quality and usefulness of data call results. She said the proposed coverage bands could help regulators compare conditions across markets and identify meaningful trends.

Commissioner Kuderer reviewed proposed premium and loss-data requests. The Working Group discussed collecting annual premium information from 2010 through 2025, including premiums for policies that include sexual abuse and molestation coverage and policies that exclude such coverage. The proposal would also request information concerning judgments, verdicts, and settlement amounts involving child care centers, child placement agencies, foster care agencies, and foster care group homes.

Pamela Davis (Nonprofits Insurance Alliance—NIA) said state insurance regulators should be aware that insurer responses may not fully reflect actual market availability. Davis explained that some insurers may technically report that coverage remains available even when underwriting restrictions have become so restrictive that coverage is difficult or impossible for many organizations to obtain in practice. She also cautioned that insurers may not maintain information in the specific organizational categories contemplated by the Working Group and, therefore, might encounter challenges when responding to certain questions.

Commissioner Kuderer asked whether industry participants might have suggestions regarding more effective methods of obtaining the desired information. Davis stated that her comments were intended primarily to identify potential limitations associated with data collection efforts and to caution state insurance regulators that responses may not fully capture practical market conditions.

Erica Weyhenmeyer (National Association of Mutual Insurance Companies—NAMIC) said industry representatives would welcome the opportunity to review proposed data elements and provide feedback regarding their feasibility. She explained that some information may not currently be collected in the format contemplated by the Working Group. Weyhenmeyer also noted that record-retention requirements vary significantly among states and could affect the availability of older claims information. As an example, she referenced claim-retention requirements that may be substantially shorter than the 15-year historical period under consideration. She further stated that claims-related information, particularly involving litigated matters, often requires manual retrieval and review by insurers. She emphasized the importance of providing sufficient lead time for any future data call. Commissioner Kuderer asked whether industry groups could assist state insurance regulators in identifying companies with relevant experience in the marketplace or in locating information more efficiently.

Lisa Miller (Professional Insurance Agents of Florida) suggested that insurance producers and broker communities could provide valuable perspective regarding current market conditions. Miller stated that agents often have direct knowledge concerning which carriers actively write child care liability business and which insurers have reduced or discontinued participation. She suggested that discussions with specialized agents could supplement information obtained directly from insurers.

Bradner supported outreach to brokers and producers, noting that such individuals often have detailed knowledge of carriers' participation in specialized insurance markets. Bradner recommended seeking information not only on

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insurers currently writing the business, but also on carriers that previously participated and later withdrew. He said those carriers could provide useful insight regarding the reasons behind market exits.

Commissioner Humphreys reported that Pennsylvania previously attempted to gather information from foster care agencies and child care providers regarding their insurance arrangements. He explained that such efforts often yielded the names of agencies and intermediaries rather than insurance companies themselves. Humphreys said Pennsylvania had found direct engagement with insurers to be a more effective means of gathering information and offered to share information regarding carriers previously contacted by the Pennsylvania Insurance Department.

Yetter expressed support for collecting information from insurers that previously wrote the business but subsequently exited the market. Yetter stated that understanding why companies discontinued coverage is an important component of the Working Group's efforts because those decisions may help explain current availability challenges.

The Working Group then discussed the administration of a potential multistate data call. Commissioner Kuderer proposed designating a lead state to coordinate requests and collect information on behalf of participating jurisdictions while relying on the authority of those participating states.

Weyhenmeyer recommended that state insurance regulators consider using approaches similar to existing multistate market conduct data-collection efforts. Kuderer clarified that the proposal contemplated a collaborative multistate effort and not the exercise of one state's authority over nonparticipating jurisdictions.

Doris Irizarry (ECE on the Move) asked why residential home day care providers would be excluded from the proposed effort and noted that insurance costs for such providers had increased significantly in recent years. Commissioner Kuderer responded that state insurance regulators had focused the proposed data call on child placement agencies and foster care-related organizations because those sectors appeared to present the most significant concerns across states. She added that any recommendations developed by the Working Group could potentially benefit residential providers as well.

Director Dwyer asked whether the Working Group should pursue surplus lines information similar to efforts underway in other data collection initiatives. Aaron Brandenburg (NAIC) explained that authority to obtain surplus lines information varies by state and that participation may need to be determined on a jurisdiction-by-jurisdiction basis.

Kay Godfredsen (NIA) suggested that state insurance regulators ask admitted carriers whether affiliated surplus lines companies within their corporate families write the coverage under review. She stated that such information could help regulators better understand the full marketplace.

Commissioner Kuderer concluded discussion by asking whether Working Group members objected to the proposed multistate approach. No objections were raised.

Commissioner Saiki made a motion, seconded by Bredeson, to conduct a multistate data call as discussed. The motion passed unanimously.

Kuderer invited interested Working Group members to contact NAIC committee support regarding participation in the data call effort.

Having no further business, the Child Care Insurance (C) Working Group adjourned.

Draft: 7/22/26

Child Care Insurance (C) Working Group
Virtual Meeting
July 13, 2026

The Child Care Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee met July 13, 2026. The following Working Group members participated: Patty Kuderer, Chair, Charles Malone, and Bryon Welch (WA); D.J. Bettencourt, Vice Chair (NH); Kathryn Taras (CA); Joshua Hershman (CT); Richie Fredrick (FL); Mariam Hassan (IL); Colby Dillon (MA); Courtney Thornton (MD); Jeana Thomas (MO); Christian Myers (NM); Eric Bredeson (OR); Michael Humphreys (PA); and Elizabeth Kelleher Dwyer (RI). Also participating was: Robert Grishaber (WV).

1. Adopted its June 15 Minutes

The Working Group met June 15 and took the following action: 1) heard a presentation from the National Conference of State Legislatures (NCSL) on state legislative activity; and 2) heard presentations from the Non Profit Insurance Program (NPIP) and the Nonprofits Insurance Alliance (NIA) on risk pool and risk retention group (RRG) insurance access.

The Working Group also met June 29 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to discuss company data related to sexual abuse and molestation liability.

Commissioner Bettencourt made a motion, seconded by Commissioner Humphreys, to adopt the Working Group's June 15 (Attachment One-A1) minutes. The motion passed unanimously.

2. Heard a Presentation from Praesidium on Accreditation and Training for Child Care Providers

Meredith Bunnel (Praesidium) said Praesidium is a business services firm focused on abuse prevention risk management and is grounded in a root cause analysis around sexual abuse.

Bunnel said Praesidium's approach is based on its Safety Equation and 24 best-practice standards for abuse prevention in organizational settings. Services include consulting, management systems reviews, background screening, online training through the Praesidium Academy, research resources, individual certification through the Certified Praesidium Guardian program, and organizational accreditation.

Bunnel clarified that certification applies to individuals, while accreditation applies to organizations or systems. Certification is not required for accreditation, but Praesidium has found it helpful when an organization has an internal champion supporting accreditation work.

Bunnel described Praesidium's accreditation process as a phased, comprehensive framework for sexual abuse prevention that typically takes nine to 12 months. The process includes onboarding, a self-assessment, development of an action plan, site visits, interviews, program observation, file review, corrective actions, an accreditation decision, and ongoing support. She said accreditation is valid for three years.

Bunnel said Praesidium has been conducting sexual misconduct liability (SML) insurance benchmarking studies to better understand carrier appetite, underwriting requirements, and the insurance purchasing experience for

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organizations. Bunnel reported that in its 2024 carrier survey, 88% of respondents had defined underwriting requirements for monitoring and supervising high-risk situations, up from 67% in 2022.

Bunnel noted that 38% of carrier respondents anticipated declining to write SML coverage for child care over the next three years, while 25% cited foster care, 25% cited camps, and 13% cited youth development. In the 2024 study, 94% of respondents said third-party abuse prevention accreditation could positively affect an organization's ability to obtain SML coverage, most often by affecting basic insurability rather than rates or limits.

Bunnel said risk management cannot function as a checklist. Effective abuse prevention requires leadership commitment, a culture of safety, operational implementation, and ongoing reinforcement. Praesidium's data shows statistically significant improvements across culture-of-safety indicators before and after accreditation, with indicators remaining strong during reaccreditation, including among newer staff.

Commissioner Kuderer asked how many organizations have reached accreditation in Praesidium's program. Bunnel said there are 396 accredited organizations and more than 1,700 Certified Praesidium Guardians (CPGs).

Commissioner Bettencourt asked about the program's affordability for smaller organizations. Bunnel said the cost is dependent on the size of the organization and the complexity of its management systems.

Commissioner Kuderer asked if insurance companies are more willing to write the coverage needed for these organizations if taking into account the risk management accreditation. Bunnel said some insurance companies are implementing premium credits for organizations that achieve accreditation. She said more insurers have reached out to Praesidium for more information, including insurers that have previously declined to write the business. Bunnel said there are many possible approaches to legislative policy, but there is no single clear answer. She emphasized the importance of improving communication among organizations, carriers, brokers, and policymakers about what meaningful risk mitigation looks like.

Commissioner Kuderer asked how long Praesidium has offered this accreditation and certification. Bunnel said 2004 was the first accreditation, and that organization is still accredited today. She said Praesidium's current consumer serving organization accreditation standards were last updated in 2025.

Pamela Davis (NIA) asked if Praesidium has data on the difference between larger organizations that may have the ability to cover up abuse compared to smaller organizations. Bunnel said its benchmarking survey showed there is some market impact that is trickling down to smaller organizations.

3. <u>Heard a Presentation from MMA on Partnering with Accreditation Programs to Implement Risk Mitigation</u>

Gina Hunter (Marsh McLennan Agency—MMA) said MMA is an insurance brokerage working with complex and hard-to-place risks, including child care, foster care, group homes, and human services organizations. She described the sexual abuse and molestation liability market as thin rather than merely hard, with many carriers exiting or restricting coverage for child-serving organizations.

Hunter said premium increases and coverage restrictions have affected organizations across the country. She noted that some foster care and human services providers have discontinued programs because they could not obtain coverage or could not afford available coverage.

Hunter identified key market drivers including nuclear verdicts, social inflation, reviver statutes, long-tail exposures, and catastrophic claim severity. She emphasized that carrier exits are driven more by claim severity than claim frequency and that organizations without claims are still affected by broader market dynamics.

Hunter said underwriting expectations have changed substantially. She said carriers often require detailed, documented, and tailored abuse-prevention policies addressing one-on-one interactions, physical contact, transportation, incident reporting, allegation response, training, supervision, and monitoring. Some carriers conduct site visits before agreeing to provide coverage.

Hunter described MMA's partnership with Praesidium, which began approximately three years ago. MMA uses clinical and risk-control expertise, carrier relationships, underwriting submission expertise, and Praesidium resources to help organizations move from potentially uninsurable to more insurable. She said MMA clients may receive a 5% discount on certain Praesidium services. Hunter gave an example of a group home caring for children with special needs that had historically faced 12% to 20% renewal increases. After demonstrating improved prevention programs, the organization saw a 3.2% increase at renewal compared with peers in the industry.

Commissioner Kuderer asked if there has been an impact on the industry moving to a claims-made policy for sexual abuse and molestation liability coverage. Hunter said claims-made policies cover exposures from the policy period forward and may leave prior exposures uncovered if a tail policy is not available.

Commissioner Kuderer asked whether there would be an impact on lifting the statute of limitations. Hunter said tying the change to claims arising after the effective date would not create the same retroactive impact as reviver statutes in other states.

Commissioner Kuderer asked if the insurance industry views foster care agencies differently from other child care and child welfare organizations. Hunter said foster care agencies are viewed as higher risk because they serve highly vulnerable children, often in overnight family or group settings, and may involve children with prior abuse histories.

Hunter was asked about state and county contract compliance gaps, and she said organizations may be contractually required to carry certain coverage limits even when the market does not provide those limits, creating operational and compliance challenges.

In response to a question about whether claims have been dismissed when organizations followed protocols, Hunter did not cite dismissals but emphasized the importance of victim-centered reporting and response protocols. She stated that state licensing and other accreditation programs may provide important minimum standards, but organizations often need stronger, specialized sexual abuse prevention controls beyond baseline requirements.

When asked how carriers view Praesidium accreditation, Hunter said Praesidium is generally considered a gold standard in abuse prevention, and carriers pay attention when it is part of an organization's risk management story.

Having no further business, the Child Care Insurance (C) Working Group adjourned.

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Child Care Insurance (C) Working Group
Virtual Meeting
June 15, 2026

The Child Care Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee met June 15, 2026. The following Working Group members participated: Patty Kuderer, Chair, Charles Malone, and Bryon Welch (WA); D.J. Bettencourt, Vice Chair (NH); Michael Martinez (CA); Joshua Hershman (CT); Jane Nelson (FL); Mariam Hassan (IL); Colby Dillon (MA); Courtney Thornton (MD); Jeana Thomas (MO); Eric Bredeson (OR); Michael Humphreys (PA); Elizabeth Kelleher Dwyer (RI); and Robert Grishaber (WV). Also participating were: Marianne Baker (TX); and Jessica Sherpa (VT).

1. Adopted its May 26 and May 11 Minutes

The Working Group met May 26 and May 11. During its May 26 meeting, the Working Group took the following action: 1) heard an update on state activity tracking; and 2) heard presentations from state insurance regulators on state activity of child care liability insurance. During its May 11 meeting, the Working Group took the following action: 1) received an update on its charges; 2) heard a presentation from child care provider groups on insurance availability; and 3) heard a presentation from industry representatives on insurance availability.

Commissioner Humphreys made a motion, seconded by Commissioner Hershman, to adopt the Working Group's May 26 (Attachment One-A1a) and May 11 (Attachment One-A1b) minutes. The motion passed unanimously.

2. Heard a Presentation from the NCSL on Legislative Activity

Jenna Bannon (National Conference of State Legislatures—NCSL) said the NCSL supports legislators and legislative staff through policy research, bill tracking, technical assistance, publications, and in-person and online meetings and webinars. She said the NCSL's Children and Families Program focuses on early childhood and child care, child welfare, housing and homelessness, economic security, food security, and child support and family law.

Bannon said across states, service providers are describing a similar set of insurance market pressures. She said providers report growing difficulty obtaining liability insurance coverage due to significant premium increases, reduced coverage limits, and insurers exiting the market entirely, although insurance is often required for licensure or operation. Factors causing the problem include increased litigation and claim severity, growth in historical abuse claims, and changes in the liability environment.

Bannon said some state legislative actions include clarifying indemnification and liability standards, limiting liability exposure for contracted partners, commissioning studies or convening working groups, and exploring risk-sharing or market-stabilization strategies. State actions included Pennsylvania House Bill 2214 and Florida Senate Bill 7012, aimed at clarifying indemnification and liability standards, as well as Texas Senate Bill 1558 and Tennessee Senate Bill 1683, aimed at limiting liability exposure for contracted partners. Other actions included exploring risk-sharing or market stabilization strategies, as proposed in New Hampshire Senate Bill 614, and commissioning studies and convening working groups, as directed by Connecticut House Bill 5003, North Carolina House Bill 412, and Oregon Senate Bill 1535.

Commissioner Kuderer asked if there has been any discussion of a federal solution, a safe harbor bill, or a multistate risk pool. Bannon said she is not aware of those discussions happening at this time. Andrea Durbin (National Organization of State Associations for Children—NOSAC) said the Texas Senate Bill is a type of safe harbor bill. Baker clarified that Texas does have a statute for a liability pool, but no such pool has been created yet.

Christa Rapoport (National Council of Insurance Legislators—NCOIL) suggested looking at the federal Liability Risk Retention Act (LRRA), which would allow either purchasing groups or risk retention groups to be able to handle issues in the liability market.

3. Heard Presentations from the NPIP and NIA on Risk Pool Insurance Access

Sarah McDonnell (Non Profit Insurance Program—NPIP) said due to changes in the market, they have experienced admitted carriers pulling back, which has caused a shift of business into the surplus lines space. She said that as a risk pool, they purchase reinsurance on a group basis rather than individual policies. She said organizations are having a difficult time finding the limits they need, which are required based on state or federal contracts. Many carriers are not offering the capacity that they offered a few years ago. Additionally, higher verdict amounts and social inflation have led to higher premiums and tighter underwriting. McDonnell said that legislative changes, which expand the statute of limitations, have made it difficult for carriers to predict financial outcomes. She said companies are leaving the market or switching from occurrence basis to claims made basis.

McDonnell said NPIP is working with state associations and other groups to talk about the need for contract reform.

Pamela Davis (Nonprofits Insurance Alliance—NIA) said NIA is a group of 501(c)(3) nonprofit insurers across the country and includes a risk pool and risk retention group (RRG). She said child care, foster care, social services, and other nonprofits serving vulnerable populations depend on liability insurance to operate, but that insurance is becoming harder to find and more expensive. Davis said some of the drivers of this issue are rising lawsuit costs, changes in legal standards, revived sexual abuse claims, and third-party litigation funding. She said this issue has an impact on children and vulnerable groups, as more go without services when nonprofits reduce or eliminate programs.

Davis said restorative reforms could restore balance and fairness in the legal system, hold nonprofits accountable when they fail to meet the standard of care, and not hold nonprofits responsible for harm they did not cause and could not reasonably prevent. She said these reforms would provide insurable standards of liability, predictable outcomes, and sustainable coverage availability.

Davis suggested possible policy options to improve availability and affordability. She said that, specifically, foster care-related options include a safe harbor for substantial compliance; focus on reasonable foreseeability; require detailed, good-faith settlement demands before lawsuits; limit punitive damages; ensure nonprofits only pay for their share of responsibility; and avoid contract terms that unfairly shift government liability onto nonprofits. In the sexual abuse claims context, options include providing modified standards of look-back laws for nonprofits, providing state-run victim funds or mediation programs with appropriate guardrails to protect the fund's sustainability for future claims, and providing faster and more predictable methods of adjudication.

Davis said general reforms include applying liability caps or immunity when nonprofits are performing public functions, putting reasonable limits on noneconomic damages, and requiring disclosure or limits on outside funding of litigation. She said the goal is balance, to reduce harm to children, protect victims, and preserve accountability.

Martinez asked how many lawsuits the market is seeing in this area. Davis said hundreds of lawsuits are filed, although they do not all make it through the court system and are largely settled because attorneys are asking for much more in a verdict than a settlement amount. McDonnell added that many organizations are under contract with state or federal agencies that actually have control, but the nonprofits are being held responsible. Davis said NIA has had to halt providing coverage for certain organizations because there was not an actuarially appropriate number that would allow for coverage.

Sherpa asked if there has been a positive influence on lawsuits in states that have taken steps to mitigate the negative effect of third-party litigation funding. Davis said the Texas law has had a positive effect.

Welch asked in which states the NPIP and NIA operate. McDonnell said the NPIP is a risk pool that currently operates only in Washington. She said they have considered an RRG model to operate in other states. Davis said NIA operates in California as a risk pool and in other states as an RRG.

Commissioner Humphreys asked what makes a state attractive to write this business. McDonnell said it depends on capital surplus requirements. She said carriers she works with tend to prefer states with tort caps to avoid nuclear verdicts. She said a good example of a state with known predictability is Texas. Davis said states where RRGs can get reinsurance support would be the most attractive. She said the litigation environment in a state also must be considered.

Commissioner Kuderer asked whether there are any risk mitigation strategies that are useful to get reinsurance participation. Davis said carving out liability for abuse claims from general liability or other liability types could make it easier to get reinsurance. McDonnell said it will be easier to get the coverage, but it could be more expensive than a traditional package policy.

Davis and McDonnell said they do not deal with homeowners policies for in-home day care liability.

Having no further business, the Child Care Insurance (C) Working Group adjourned.

Draft: 6/16/26

Child Care Insurance (C) Working Group
Virtual Meeting
May 26, 2026

The Child Care Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee met May 26, 2026. The following Working Group members participated: Patty Kuderer, Chair, and Bryon Welch (WA); D.J. Bettencourt, Vice Chair (NH); Kathryn Taras (CA); George Bradner (CT); Jane Nelson (FL); Kaitlyn Edicola (IL); Courtney Thornton (MD); Elouisa Tyler (NM); Eric Bredeson (OR); Michael Humphreys (PA); Elizabeth Kelleher Dwyer (RI); and Allan L. McVey (WV).

1. Heard an Update on State Activity Tracking

Jordan Schaper (NAIC) said a recent bill in Kansas, House Bill 2521, adds child placement agencies to the definition of "government entity" in the Kansas Tort Claims Act (KTCA). He said the KTCA generally protects governmental entities and employees from liability for damages caused by certain acts or omissions of the entity and provides a $500,000 damages cap on any number of claims arising out of a single occurrence or accident. He said it does not allow for punitive or exemplary damages or prejudgment interest. He said the KTCA had an existing exception where the damages caps, punitive damages limitations, and certain exceptions from liability do not apply to any claim for recovery of damages against a governmental entity arising from childhood sexual abuse. He said these amendments apply only to causes of action arising on or after July 1, 2026.

Schaper said that Texas Senate Bill 1558 creates limited civil liability protections for nonprofit entities that contract with the Texas Department of Family and Protective Services (DFPS) for acts by employees if baseline requirements are met. He said an entity may not be held liable for damages caused by acts of employees or volunteers if, at the time of the act or omission giving rise to the claim, the entity has appropriately backgrounded the individual; reported allegations of misconduct and taken administrative action in response to any misconduct; and ensured the individual has satisfied specific training requirements. He said vicarious liability of the entity is only permissible for the act of the employee when the entity is not in substantial compliance with the listed requirements; the requirement was designed to prevent the specific type of harm alleged to have occurred; and the entity's lack of substantial compliance was a contributing factor in bringing about harm. He said this applies only to causes of action occurring on or after Sept. 1, 2025.

Schaper said House Bill 415 was introduced in Florida but did not advance through the committee process. He said this bill would have provided caps on damages for certain direct providers of foster care and related services. If enacted, the bill would have limited net economic damages in tort actions brought against community-based care lead agencies and their subcontractors to $1 million per liability claim; eliminate liability for damages from lead agencies and subcontractors that are direct providers of foster care and related services to pay any claim or judgment that exceeds $1.5 million; create a limit on attorney fees of 25% of any judgment or settlement; and decrease lead agency and subcontractor's minimum general liability insurance coverage requirements.

Schaper said in 2021 and 2023, Maine amended its civil statute of limitations law and maintained no limitation to commence action when claims involve specified acts of childhood sexual abuse. He said the 2021 amendment clarified that the statute applies to all actions based upon sexual acts toward minors, regardless of the date of the sexual act and regardless of whether the statute of limitations on such actions expired prior to the statute's effective date.

Schaper said in Rhode Island, Senate Bill 739 was introduced and would retroactively eliminate the statute of limitations and revive previously time-barred claims against all parties, including nonprofits and day care centers.

Schaper said in New York, a bill was introduced in February 2026 that would require carriers writing commercial risk insurance in New York to participate in the assigned-risk plan for the benefit of voluntary foster care agencies. He said the bill would reset state payment standards to agencies to better reflect year-over-year changes in insurance costs and establish an insurance bridge fund of $20 million to help fund increased liability insurance costs.

Schaper said in New Hampshire, a bill was introduced in January 2026 that would create and authorize a joint self-insured risk coverage arrangement for two or more providers and servicers of child care, day care, foster care placement, and behavioral health services. The bill outlines that eligible entities can self-insure liability risks, jointly purchase insurance and reinsurance, and contract for risk management, claims, and administrative and legal services. He said the bill establishes a framework for New Hampshire Insurance Department oversight of these arrangements, including the commissioner’s authority to approve applications and revoke program licenses, reporting requirements, and oversight of the financial condition of the arrangement.

Schaper highlighted state-initiated public studies and outreach conducted in Illinois, Maryland, North Carolina, Oregon, and Washington.

Commissioner Kuderer asked whether there is any evidence that the approaches adopted in states with recently passed bills have been effective. Schaper said there has not been an indication of effectiveness yet.

Commissioner Kuderer asked whether a pattern is emerging among states that have lifted or increased their statutes of limitations. Schaper said there is not yet enough data to show whether changes to statutes of limitation affect access to liability insurance.

2. Heard Presentations from State Insurance Regulators on State Activity of Child Care Liability Insurance

Commissioner Humphreys said the Pennsylvania Council of Children, Youth, and Family Services (PCCYFS) has been surveying child care providers and foster care providers on the liability insurance issue. He said the Pennsylvania Insurance Department started conducting its own surveys, working with the Pennsylvania Department of Human Services. He said the response rate for its surveys was about 20% for foster care providers and 10% for child care providers. He said respondents mentioned availability and affordability concerns, including difficulty finding insurers willing to write the coverage and the issue of large coverage requirements that lead to multiple-layered policies to meet them. He said that when providers can find coverage, it usually comes with higher premiums and capped coverage.

Commissioner Humphreys said in 2022, the Pennsylvania legislature passed Act 127, which made indemnification language in government contracts unenforceable. He said PCCYFS is working on a number of proposals, including House Bill 2490, which would prohibit counties from requiring insurers to waive their right of subrogation. He said PCCYFS compiled a document with survey data and actionable solutions they have worked on with their partners and industry representatives.

Commissioner Humphreys discussed potential options for obtaining insurance coverage, including existing risk pools, risk retention groups, and the surplus lines market.

Welch said Washington issued a report in December 2025 that evaluated whether Washington should create a joint underwriting association to provide both property and liability insurance for child-placing agencies, group foster homes, child care centers, and family child care homes. He said the core conclusion is that the insurance problem differs across all of the entities. He said the report examined in-home child care and found that they did not face the same access challenges as other child welfare organizations. He said the report found that for child placing agencies and group foster homes, there is a real liability insurance availability and affordability crisis. He said for child care centers and family child care homes, the report found that insurance is still generally available, although there were some warning signs that access could worsen over time. He said the report narrowed the issues to the liability coverages, specifically general liability, professional liability, sexual abuse and molestation coverage, excess or umbrella coverage, and related package coverage.

He said property and auto insurance coverage have not been an issue. For child placing agencies and group foster homes, the most serious issue is coverage for prior acts. He said the report found that insurance may be available for future operations, but coverage for past uninsured acts or coverage gaps is largely unavailable. He said the report cautioned against creating a joint underwriting association (JUA) for child placement agencies and group foster homes because the JUA is meant to address insurance availability, but the premium volume would likely be too small to support potentially catastrophic losses. The report laid out several policy options, including changes to contract provisions requiring providers to indemnify or hold the state harmless. The report gave recommendations to the legislature to consider changing the applicable standards of at-fault liability, such as creating a safe harbor for providers who have complied with required safety reporting, training, background checks, and other insurance obligations. It was also recommended that the legislature create a compensation fund for historical losses where insurance limits are exhausted.

Edicola said the Illinois legislature directed the Illinois Department of Insurance (DOI) to survey the availability and the cost of liability insurance for foster care and adoption services in the state. She said the department surveyed 33 insurance carriers, 26 Illinois child welfare agencies, and examined anonymous responses from 32 Illinois providers that had responded to a national survey. Only three carriers writing child welfare liability responded to the survey in its entirety. The survey found that general liability premiums increased by 117% over three years. Carriers identified sexual and physical abuse claims as the dominant factor driving premiums to increase and insurers to exit the market. She said carriers indicated the risk environment had changed, stemming from the litigation landscape, including an increase in class action lawsuits and large verdicts. The survey showed policies that had previously offered occurrence coverage had shifted towards providing claims-made coverage due to the lengthened tail risk. She said one survey response noted that obtaining Praesidium accreditation or comparable accreditation is one risk mitigation strategy. She said there has not been a follow-up hearing on the survey results.

Director Dwyer said the Rhode Island bill mentioned earlier in the meeting has passed the state House and is sitting in the Senate. She said there is another bill that would establish a JUA in Rhode Island. The Rhode Island Division of Insurance has heard from providers that it is not just an affordability issue but also an availability issue.

Bradner said the Connecticut Insurance Department is working on solutions to this issue, including looking at the feasibility of allowing multiple nonprofit organizations to pool their liability insurance, exploring creating a captive insurance company, risk management agency, or other suitable insurance program to insure risks held by the pool, and creating a detailed plan for such an entity, including data collection and actuarial analysis. He said a working group has convened to create a report by Nov. 1, 2026.

Commissioner McVey said West Virginia increased its statute of limitations for both abuse and molestation. He said West Virginia has a state insurance pool that is self-insured and administered for the foster care system, which has seen an increase in premiums. He said there is an insurance pool for nonprofit entities in which many child care providers are insured, and that pool has also seen an increase in premiums. He said some type of government intervention will likely be required to fix this insurance issue.

Pamela Davis (Nonprofits Insurance Alliance—NIA) said the changes in insurance availability and affordability have been caused by changes to statutes of limitations and by nonprofits being held liable for injuries to children they did not cause and could not prevent. She said she is glad the group is considering insurance alternatives, but as a risk retention group and captive insurer, she is observing that this coverage is difficult to obtain. She said even reinsurance has been difficult to procure.

Having no further business, the Child Care Insurance (C) Working Group adjourned.

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Child Care Insurance (C) Working Group
Virtual Meeting
May 11, 2026

The Child Care Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee met May 11, 2026. The following Working Group members participated: Patty Kuderer, Chair, (WA); Michael Martinez (CA); Joshua Hershman (CT); Bradley Trim (FL); Scott Saiki (HI); Mariam Hassan (IL); Colby Dillon (MA); Courtney Thornton (MD); Elouisa Tyler (NM); Eric Bredeson (OR); Michael Humphreys (PA); Matthew Gendron (RI); and Robert Grishaber (WV). Also participating was: Jessica Sherpa (VT).

1. Received an Update on its Charges

Commissioner Kuderer said the Child Care Insurance (C) Working Group charges were adopted by the Property and Casualty Insurance (C) Committee on May 8. She said the Committee exposed the draft charges for 15 days and received redlined changes from the National Association of Mutual Insurance Companies (NAMIC) and the American Property Casualty Insurance Association (APCIA). She said the Working Group and Committee substantively agreed to incorporate all changes requested by NAMIC and APCIA, except for removing the non-admitted market from the Working Group's consideration.

2. Heard a Presentation from Child Care Provider Groups on Insurance Availability

Kirsten Anderson (AspireMN) said the establishment of the Child Care Insurance (C) Working Group is a critical advance in the work to resolve the liability insurance crisis. She said the National Organization of State Associations for Children (NOSAC) and other national partners have found that this problem requires a national solution. State-by-state solutions are not viable, in part due to the need for consistency across all markets.

Anderson said child-caring agencies and states have been in a long-standing public-private partnership to deliver child welfare services. She said the federal Administration for Children and Families (ACF) describes child welfare systems as comprised of many organizations in each community working together to strengthen families and keep children safe; providing a group of services designed to promote the well-being of children by ensuring safety, achieving permanency, and strengthening families; and public agencies within states, often contracting with private organizations to provide services to families.

Anderson said a public-private partnership is part of the state child welfare system design. She said states conduct the investigation and child removal in cases of substantiated abuse and neglect, community providers support children and families in out-of-home placement with services and support, and services are delivered to assure reunification or another path to permanency for the child.

Anderson said funding for child welfare services defines child-caring agencies as those that provide care, supervision, and services to children in foster care. She said all services are private and delivered in settings that are not owned, operated, or administered by the government, but often as contracted services. She said they are all licensed, and health, safety, and service requirements must be demonstrated and include regular audits. Anderson said child welfare services are critical and are at risk due to the increasing lack of access to liability insurance.

Andrea Durbin (NOSAC) said NOSAC released its 2025 report, *Insuring Care: How Liability Insurance Access Threatens Community Services for Children*, based on a national survey.

Durbin said that carrying appropriate levels of liability insurance is not just contractually required, but also good business practice. She said concerns about liability insurance are widespread. Trends from California, Florida, Illinois, Missouri, Pennsylvania, and Texas show a shrinking list of insurance carriers willing to cover foster care and adoption.

Durbin said child welfare providers from 46 states responded to the liability insurance survey. She said providers of all sizes were represented, with half of responding organizations having budgets under $10 million and the other half with budgets over $10 million. She said responding providers over a whole range of services within the foster care and child welfare system, and many providers provide services outside the child welfare system. She said an array of services and the public-private partnership are at risk.

Durbin said two-thirds of responding organizations had a premium increase of more than 50%, almost half had their premiums double, and a quarter of respondents had premium increases of 200% to 1,800%. She said providers indicated that insurance is their third-largest expense, and many were having trouble getting any carrier to provide insurance for their organization.

Durbin said, absent a comprehensive and coordinated solution, providers will be left to decide whether to continue delivering services to children. She said more than two-thirds of survey respondents are contemplating or willing to consider changes to their service offerings due to liability insurance concerns. She said as providers leave the system, pressure and costs increase on those that remain, which will impact access to services and supports for children and families.

Durbin said states have been implementing various strategies to address this issue, including limiting public agency indemnification, stop-gap funding to help cover insurance premiums, tying agency liability to due diligence, tort reforms, and statutorily mandated surveys to understand the scope of the problem. She said states are limited in their ability to regulate and direct the actions of companies not domiciled within their borders. She said this is a national issue that requires a national response, including a suite of policy solutions instead of a one-size-fits-all approach. Durbin said there have been no unintended negative consequences to the individual state solutions, but they have not fully eliminated the issue.

Durbin said NOSAC and partner agencies are trying to better understand the state-by-state statutory and contracting requirements with regards to liability insurance; dive deeper into the impact of child victim legislation and changes in statutes of limitations across the country from the insurers' perspective; outreach to key partners and subject matter experts; build champions for national solutions in Congress and the presidential administration; and build consensus and advocate for actionable legislation.

Vera Stoulil (Oregon Alliance) said child welfare organizations are already heavily regulated to mitigate risk. She said the risk mitigation strategies are not being seen as effective, which is affecting rates and availability of liability insurance. She said this leads to staff reductions, program reductions, and program closures. She said part of the problem is that programs are required to carry certain levels of liability coverage, but those levels of coverage are not being offered by companies.

Sherpa asked if foster care organizations are the only ones facing the liability insurance problem. Durbin said foster care and adoption services are at the forefront of this issue, but NOSAC is seeing it spread to other services for children and youth, including child care and early childhood education centers, after-school programs, and even school districts. She said one issue is the changes in statutes of limitations across the country regarding childhood sexual abuse and physical abuse. She said this leaves this type of liability as a long-tail risk.

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Saiki asked if there was any data on the number of claims in this space. Durbin said that information would have to be collected from individual carriers. Saiki then asked if there was a national organization that previously provided liability insurance. Durbin said the Nonprofits Insurance Alliance previously wrote business but has ceased writing new business.

3. Heard a Presentation from Industry Representatives on Insurance Availability

Erica Weyhenmeyer (NAMIC) said certain legal and litigation trends are influencing child care and foster care liability markets. She said that from an industry perspective, one of the key cost drivers is instability and long-tail liability. She said coverage is priced based on the best available data and the legal rules in place at the time. When statutes of limitations are extended, revivor statutes reopen long-closed policies, and litigation tools, such as third-party funding, contribute to more and larger lawsuits, the expected loss profile for past business can change dramatically after the fact. She said that makes it harder for insurers to commit capital to those lines of business on a sustainable basis, and that it inevitably affects pricing and capacity. She said NAMIC recognizes that providers are reporting premium increases, tighter terms, and fewer carriers willing to write this type of business, but from their members' vantage point, it is important to understand why those pressures are emerging and how those legal and litigation trends are shaping insurers' appetite for this line. Weyhenmeyer said NAMIC is working with its members to gather additional feedback on what is happening in the marketplace to continue sharing perspectives on an ongoing basis.

Dave Snyder (APCIA) said APCIA is providing initial comments while conducting a top-to-bottom review of the issue and hopes to provide more detail about the analysis and proposed approaches in the future. He said challenges in this space include significant liability exposure and costs often resulting from revived claims; significant litigation exposure and costs that create challenges to insure; the resulting lack of insurance may strain service capacity; and vulnerable populations may be especially impacted.

Snyder said potentially constructive responses include advancing general liability reforms including the Third-Party Litigation Funding disclosure; a limit or cap on damages for sexual abuse claims; providing state-funded victim compensation funds or mediation programs; providing sovereign or charitable immunity for nonprofits; providing liability safe harbor for substantial compliance with applicable licensing, regulation, and child safety requirements; providing foreseeability-based duties of care; advancing time-limited demand reform; and limiting excessive damages. Snyder said Texas SB 1558 is a recent example of constructive state legislation for foster family agencies. He said APCIA requests time in July to report on the progress of developing principles to address child-care entity liability issues.

Kuderer asked if NAMIC and APCIA believe direct solicitation by private equity companies is part of the problem. Snyder said there have been changes to the litigation environment and that may be part of the problem. Weyhenmeyer said she would pose that question to NAMIC's members to get a grasp on what they are seeing.

Sherpa asked how much third-party litigation funding is affected by the unavailability of insurance due to increased costs insurers must bear. Durbin said this practice is getting extreme and using marketing to drum up plaintiffs.

Kuderer said the Washington state study found that the child placement agencies and group foster homes liability market is concentrated among a very small number of insurers, mostly in the surplus lines market, and that may make the market unstable even if one participant withdraws. She asked what specific underwriting, claims, legal, or contractual challenges would make admitted or surplus lines carriers more willing to write this coverage. Snyder said reforms in the liability system are important elements there. Weyhenmeyer agreed that with the ever-changing legal environment and adjustments to statutes of limitation, it is impossible to predict what costs are going to be when you are writing a policy that could be paying claims many years in the future.

Having no further business, the Child Care Insurance (C) Working Group adjourned.

Draft: 6/23/26

Title Insurance (C) Working Group
Virtual Meeting
June 18, 2026

The Title Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee met June 18, 2026. The following Working Group members participated: Chuck Myers, Chair, represented by Charles Hansberry (LA); Connie Van Slyke, Vice Chair (NE); Alex Reno (AK); Erick Wright (AL); Tom Zuppan (AZ); Pratima Lele (DC); Jeff Joseph (FL); Matt LeLong (ID); Deborah Dalton (KS); Shanelle Hopkins (MD); Blaine Bergstedt (ND); Laura Baca (NM); Erin Summers (NV); Timothy Schirmer (OH); Glen Mulready (OK); Michael McKenney (PA); Mariel Garcia (RI); Thomas Baldwin (SC); Tony Dorschner (SD); Angela Crooker (VA); and Rosemary Raszka (VT).

1. Adopted its June 9 Minutes

The Working Group met June 9. During this meeting, it took the following action: 1) adopted its 2025 Fall National Meeting minutes; 2) received an update on its work plan; and 3) heard a presentation from the (American Academy of Actuaries—Academy) on its title-related research findings.

McKenney made a motion, seconded by Wright, to adopt the Working Group's June 9 minutes (Attachment Two-A). The motion passed unanimously.

2. Heard a Presentation on Recent Fraud Trends, a Framework to Lower Risk at Scale, and Use of ALTA 49 Endorsements

Tom Cronkright (CertifID) said the threat landscape for real estate transactions continues to evolve, particularly as artificial intelligence (AI)-enabled threats become more believable and scalable. He said real estate remains a significant target because transactions are high-value, time-sensitive, publicly visible, and involve multiple parties communicating across different channels. He described how bad actors use publicly available information, compromised email accounts, social engineering, voice cloning, deepfake video, synthetic identities, and fraudulent payment instructions to divert funds or impersonate parties to a transaction.

Cronkright said CertifID's experience with fraud recovery cases shows that losses may arise from buyer cash-to-close funds, mortgage payoffs, and seller proceeds. He said fraud attempts increasingly exploit weaknesses in identity verification, secure communications, escrow disbursement processes, and consumer awareness. He also discussed consumer survey findings indicating that many recent home buyers and sellers are aware of fraud risks, have experienced fraud or know someone who has, and expect transaction participants to provide meaningful protections.

Cronkright said fraud risk management requires internal and external education, updated processes and procedures, technology-enabled identity and payment verification, incident response planning, and appropriate insurance coverage. He identified several areas where state-level action could help reduce risk, including uniform standards for secure communications, identity verification for all parties, consumer notice of fraud risks, and clarity on whether fraud-prevention costs may be passed through to consumers.

Steven Gottheim (American Land Title Association—ALTA) said there is a growing risk of deed fraud and seller impersonation fraud. He said bad actors may impersonate legitimate buyers or sellers, use synthetic identities, or record fraudulent deeds or mortgages. He said the traditional hallmarks of seller impersonation fraud, such as vacant land, below-market sale prices, and reluctance to appear in person, are becoming less reliable as fraud schemes evolve and use new technology.

Gottheim said title insurance traditionally focuses on detecting and curing title defects before closing, including those caused by fraud and forgery. He explained that standard owner's policies cover defects in title caused by fraud or forgery as of the policy's date, while ALTA's expanded homeowners policy includes certain post-policy coverages. He said fraud and forgery claims are among the industry's more costly claims and have increased as a share of title claims.

Gottheim said ALTA developed the ALTA 49 and ALTA 49.1 endorsements to provide targeted protection for post-policy fraud and forgery risks. The ALTA 49 endorsement is intended to be issued with a new homeowners policy, while the ALTA 49.1 endorsement is intended for existing homeowners policies. The endorsements are limited products designed for improved residential property and are subject to insurer underwriting requirements.

Van Slyke asked about company search requirements before issuing the ALTA 49.1 endorsement and whether varied requirements could result in consumers receiving different levels of protection. Gottheim said the core coverage would be the same when consumers purchase the same endorsement, but underwriting and search requirements may vary by company. Companies may conduct a date-down search from the original policy date and may require additional information depending on underwriting standards and available records.

McKenney asked Cronkright what prevents title agents from passing fraud-prevention costs on to consumers. Cronkright said some states have indicated that fraud prevention costs should be managed internally as part of the escrow or closing process rather than listed separately as consumer fees. McKenney asked whether such costs could be built into the amount insurers bill for title agent services in all-inclusive-rate states. Cronkright said title agencies have had to absorb additional costs associated with identity verification, account validation, email monitoring, and other controls, and that discussions about netting those costs from remittances to underwriters have not occurred in his experience.

Joseph asked why the ALTA 49 endorsement does not cross over into the casualty area. Gottheim said title insurance already includes some future-looking coverage, such as gap coverage, and the endorsement expands coverage in a limited way based on title underwriting and public record searches. He contrasted this with casualty insurance, which is generally underwritten based on the uncertainty of future events and actuarial data.

Having no further business, the Title Insurance (C) Working Group adjourned.

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Draft: 6/16/26

Title Insurance (C) Working Group
Virtual Meeting
June 9, 2026

The Title Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee met June 9, 2026. The following Working Group members participated: Chuck Myers, Chair (LA); Connie Van Slyke, Vice Chair (NE); Erick Wright (AL); Lori Dreaver Munn (AZ); Angela King (DC); Matt LeLong (ID); Jim Easton (IN); Craig Van Aalst (KS); Maryam David (MD); Jacqueline Obusek (NC); Blaine Bergstedt (ND); Laura Baca (NM); Timothy Schirmer (OH); Erin Wainner (OK); Michael McKenney (PA); Patrick Smock (RI); Will Davis (SC); Tony Dorschner (SD); Angela Crooker (VA); and Mary Block (VT).

1. Adopted its 2025 Fall National Meeting Minutes

McKenney made a motion, seconded by Van Aalst, to adopt the Working Group's Dec. 11, 2025, minutes (*see NAIC Proceedings – Fall 2025, Property and Casualty Insurance (C) Committee, Attachment Four*). The motion passed unanimously.

2. Received an Update on the Working Group's Work Plan

Myers reviewed the proposed work plan. Items in blue are planned items, and those in orange are additions made in response to the April 24, 2026, email to the full distribution list requesting feedback on the work plan.

2026 NAIC Title Insurance Working Group Charges and Proposed Work Plan

1. The Title Insurance (C) Working Group will:

A. Discuss and/or monitor issues and developments affecting the title insurance industry, and provide support and expertise to other NAIC committees, task forces and/or working groups, or outside entities, as appropriate.

1. Hear updates and provide feedback, as requested, on the American Academy of Actuaries' (Academy) title-related research. *(Planned for June 9th meeting)*
2. Hear presentations on the title and housing market outlook from AM Best and First American. *(Planned)*
3. Hear an update from the Coalition Against Insurance Fraud (*Proposed by Michelle Rafeld*)
4. Hear a presentation on Milliman's fraud and forgery in claims and refinance transactions study. Fraud and forgery claims make up 40% of refinance costs and are seven times more expensive than typical title claims. (*Proposed by ALTA*)

B. Review and assist various regulatory bodies in combating fraudulent and/or unfair real estate settlement activities. Such efforts could include working with the Antifraud (D) Task Force and other NAIC committees, task forces, and/or working groups to combat mortgage fraud and mitigating title agent defalcations through the promotion of closing protection letters (CPLs) and other remedies.

1. Hear a presentation from CertifID and American Land Title Association (ALTA) on recent fraud trends and a framework to lower risk at scale. *(Planned for June 18th meeting)*

2. Deliverable: Create a one-page consumer handout/alert guidance document on "How to avoid deed theft & seller impersonation during a closing" that states can post on their website and share with housing partners. *(Proposed)*

C. Consult with the Consumer Financial Protection Bureau (CFPB) and other agencies responsible for information, education, and disclosure for mortgage lending, closing, and settlement services about the role of title insurance in the real estate transaction process.

1. Real Estate Commissioner of Arizona and the Missouri Department of Insurance to discuss recent notary, seller impersonation, and deed fraud cases in their states. (*Proposed*)

2. Hear a presentation from the Conference of State Bank Supervisors (CSBS) on updates, trends, and regulatory changes impacting mortgage lenders and mortgage loan originators? (*Proposed by Pat Smock (RI)*)

3. Obtain an update on the FHFA Title Acceptance Project, including program operation, number of mortgages involved, and program performance. (*Proposed by Birny Birnbaum*)

4. Educational, fact-finding field trip (60-90 minutes) to a title agency near the NAIC National Meeting venue for a visit. (*Proposed for Fall NM in Dallas by Ron Blithenthal, Old Republic*)
   - ALTA would provide a bus to transport. Representatives from the agency would provide a tour of the title plant, a description of what they do from intake to policy issuance, and beyond to illustrate exactly what a title agency must do to issue a policy.
   - A similar trip was made about 15 years ago in Dallas, around 8 pm, to avoid conflict with the National Meeting. The trip was in addition to the regularly scheduled (then) Task Force meeting.

D. Update the *Survey of State Laws Regarding Title Data and Title Matters report* and the *Title Insurance Consumer Shopping Tool Template* as needed.

1. Continue Shopping Tool delivery modernization efforts by:

   a. Deliverable: Creating a state posting package for the Shopping Tool that offers options on how states can embed the newly updated *Shopping Tool* content into their websites by repackaging the content into copy-and-paste formats for DOI websites. Potential items could include:

      - Web page modules (plain-language headings + short sections)
      - FAQ version (Q&A format using the same approved text)
      - 1-page printable consumer handout (quick guide)
      - Consumer-services call script (intake prompts + standard answers)
      - Short-form snippets (social posts/newsletter blurbs)
      - State customized insert (complaint contacts, license lookup, state-specific terminology placeholders) *(Proposed)*

   b. Deliverable: Creating a podcast from the newly updated *Shopping Tool* (and possibly including it in the state posting package) *(Proposed)*

2. Discuss state law amendments or adoptions impacting the business of title insurance. *(Proposed by Pat Smock, RI)*

E. Stay abreast of consumer issues and complaints submitted to states regarding title insurance. Consider regulatory best practices or standards related to consumer protection.

1. Roundtable of Working Group members sharing recent title insurance-related issues in their states. *(Proposed)*

2. Compile a list of federal RESPA and similar state enforcement actions and lawsuits involving title insurance from 2021 to present. *(Proposed by Birny Birnbaum)*

3. Compile a list of title-related affiliated business arrangements by type of non-title entity involved (i.e., law firm, home builder, lender, real estate agent, etc.) by year from 2021 to present. *(Proposed by Birny Birnbaum)*

F. Evaluate alternative title products and provide guidance to state insurance regulators as needed.

Question: If alternative title products include attorney title opinion letters, how is the evaluation to be completed? Guidance? Update of model 230? (*Question posed by Pat Smock (RI)*

3. Heard a Presentation on the Academy's Title-Related Research Findings

Steve Jackson (American Academy of Actuaries—Academy) presented findings from its ongoing research into the drivers of pre-policy issuance expenses in the title insurance industry. The study aims to identify the factors contributing to costs incurred before issuing title insurance policies, using these insights to guide further investigation.

Jackson said the Academy updated its data through 2024, continued to use Jan. 1, 2024, as the base year for dollar values, and analyzed 17 companies that reported data for most or all of the study period. He said the Academy is now examining company-year relationships in greater detail, has developed a labor cost index to account for differences in the cost of doing business across states, and has completed a multivariate regression analysis to isolate the effects of several factors on expenses per policy and expenses per insured amount.

Jackson said the research suggests that a higher share of commercial policies, higher labor costs, and a greater share of personnel expenses are associated with higher expenses, while greater use of contracted services is associated with lower expenses. He said the findings indicate that market conditions and company business models both affect expenses, but also emphasized that the available data is limited. He said additional data on affiliated and nonaffiliated agency operations, distinctions between residential and commercial expenses, and more detail on in-house versus contracted functions would improve future analysis. He said the Academy plans to issue an issue brief and technical appendix and continue reviewing available state data calls.

Birny Birnbaum (Center for Economic Justice—CEJ) said that, because losses account for only a small share of title insurance premiums, expense analysis is central to understanding the cost of title insurance. He commented that reported expenses may not necessarily reflect reasonable expenses and suggested several areas for further analysis, including affiliated business arrangements, automation and digitalization, economies of scale, profit margins, title plant costs, and comparisons of title commitment and closing costs across states. Jackson stated he would review Birnbaum's comments post-meeting.

Kenneth R. Trepeta (Real Estate Services Providers Council—RESPRO) emailed a response shortly following the meeting that Birnbaum seemed to confuse affiliated business arrangements with all arrangements under the Real Estate Settlement Procedures Act (RESPA) Section 8(c). Among RESPRO members, an affiliated relationship typically involves a title agency linked to a mortgage company, real estate firm, or builder, organized under Section 8(c)(4). Such agencies have agent-underwriter relationships per Section 8(c)(1)(B), receiving compensation for services performed by major underwriters. While jurisdictional variations exist, affiliated title businesses generally offer the same products as unaffiliated agencies, with most state title insurance rates filed or set. Trepeta noted that title agents have taken on much more responsibility over the past 15 years, due to regulations such as the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) (including the Truth in Lending Act [TILA]-RESPA Integrated Disclosure Rule [TRID]), Financial Crimes Enforcement Network Geographic Targeting Orders (FinCEN GTOs), and rising concerns about wire fraud, deed theft, and other types of fraud. These changes have increased the cost of providing title insurance and closing services.

Steven Gottheim (American Land Title Association—ALTA) said the analysis was helpful, particularly the multivariate review. He said additional research would be useful, including comparisons between direct and agent operations and further review of trends in claims, fraud, and forgery. He also said inflation should remain part of the discussion when evaluating costs and premiums.

Davis said it would be useful to compare title insurers' actual profit margins with those reflected in rate filings. Birnbaum added that publicly traded insurers report quarterly profit margins that can be reviewed nationwide.

King asked whether the Academy had any information on closing protection letters, including how underwriters track actual losses and whether data might be available for states that allow multiple transaction parties to purchase the coverage. Jackson said the topic had been discussed previously and that he had not identified data to present yet, but was continuing to look into it.

Having no further business, the Title Insurance (C) Working Group adjourned.

NATIONAL ASSOCIATION OF
INSURANCE COMMISSIONERS

Draft: Aug. 14, 2026

Affordability and Availability of Homeowners Insurance Playbook

A resource for state insurance regulators, legislators, and policymakers.

Created by

The NAIC Property and Casualty Insurance (C) Committee

2026

Table of Contents

Executive Summary

The *Affordability and Availability of Homeowners Insurance Playbook* (Playbook) serves as a resource for state insurance regulators to address the growing affordability and availability challenges impacting homeowners insurance. The Playbook is structured into four parts:

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

Part 2 discusses cross-peril strategies applicable to all types of hazards.

Part 3 highlights peril-specific state actions and innovative regulatory responses.

Part 4 explores emerging and widening protection gaps facing homeowners.

Part 5 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 the range of tools regulators may evaluate in response.

The availability and affordability of homeowners insurance in the United States have become a pressing challenge, shaped by the convergence of rising catastrophe losses, inflation-driven rebuilding costs, and shifting insurer risk management strategies. Over the past decade, repeated billion-dollar disasters, escalating construction expenses, and tightening underwriting practices have driven premiums sharply upward while simultaneously narrowing coverage options. As insurers adjust their willingness or ability to write coverage in certain regions and modify policy terms by increasing deductibles, exclusions, or depreciation adjustments, households assume a larger share of the financial responsibility for potential losses. These dynamics of the underlying risk and related cost drivers not only widen protection gaps and strain consumer resilience but also reverberate with potential consequences for housing markets, mortgage accessibility, rental affordability, and local economies.

The role of insurance regulators 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 and appetite for risk. Regulators must also identify where protection gaps are emerging, assessing how affordability and availability challenges are leaving households exposed to losses, and implementing strategies to fill those gaps before they undermine financial security and community resilience. By actively working with insurers, government, and private stakeholders to mitigate risk and promote competitive and innovative insurance markets, regulators can help ensure that homeowners insurance remains a viable tool for safeguarding policyholders, enabling homeownership, and supporting broader economic stability.

The Playbook is intended to be used by regulators as a menu of policy options and implementation considerations, not as a set of recommendations or endorsements of any particular approach. The examples included throughout the Playbook are intended to help jurisdictions identify ideas that may be relevant to their own market conditions, statutory authority, regulatory structure, risk environment, and consumer needs. A strategy that is effective in one state may need to be adapted, limited, or paired with other actions in another jurisdiction.

Jurisdictions considering any option described in the Playbook should evaluate the policy goal, legal authority, market context, operational requirements, funding needs, consumer impacts, and potential tradeoffs before deciding whether and how to proceed. This evaluation may include outreach to states, agencies, insurers, consumer representatives, technical experts, emergency management officials, local governments, nonprofit partners, or other relevant parties with experience implementing the approach or being affected by it. Those conversations can help regulators understand how a strategy was developed, what conditions supported implementation, what challenges emerged, and what adjustments may be necessary for another jurisdiction.

The Playbook may be updated as additional states add their information, homeowners insurance markets evolve, and as states develop additional tools, data sources, mitigation programs, and market-stabilization approaches.

As insurance markets continue to adjust and as capacity has begun to recover in some areas, regulators are monitoring how rising premiums and changing underwriting practices affect consumers' access to meaningful insurance coverage that is affordable to buy and to use. The issues this Playbook seeks to address are: dramatically increasing premiums nationwide, and how many property/casualty (P/C) companies are writing fewer new homeowners insurance policies. Often, this results in consumers being unable to get insurance coverage at an affordable price.

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.

State insurance regulators play a critical role in responding to these pressures. Regulators must achieve multiple goals, including risk-based insurance rates and insurer solvency, through modern, dynamic, and responsive regulatory actions that protect consumers.

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

Section A: Overview

Part 1 offers a foundational overview of the key issues influencing homeowners insurance affordability and availability across the United States. It focuses on broad macroeconomic and environmental factors, such as natural disasters, disposable income, and economic shifts, that drive 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 resources:

Insurance 101

Homeowners Insurance Basics

U.S. Homeowners Insurance Rate Regulation–A Regulatory Perspective [Coming Soon]

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

How Insurance Market Regulatory Structure Shapes Insurance Solutions

Insurance regulators oversee insurance companies, including their financial stability and risk-based rate-setting, while ensuring consumers have access to affordable coverage. States adopt different methods for rate filing processes (such as prior approval versus file-and-use), review timelines, and other considerations. As risk models continue to advance, insurance regulators are increasingly focused on proactive strategies to predict and manage emerging risks. As will be discussed in parts 3 and 4 of this Playbook, state regulators have used their authority to improve the affordability and availability of homeowners insurance through various thoughtful actions.

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 to the system, and support the stability and capacity of the insurance market, which can impact availability and affordability of insurance for consumers. Reinsurers share in insurers' risks. As such, reinsurers enable insurers to take on more risk and provide insurance across broader product lines and geographic regions, including high-risk regions.

Reinsurance layers are often complemented by alternative capital or insurance-linked securities (i.e., catastrophe bonds) and, in limited circumstances, government-backed risk pools and markets of last resort. Such backstops are complementary tools for targeted markets and not full substitutes for private market capacity, risk-based pricing, or robust mitigation investments.

Reinsurance pricing is often cyclical in nature. Recent reinsurance market analysis reflects that nature: In a National Bureau of Economic Research (NBER) working paper, Benjamin J. Keys and Philip Mulder argue that a rapid rise in reinsurance rates was a factor behind higher homeowners insurance prices, noting that U.S. property/casualty (P/C) reinsurance costs doubled between 2018 and 2023.[1] In an analysis of insurance company responses to the 2022 Climate Risk Disclosure Survey, many insurers describe purchasing reinsurance as their primary strategy for managing climate risk, while some reinsurers report that climate risk is prompting them to reprice or reduce their offerings.[2] 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.[3]

But in recent years, the reinsurance market has shown signs of greater stability. According to Aon's 2025 Reinsurance Market Dynamics report, "while pricing continued to moderate overall, there was significant variation in renewal outcomes as reinsurers differentiated by loss experience and performance."[4] Additionally, Moody's indicated that overall "pricing for property

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[1] Benjamin J. Keys and Philip Mulder in Property Insurance and Disaster Risk: New Evidence from Mortgage Escrow Data (NBER Working Paper 32579). https://www.nber.org/digest/202410/disaster-risk-and-rising-home-insurance-premiums?page=1&perPage=50

[2] 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

[3] 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/

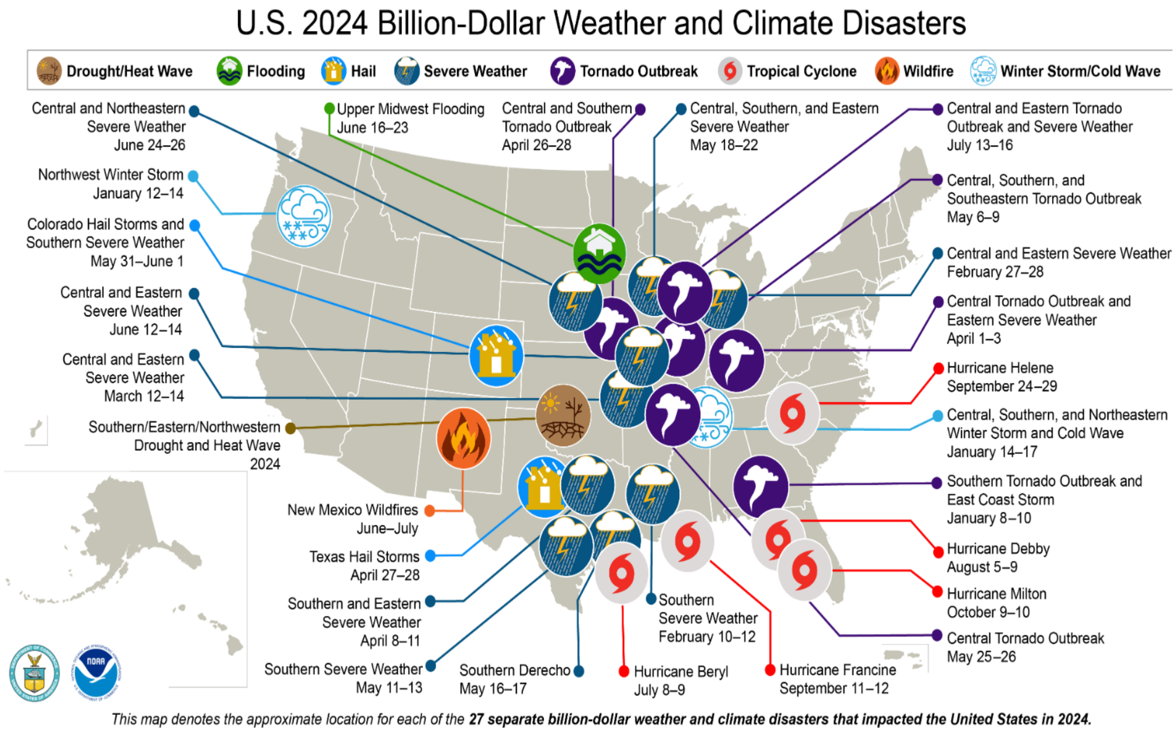
[4] Aon. (2025). *Reinsurance market dynamics: Midyear 2025 renewal report*.
https://www.aon.com/getmedia/5c8f0062-f063-4326-8152-025b5ee84785/27358-Reinsurance-Market-Dynamics-2025-July-Report_v03-approvedfinal.pdf

reinsurance is declining as the supply/demand balance shifts toward reinsurance buyers."[5] These trends continued in 2026, according to Aon's 2026 Reinsurance Market Dynamics report, which noted "double-digit pricing reductions and improving terms for most placements" at the June 1 and July 1 property catastrophe reinsurance renewals.[6] In January 2026, AM Best revised its outlook for global reinsurance to positive, citing accelerated softening in property reinsurance pricing.[7]

Natural Catastrophes and Their Impact on Affordability and Availability

Another factor contributing to homeowners insurance availability and affordability is increasingly frequent and severe weather events.[8] Natural catastrophe risk affects affordability and availability directly through losses and indirectly through higher reinsurance costs. According to the National Oceanic and Atmospheric Administration (NOAA), 2024 saw 27 weather and climate disasters that caused at least $1 billion in damage. 2023 was the only year to outpace this amount with 28 events.[9]

[5] Moody's. (2025). *Global reinsurers are braced for impact as competition heats up* [Sector Comment]. https://www.moodys.com/web/en/us/insights/insurance/global-reinsurers-shifts-to-stable-2025.html
[6] Aon. (2026). *Reinsurance market dynamics: Midyear 2026 renewal report*. https://www.aon.com/getmedia/14e60dc0-d0d1-4572-933a-c15761b2c5fa/Reinsurance-Market-Dynamics-2026-Midyear-Report.pdf
[7] AM Best. (2026) *Best's Market Segment Report: Global Reinsurance* https://web.ambest.com/docs/default-source/events/2026/market-segment-outlook---global-reinsurance.pdf?sfvrsn=8edb4cc6_1
[8] 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/
[9] 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



Source: www.ncei.noaa.gov/access/billions

Extreme heat and drought are drying out forests and vegetation, increasing wildfire fuel. Warming oceans cause hurricanes to intensify more rapidly. Warmer air carries more moisture, which can lead to extreme flooding. Rising sea levels amplify coastal flooding and storm surges.[10]

Homeowners rely on their property insurance to help them recover from damage caused by such disasters. However, the increase in the frequency and severity of climate-related disasters, combined with other cost drivers, has prompted insurers to reassess their portfolios and take steps to manage their risk exposure. Insurers manage their risk by raising consumers' premiums, requiring higher deductibles, reducing new business, purchasing more reinsurance, or some combination of these strategies. According to the Consumer Federation of America (CFA), homeowners insurance premiums increased 24% between 2021 and 2024.[11] 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

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

[11] Consumer Federation of America: Overburdened: The Dramatic Increase in Homeowners Insurance Premiums and its Impacts on American Homeowners (2025). https://consumerfed.org/media/legacy/post_30876/OverburdenedReport.pdf

costing insurers billions of dollars.[12] At the same time, consumers may hesitate to file claims due to the risk of nonrenewal.[13]

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 events. 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.[14] 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 doubled to 31%.[15] This pattern is reflected in the growing number of homes located within 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.[16] Development in high-risk areas concentrates risk for insurers and has negatively impacted insurance availability and affordability.[17]

Data Transparency and Its Impact on Availability and Affordability

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

Historically, insurance regulators' primary tools for assessing risk were 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. It was transparent, consistent, and relatively straightforward for regulators to review.

The advent of catastrophe modeling has transformed the rating landscape by introducing forward-looking, predictive approaches that may supplement traditional historical loss data. Third-party vendors offer sophisticated models and scoring systems that account for vegetation

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

[13] TSCHIDA, R. (2003, November 25). *Tough insurance market has homeowners scared to file claims*. Bozeman Daily Chronicle. https://www.bozemandailychronicle.com/news/tough-insurance-market-has-homeowners-scared-to-file-claims/article_d3bb3544-f3da-51e8-bf35-57a5f2851efb.html

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

[15] 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

[16] Radeloff, V. C., et al., Rising wildfire risk to houses in the United States, especially in grasslands and shrublands. Science 382, 702–707 (2023) https://doi.org/10.1126/science.ade9223

[17] 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

density, slope, aspect, wind patterns, and other property-specific characteristics. Unlike the ISO scores, these models and scoring systems are generally proprietary. Some states, including California, Colorado, and Washington, have adopted requirements related to wildfire risk score disclosure or appeal processes, though consumers may still face practical challenges in understanding or improving their scores. Also insurers now utilize satellite imagery and aerial photography to assess the combustibility of individual properties and conditions around the home. The use of proprietary wildfire maps has led to significant variations in how wildfire risk and protection classes are defined, resulting in differences in risk classifications.[18,19]

This variation complicates regulators' 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 a "black box" algorithm. In the absence of common benchmarks, regulators may face challenges in independently assessing how different models reflect physical 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.[20] This lack of standardization could discourage homeowners from making mitigation improvements, since they are unsure whether their home improvements will lead to lower premiums.

Flood Mapping Concerns and the Need for a Common Standard

Understanding flood risk presents a different challenge: divergence between the private market, which uses proprietary tools, 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, the Federal Emergency Management Agency (FEMA) has served as the primary source of flood risk data.[21] Based on the federal Flood Insurance Rate Map (FIRM), properties within the 100-year flood zone typically require flood insurance if the homeowner has a federally backed mortgage.

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[18] Judson Boomhower, Meredith Fowlie, Jacob Gellman, and Andrew Plantinga, "How Are Insurance Markets Adapting to Climate Change? Risk Classification and Pricing in the Market for Homeowners Insurance," NBER Working Paper 32625 (2024). https://doi.org/10.3386/w32625

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

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

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

In contrast, properties outside this zone usually are not required to buy flood insurance. Many homeowners beyond these zones do not insure their homes for flood. Between 2014 and 2024, nearly one-third of National Flood Insurance Program (NFIP) flood claims originated from areas outside high-risk flood zones.[22] Standard homeowners insurance policies generally exclude flood losses, requiring separate policies often through the NFIP.[23]

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, FEMA FIRMs often fail to account for precipitation-induced (pluvial) flooding, focusing instead on riverine and coastal flooding.[24] While FEMA worked to modernize its inventory through initiatives such as Risk MAP and Risk Rating 2.0, private insurers began developing proprietary flood models.[25] 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 create a bifurcated market in which risk assessment varies depending on whether it is based on the federal map or the insurer's developed models.

Continued Access to NOAA and FEMA Data for Weather Modeling

Catastrophe models used by insurers and third-party vendors depend 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 updates to the NOAA database of weather events that caused more than $1 billion in damage.[26] While former NOAA staff and partner organizations have relaunched an equivalent database to continue tracking billion-dollar disasters from 2025 onward, any 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 such as NOAA (wind, precipitation, and the National Digital Forecast Database [NDFD]), to run models that predict flood, storm surge, and other hazard

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[22] *What is My Flood Risk?* (2016). Floodsmart.gov. https://www.floodsmart.gov/flood-zones-and-maps/what-is-my-flood-risk

[23] Federal Emergency Management Agency (FEMA). "Flood Insurance." National Flood Insurance Program. https://www.fema.gov/flood-insurance

[24] Flores, A., Collins, T., Grineski, S. *et al.* Federally-overlooked flood risk inequities in the conterminous United States. *Sci Rep* **15**, 10678 (2025). https://doi.org/10.1038/s41598-025-95120-9

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

[26] 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/

impacts, which helps with mitigation, planning, and response by providing geospatial data, weather inputs (such as the Meteorological Aerodrome Report [METAR] and the Weather Prediction Center [WPC]), and detailed flood zone information for hazard mapping and emergency management.[27] 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, the insurance company's website, mobile apps, their state's department of insurance website, or by calling the department of insurance consumer service teams. Each state typically has staff available to answer questions on P/C insurance, including homeowners insurance, insurance laws, administrative rules, and general insurance business practices. State departments of insurance may provide information on their websites to help consumers navigate the homeowners insurance market, including shopping tools to help consumers find insurance companies and understand pricing. Additionally, in some states, departments of insurance may publish premium comparison reports or market summaries on their websites.

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 on premium increases, cancellation, and nonrenewal reasons. The disclosure also identifies certain coverage options that a consumer may want to consider purchasing.

Consumer-Level Access Challenges and How Limited Transparency Affects Decision-Making

Often, consumers do not understand what is or is not included in their policies. A 2024 LexisNexis study of homeowners insurance consumers found that 70% rely on insurance carriers or agents to ensure they have adequate coverage.[28] These homeowners tend to be less aware of property risks, with only 31% considering themselves highly informed.[29] That same study found that while most homeowners assume they have sufficient coverage, only about half (51%) of respondents

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

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

[29] 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

knew the specific details of their policy coverage.[30] 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.[31] 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.[32] Even the different sections of a policy, or corresponding documents and agreements, are often unknown to consumers, again pointing to how few actually read and then understand their policy details.[33]

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 their colleagues found that reading homeowners insurance policy language does not reliably lead to meaningful consumer understanding.[34] 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 are outside the scope and authority of insurance regulators. A few key factors 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 reflect local geography, access to contractors, materials, regional code requirements, site conditions, and the need to bring older homes up to current building code

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[30] Ibid

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

[32] *What is homeowner's insurance? Why is homeowner's insurance required?* (2024, August 8). Consumer Financial Protection Bureau. https://www.consumerfinance.gov/ask-cfpb/what-is-homeowners-insurance-why-is-homeowners-insurance-required-en-162/

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

[34] Schwarcz, D., Logue, K. D., Cude, B. J., & Alcala, G. M. (2027). Read but not understood? An empirical analysis of consumer comprehension of homeowners insurance. *Virginia Law Review, 112*(3), 727-814. https://virginialawreview.org/articles/read-but-not-understood-an-empirical-analysis-of-consumer-comprehension-in-homeowners-insurance/

standards.[35] These factors can all contribute to higher reconstruction costs.[36] Some communities, such as those in mountainous or remote regions, face additional pressures. Construction seasons are shorter; access to home sites on steep slopes or in distant, remote locations may require additional equipment or staging, and homes on slopes often require engineering reviews and foundation reinforcement.[37]

Labor Shortages: Labor shortages continue to affect the construction industry, driving up costs and extending project timelines. Contractors report difficulty finding qualified workers at every skill level, leading to higher wages and project delays.[38] In some states, workforce availability has not kept pace with the rebuilding demand.[39] 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.[40]

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.[41] Lumber, steel, electrical components, and other reconstruction materials all saw large price swings, and many of those costs have not returned to pre-2020

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[35] Barenstein, J., Phelps, P., Pittet, D., & Sena, S. (n.d.). *Abhas K. Jha with Safer Homes, Stronger Communities A Handbook for Reconstructing after Natural Disasters*. https://documents1.worldbank.org/curated/en/290301468159328458/pdf/528390PUB0safe101Official0Use0Only1.pdf

[36] Gordian. (2025, March 12). *How Does Location Affect the Cost of Construction Projects?* Rsmeans.com; RSMeans™ Data. https://www.rsmeans.com/resources/how-does-location-affect-cost-of-construction-projects

[37] 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

[38] Associated General Contractors of America. (2022, August 31). Construction workforce shortages risk undermining infrastructure projects as most contractors struggle to hire [Press release]. https://www.agc.org/news/2022/08/31/construction-workforce-shortages-risk-undermining-infrastructure-projects-most-contractors-struggle-0

[39] 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

[40] 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

[41] 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

levels.[42] While some material prices have stabilized,[43] 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.[44] These additional costs are passed through to contractors and homeowners. 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 costs.[45] A recent survey conducted by the National Association of Home Builders (NAHB) found that 60% of builders said their suppliers had incurred and passed through in their pricing the cost of 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.[46]

Supply Chain Disruptions: Supply chain disruptions can also contribute to higher reconstruction and personal property replacement costs. Shortages of framing lumber and other essential components have led to delays and higher bid prices.[47] The supply of roofing materials was 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, long transportation routes have often amplified the shortages and added freight costs to already elevated material prices.[48]

Material Volatility: Material volatility further complicates affordability by affecting both the timing and reliability of replacement costs, which suppliers, contractors, and insurers must factor into pricing. The delivered cost of core materials, such as lumber, roofing, and mechanical

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[42] 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

[43] 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/

[44] 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

[45] 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

[46] 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

[47] 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

[48] 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

equipment, can increase significantly over short periods due to shifts in production capacity, transportation and fuel costs, and broader commodity cycles, as seen during and after the pandemic.[49] For residential reconstruction, the volatility is magnified by the need to source completed assemblies, including 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 that are a few months apart can end up with very different estimates.

Demand Surge: Demand surge is a significant contributor to temporary spikes in reconstruction costs 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 raise bid prices.[50] These labor and material pressures create uncertainty for 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.[51] 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.[52] In some communities, thresholds for major code adoption can significantly increase reconstruction costs even if only part of the structure is damaged.

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[49] 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

[50] 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

[51] 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

[52] 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

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.[53,54] This creates a more predictable outcome for insurers and supports long-term housing stability for communities.[55]

National research shows that homes built under well-adapted and well-enforced building codes perform better during disasters.[56] States with strong statewide building codes, consistent adoption, and enforcement mechanisms see fewer total losses and shorter recovery times.[57] Homes constructed under modern wind, hail, and wildfire performance standards were significantly more likely to avoid major structural damage,[58] and communities with higher adoption of building codes 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.[59]

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[53] *Building Codes Save: A Nationwide Study of Loss Prevention | FEMA.gov*. (2022, June 3). https://www.fema.gov/emergency-managers/risk-management/building-science/building-codes-save-study

[54] 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

[55] 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

[56] 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

[57] 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

[58] 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

[59] 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/

Litigation Costs

Views on the potential impact of litigation on homeowners premiums vary, and public data may be limited in its ability to isolate that impact.

IAT Insurance Group has noted that, over the past decade, claims costs have escalated due to various legal and societal shifts, contributing to broader cost pressures in the insurance system.[60] According to recent surveys from the Independent Insurance Agents & Brokers of America (Big I) and the Insurance Information Institute (III), in partnership with Munich Reinsurance America, “excessive litigation” is estimated to add more than $6,000 annually to insurance premiums for a typical family of four.[61]

The use of assignment of benefits (AOB) agreements has increased alongside rising claim frequency and severity in certain jurisdictions. In 2019, Florida accounted for 8% of U.S. homeowners insurance claims but more than 76% of related litigation,[62] 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.[63] Leading up to the state’s legislative litigation reform efforts, the Florida Office of Insurance Regulation’s 2015[64] and 2017[65] 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.

On the other hand, NAIC Consumer Representative Kenneth S. Klein asserts that reliable data supporting tort limits are hard to come by, and lawmakers and regulators should be wary of new rules that could hamstring meritorious claims by honest policyholders. He also points out that

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[60] IAT Insurance Group (2025, March 21) https://www.insurancejournal.com/blogs/iat/2025/03/21/813836.htm

[61] 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

[62] 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

[63] 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

[64] 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

[65] 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

higher jury awards do not necessarily translate into higher insurance costs, as many states prohibit insurers from paying punitive damages.[66]

Homeowners Associations

Homeowners associations (HOAs) are also experiencing challenges in finding affordable property insurance. These insurance challenges are increasing costs and limiting insurer participation in residential markets. Although HOAs operate under governance structures that differ substantially from single-family homeowners, many insurers write both HOA master policies and individual homeowners insurance policies. These organizational and financial structures affect insurance affordability and availability by influencing the condition of the shared structures, the adequacy of long-term capital planning, and the size and frequency of insurance losses.

From an insurer's perspective, losses in the HOA segment are not isolated. Many insurers write both single-family homeowners policies and HOA master policies, often supported by shared capital and reinsurance arrangements. Elevated loss frequency or severity in the HOA segment can therefore contribute to broader underwriting retrenchment, higher reinsurance costs, and reduced capacity across an insurer's entire residential portfolio, including single-family homeowners coverage.

HOAs typically purchase commercial master policies, funded through homeowners association dues, that 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.[67,68,69,70] More than 90% of respondents in an April 2025 survey conducted by the Foundation for Community Association

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[66] Journal of Insurance Regulation. (2023). The Case for Pausing Any Immediate Embrace of the Social Inflation Argument for Legal System Reforms. https://naic.soutronglobal.net/Portal/Public/en-us/RecordView/Index/26576

[67] See e.g. ProgramBusiness. (2025, March 24). *Minnesota HOAs grapple with soaring property insurance costs – program business | where insurance industry clicks*. Minnesota HOA Communities Grapple with Soaring Property Insurance Costs. https://programbusiness.com/news/minnesota-hoa-communities-grapple-with-soaring-property-insurance-costs/ (MN)

[68] Gerrity, M. (2025, April 23). *Florida's California Moment: Skyrocketing Housing, Hoa and insurance costs take center stage in 2025 - world property journal global news center*. The World Property Journal. 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)

[69] Tann, R. (2024, Feb. 1). In high-cost Summit County, soaring HOA fees are squeezing homeowners' budgets, raising rents and stifling sales. Summit Daily. https://www.summitdaily.com/news/summit-county-colorado-hoa-fees-increase-homeowner-insurance/ (CO)

[70] Meierdiercks, J. (2021, June 21). Insurance Crisis Worsens in Hawai'i's "Condoland." Hawaii Business Magazine. https://www.hawaiibusiness.com/hawaii-condo-insurance-market-challenges-crisis/ (HI)

Research reported that their P/C insurance premiums had increased at the last or current renewal. Specifically, 24% cited an increase of $101–$500, and 14% reported a larger increase.[71]

One key concern with HOAs is reserve adequacy, a strong indicator of an HOA's financial stability and ability to maintain major building components. An analysis of over 100,000 Reserve Studies prepared by Association Reserves from 1986 to 2025 indicates that 74% of associations are underfunded or severely underfunded relative to their projected capital needs.[72] Insufficient reserves often force 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 large, correlated losses and more severe claims outcomes.

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 complicating the determination of responsibility after a loss and can increase claim severity and adjustment costs.

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

[72] Association Reserves. (2025, November 11). *Three quarters of association-governed communities are underfunded – What that means for you*. https://www.reservestudy.com/resources/article/three-quarters-of-association-governed-communities-are-underfunded/

Section C: Homeowners Insurance Availability and Affordability—Direct Consumer Impact

Increased Rate Trends, Therefore, Higher Policyholder Premiums

Homeowners insurance premiums have increased across the United States, with growth accelerating in recent years.[73,74] This increase reflects rate increases (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 are driving the recent increase in 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.[75] Over time, sustained catastrophe losses place upward pressure on premium rates to reflect higher expected claim costs.

Aon reports that in 2025, catastrophic events drove insured losses in the U.S. above $100 billion for the seventh time on record, reaching $103 billion and accounting for 81% of global insured natural catastrophe losses.[76]

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 exposures. A 2023 report from the U.S. Department of Agriculture (USDA) Forest Service estimated that the share of housing located in high wildfire-risk areas, particularly within the wildland-urban interface (WUI) in the United States, increased by 47% between 1990 and 2020.[77] Population growth, persistent housing shortages, and high land costs

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[73] National Association of Insurance Commissioners, *2021 Market Share Reports for Property/Casualty Groups and Companies: By State and Countrywide* (Kansas City, MO: NAIC, 2022). https://content.naic.org/sites/default/files/MSR-PB%202021.pdf

[74] National Association of Insurance Commissioners (NAIC), *2024 Market Share Reports for Property/Casualty Groups and Companies by State and Countrywide* (Kansas City, MO: NAIC, 2024). https://content.naic.org/sites/default/files/publication-msr-pb-property-casualty.pdf

[75] National Association of Insurance Commissioners, *2022 Homeowners Report* (Kansas City, MO: NAIC, 2022). https://content.naic.org/sites/default/files/publication-hmr-zu-homeowners-report.pdf

[76] Aon. *2026 Climate and Catastrophe Insight*. Chicago: Aon, 2026. https://www.aon.com/en/insights/reports/climate-and-catastrophe-report

[77] 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.

in urban cores have pushed development outward to areas where land is more available and initially more affordable. However, this expansion has increased the number of homes exposed to wildfire hazards, raising insurers' projected losses and the corresponding pressure on premium rate requirements. At the same time, inflation has increased the average claim severity.

Rising construction and labor costs have made rebuilding damaged homes more expensive than a decade ago, leading insurers to raise rates. Additionally, rising property values, particularly in fast-growing metropolitan areas and coastal areas, add risk and further pressure rates. Combined, higher catastrophe losses, exposure, and rebuilding costs pressure insurers' underwriting results, prompting rate increases, especially in catastrophe-prone regions, to ensure solvency.

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 such as Fair Access to Insurance Requirements (FAIR) plans, which function as insurers of last resort with limited coverage but have recently represented an elevated share of written policies in some areas. In other cases, households turn to surplus lines carriers outside the admitted market.

For consumers, this shift means fewer choices and higher costs, especially in areas where catastrophe risks are intensifying. The affordability challenge is compounded by the fact that insurance rate increases in some regions are rising faster than household income growth, creating a widening gap between what coverage costs and what families can comfortably pay. Regulators are very mindful of 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 or Limited Offerings of Insurance Coverages and Options

When property insurance coverage becomes unavailable or less available, policyholders face a cascade of financial and personal challenges. The immediate impact is affordability. When insurers align pricing with underlying risk or adjust underwriting appetite in catastrophe-prone regions, the 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 inflation. For example, from 2018 to 2023, average homeowners insurance premiums increased between 13% and 38% nationally, with even sharper increases in catastrophe-exposed regions.[78] For many families, this means paying significantly more for the same or even reduced coverage, straining household budgets and forcing difficult trade-offs between maintaining adequate protection and meeting other financial obligations.

Availability is often the most critical issue, as having available insurance options is a prerequisite for affordability. When admitted market insurers scale back or exit certain markets, policyholders are left with fewer choices and may look for coverage in the surplus lines market or be forced into residual market mechanisms such as FAIR plans or state-backed insurers of last resort. These residual market programs are designed to ensure availability, not affordability, and typically provide narrower coverage at a higher cost.[79] For homeowners, this can mean paying more for policies that exclude important protections, leaving them either to pay for a difference-in-conditions policy (sometimes referred to as a wraparound policy) to be fully covered or to be exposed to losses that would have been covered in the private market. Fewer options erode consumer choice, reducing the ability to shop for better terms or more comprehensive coverage.

The consequences of limited insurance options extend beyond higher costs. Without adequate coverage, policyholders bear a greater portion of the financial burden when catastrophic events occur. Severe convective storms, hurricanes, and wildfires have become more frequent and costly, with NOAA reporting 28 billion-dollar events in 2023 and 27 in 2024, compared to a long-term average of eight to nine per year.[80,81] When insurers impose higher deductibles, limit payouts, or withdraw entirely, property owners find themselves in a vulnerable position. 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 most households' wealth.[82]

Reductions in access to meaningful coverage options also impact consumers in areas where premiums are rising and cost-sharing responsibilities are increasing. State regulators have seen

[78] Center for Insurance Policy and Research, "Measuring and Assessing (Homeowner) Insurance Affordability" (CIPR Summer Event, NAIC 2024 Summer National Meeting, Chicago, IL, August 11, 2024). https://content.naic.org/article/measuring-and-assessing-homeowner-insurance-affordability

[79] Center for Insurance Policy and Research, "Residual Property Markets" (*CIPR Spring Event,* NAIC Spring National Meeting, Columbus, OH, March 25, 2025). https://content.naic.org/article/back-basics-residual-property-markets

[80] National Association of Insurance Commissioners. (2024). *2023 annual property & casualty insurance industry report*, p. 5. NAIC 2023 Report

[81] National Association of Insurance Commissioners. (2025). *2024 annual property & casualty insurance industry report*, p. 5. NAIC 2024 Report

[82] Center for Insurance Policy and Research, "Residual Property Markets" (*CIPR Spring Event,* NAIC Spring National Meeting, Columbus, OH, March 25, 2025). https://content.naic.org/article/back-basics-residual-property-markets

homeowners insurance complaints increase,[83] as many policyholders express concern over whether their insurance will be there for them when they need it the most. In short, when property insurance is scarce or limited, policyholders face higher costs, fewer choices, and greater exposure to catastrophic loss. 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

These pressures on policyholders can also widen protection gaps and deepen inequality. Vulnerable populations (those with lower incomes or living in high-risk areas) are disproportionately affected when insurance becomes unaffordable or unavailable. Some households reduce coverage limits, increase deductibles, or forgo insurance altogether, leaving them dangerously exposed. Others may struggle to secure mortgages, as lenders typically require adequate property insurance. In this way, limited insurance availability not only undermines individual financial stability but also weakens community resilience, slowing recovery after disasters and amplifying the economic and social toll.[84,85]

Inflation and Rising Rebuilding Costs Are Widening Protection Gaps

Across the P/C 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.[86,87]

The combination of inflation and higher rebuilding costs has contributed to underwriting losses in multiple recent years, especially in personal lines.[88] Insurers have generally responded with

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[83] "Minnesota Homeowners Report Surge in Insurance Complaints." (2024, March 22). *Insurance Journal*. https://www.insurancejournal.com/news/midwest/2024/03/22/766186.htm

[84] National Association of Insurance Commissioners. (2024). *Advancing insurance regulation: 2024 annual report* (pp. 7–9). https://content.naic.org/sites/default/files/annual-report-2024-advancing-insurance-regulation.pdf

[85] National Association of Insurance Commissioners. (2021). *Climate resiliency resource report: Adaptable to emerging risks* (pp. 5–7). https://content.naic.org/sites/default/files/climate-resiliency-resource-report-adaptable-emerging-climate-related-risk-resiliency_2021.pdf

[86] National Association of Insurance Commissioners. (2024). *2023 annual property & casualty insurance industry report*, p. 5. NAIC 2023 Report

[87] National Association of Insurance Commissioners. (2026). *Securing tomorrow: Advancing state-based regulation: 2025 annual report* (pp. 1,8). https://content.naic.org/sites/default/files/annual-report-2025.pdf

[88] National Association of Insurance Commissioners. (2024). *2023 annual property & casualty insurance industry report*, pp. 1, 5-6. NAIC 2023 Report

double-digit premium increases in homeowners and auto lines to keep pace with inflation-driven claims severity.[89] In 2024, easing inflation helped moderate claims costs, allowing insurers to achieve their first underwriting profit in four years, but inflationary pressures continue to pose a structural risk.[90]

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.[91,92]

From the policyholder perspective, inflation and rebuilding costs translate into 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 38% nationwide, not adjusted for inflation.[93] 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. 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.

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[89] National Association of Insurance Commissioners. (2026). *Securing tomorrow: Advancing state-based regulation: 2025 annual report* (p. 4). https://content.naic.org/sites/default/files/annual-report-2025.pdf

[90] National Association of Insurance Commissioners. (2025). *2024 annual property/casualty and title insurance industries analysis report* (pp. 1, 5). https://content.naic.org/sites/default/files/2024-annual-property-casualty-and-title-insurance-industries-analysis-report.pdf

[91] National Association of Insurance Commissioners. (2024). *2023 annual property & casualty insurance industry report*, p. 5. NAIC 2023 Report

[92] National Association of Insurance Commissioners. (2024). *2024 mid-year property/casualty and title insurance industries analysis report* (p. 5). https://content.naic.org/sites/default/files/industy-snapshot-2024-q3.pdf

[93] Center for Insurance Policy and Research, "Measuring and Assessing (Homeowner) Insurance Affordability" (CIPR Summer Event, NAIC 2024 Summer National Meeting, Chicago, IL, August 11, 2024). https://content.naic.org/article/measuring-and-assessing-homeowner-insurance-affordability

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 is often insufficient to cover the full replacement cost, leaving the policyholder to absorb a substantial financial shortfall. This issue is particularly acute in areas with high construction inflation or in the aftermath of significant natural disasters that drive up regional costs.

The combination of higher premiums and insufficient coverage limits disproportionately impacts 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.

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: Data limitations, including data on reconstruction estimates, actual rebuilding costs, and the frequency of total losses, can make it difficult for regulators to fully understand the scope of underinsurance and may limit their ability to develop effective policy responses.

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, the non-profit United Policyholders, whose Executive Director Amy Bach is an NAIC Consumer Representative,, has conducted surveys of wildfire survivors. From those surveys, United Policyholders found that for the 2020 California wildfires, 42% of homeowners who responded were underinsured for the rebuilding costs.[94] 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 their structures' value and chose higher deductibles than homeowners in lower-risk areas.[95]

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[94] United Policyholders. (2022, March). *2020 California wildfires 1-year survey report* (pp. 1–4). https://uphelp.org/wp-content/uploads/2022/03/2020-CA-One-Year-Survey-Report.pdf

[95] Dixon, Lloyd, Flavia Tsang (RAND Corporation) and Gary Fitts (GreenwareTech). 2018. The Impact of Changing Wildfire Risk on California's Residential Insurance Market. California's Fourth Climate Change Assessment, California Natural Resources Agency. Publication number: CNRA-CCC4A-2018-XXX. https://www.rand.org/content/dam/rand/pubs/external_publications/EP60000/EP67670/RAND_EP67670.pdf

At NAIC national meetings, NAIC Consumer Representative Kenneth Klein has presented an analysis regarding underinsurance in the United States to the NAIC.[96] His work argues that underinsurance is not a result of isolated errors or consumer negligence, but rather a complicated, systemic issue. Related factors include insurer use of tools that are not consistently accurate in estimating replacement costs and the impacts of demand surge.[97] Klein's research finds that, even among homeowners who believe they are adequately insured, almost two-thirds are underinsured for a total loss, even from a one-off house fire, by an average of almost 20%.[98]

Without sufficiently comprehensive and consistent market data, including insurer-held data, it is challenging to accurately assess whether underinsurance is driven by flawed estimation tools, consumer behavior, or other factors. The lack of definitive analysis can constrain efforts to evaluate practices, assess the effectiveness, or enforce standards, and consider approaches that support transparency and help consumers make informed decisions. It bears noting that insurer practices may differ whether the insurer will allow a consumer to purchase replacement cost coverage limits materially above or below the insurer's estimated reconstruction cost.

<u>Higher Deductibles</u>: Insurers offer a range of deductibles to provide flexibility for policyholders, including more affordable coverage options. When a policyholder elects a higher deductible on their homeowners insurance policy, they may benefit from lower monthly premiums, but they also assume greater financial risk in the event of a loss. Policyholders with higher deductibles risk high costs if damage occurs, especially without sufficient coverage. Unpredictable losses can strain household finances and cause debt.

Higher deductibles also reduce the practical value of insurance for smaller claims, as the insurer's contribution is minimal when repair costs only slightly exceed the deductible. This shifts coverage toward catastrophic events, leaving routine risks such as water damage or burglary below the deductible. Some policyholders may hesitate to file claims due to high deductibles, leading to delayed repairs or long-term disrepair.

Choosing a deductible involves balancing lower premiums against greater financial exposure. A higher deductible may be appropriate for policyholders with sufficient savings, particularly those seeking protection primarily against less frequent, high-severity losses. It benefits policyholders

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[96] Klein, K. S. (2021, December 13). *The impact of demand surge post-disaster on the labor and materials costs of reconstruction* [Presentation]. NAIC Consumer Liaison Committee Meeting, National Association of Insurance Commissioners Fall National Meeting. https://content.naic.org/sites/default/files/national_meeting/Mtg%20Materials_Consumer_120221_0.pdf

[97] Klein, K. S. (2024). The unnatural disaster of insurance, underinsurance, and natural disasters. *Connecticut Insurance Law Journal*, 29(2), 229–262. https://scholarlycommons.law.cwsl.edu/fs/440/

[98] Klein, K.S. (2026), *Truth and Consequences: What Catastrophe Teaches Us About Homeownership and Underinsurance*, 30 Lewis & Clark L. Rev. 95 (2026).

who are facing rising premiums, allowing them to maintain coverage by paying less each month, but risking higher out-of-pocket costs if a claim occurs. However, a higher deductible requires sufficient savings to cover it, which may strain those with limited funds or higher risks. While it can be a useful cost-control measure, it exposes the policyholder to more out-of-pocket costs. 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 homeowners insurance deductible calculated as a percentage of the home's insured value 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, however, this arrangement can result in significantly higher out-of-pocket costs compared to a flat deductible. Because the deductible increases as the home's insured value 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 requires careful consideration of their financial capacity to handle a potentially large deductible payment after a major loss.

When policyholders take on a higher or percentage-based deductible, they are making a trade-off that reflects the growing shift of financial responsibility from insurers to households. Rising premiums and tightening insurance coverage terms often leave policyholders with little choice but to absorb more risk themselves to maintain affordable coverage. 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 seeking to manage their exposures. For example, some insurance companies are implementing risk management strategies that include reducing coverage through exclusions and sublimits.

Exclusions are being introduced to exclude exposures that an insurer does not wish to cover, such as policies that specifically exclude wildfire coverage, or to permit the insured to exclude certain coverages from their policy, such as optional windstorm exclusions.

Sublimits are limitations in a homeowner's insurance policy that set the maximum amount the insurer will pay for certain types of property in the event of a covered loss. While the policyholder's overall coverage limit may seem sufficient, it's essential to recognize that sublimits can significantly impact the ability to recover the full value of a covered exposure.

Educating policyholders to proactively review their coverage and coverage changes—both at the time of initial purchase and during policy renewal—may help prevent the shock of discovering coverage gaps only when filing a claim.

Increased Premiums: Policyholder premiums are increasing directly due to rising insurance rates. This increase is largely driven by a growing frequency and severity of claims, influenced by factors such as rising claims costs, increased rebuilding costs, and economic inflation.

Depreciation of Claims:[99] The depreciation of claims plays a significant role in 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 calculate payouts based on the item's actual cash value (ACV) rather than its replacement cost value (RCV). Instead of receiving enough to replace the item with a new one, policyholders are compensated for the depreciated value, which is typically much lower.

This practice directly increases the policyholder's share of the claim burden. Because the insurer pays less, the policyholder must cover the difference between the depreciated payout and the actual cost of repairing or replacing the item. For example, if a 10-year-old roof is damaged in a storm, the insurer may cover only half the replacement cost due to depreciation. After factoring in the deductible, the policyholder could be responsible for more than half of the total cost, even with insurance coverage.

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[99] Aon. (2025, January). *2025 climate and catastrophe insight* [Report]. https://www.preventionweb.net/publication/documents-and-publications/2025-climate-and-catastrophe-insight

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 affordability challenges, as individuals may be unable to cover the remaining costs or forgo necessary repairs. Over time, this erodes trust in insurance products and can discourage participation in the insurance market altogether.

Policies that cover damaged property, such as homeowners, renters, or auto insurance, are typically marketed with a focus on peace of mind, financial protection, and restoration after loss. The messaging often emphasizes that insurance will help policyholders "get back to normal" or "replace what was lost," which can create the impression that full replacement is guaranteed. However, the reality is more nuanced, and many consumers may not fully understand the limitations of their coverage.

While depreciation is a fair and standard actuarial practice, its impact on claim settlements can significantly increase policyholders' financial burden. This not only undermines the perceived value of insurance but also exacerbates existing protection gaps, particularly for vulnerable or lower-income policyholders.

ACV Versus RCV: The ratio of RCV policies to ACV policies in a region may reveal important market trends over time. Some areas of the country are seeing an increase in ACV policies.[100] Not all policies are the same, and they offer different levels of protection. Educating policyholders about the differences between ACV and RCV coverage can prevent unexpected out-of-pocket expenses when a claim occurs. Additional data that aligns the type of policy with catastrophe risk could provide insurance regulators with important information to inform consumer education initiatives.

RCV covers the cost to repair or replace damaged property without deducting for depreciation, subject to policy terms and completion of repairs, while 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. 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.

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[100] United Policyholders. (2014, January 28). *Roof insurance: ACV versus replacement cost*. https://uphelp.org/roof-insurance-acv-versus-replacement-cost/

Expansion of Residual Markets

As traditional private insurers scale back their presence in higher-risk regions, 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 reduced consumer protections. 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 need to mitigate risk and reduce cost drivers.

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. While residual markets ensure that coverage remains available, they often provide narrower protection at higher premiums, leaving policyholders more financially exposed and contributing to the widening protection gap.

Many U.S. states and territories have seen an expansion of residual markets. 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. States with their own FAIR plans include California, Florida, Hawaii, New York, and North Carolina, among others.[101] 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 2018 to 2023, rising from 140,447 policies to 324,954 over that period.[102]

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. While surplus lines policies make up a comparatively small share of the market in which consumers obtain

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[101] National Association of Insurance Commissioners, "Fair Access to Insurance Requirements Plans" (NAIC Insurance Topics Resource Page, accessed March 4, 2026). (https://content.naic.org/insurance-topics/fair-access-to-insurance-requirements-plans

[102] California Department of Insurance. (2025, January 13). *Fact sheet: Summary on residential insurance policies and the FAIR plan* (Table 1, p. 2). https://www.insurance.ca.gov/01-consumers/200-wrr/upload/CDI-Fact-Sheet-Summary-on-Residential-Insurance-Policies-and-the-FAIR-Plan-v-011325-2.pdf

insurance coverage for their homes, they serve an important role in ensuring access to coverage in catastrophe areas where admitted carriers withdraw. Unlike policies sold by admitted carriers, however, surplus lines policies are not backed by guaranty funds.

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.[103] This expansion and growth of surplus lines carriers reflect shifts within the homeowners insurance system, driven by affordability and availability challenges.

Interconnectedness of Homeowners Insurance and Related Markets

High and rising loss costs directly drive challenges in homeowners insurance availability and affordability 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 essential to protect what is often their largest and most important asset. For prospective buyers, insurance is equally critical, as lenders generally require coverage before approving a mortgage. Without insurance, many households are unable to purchase homes, thereby undermining opportunities to build generational wealth. When insurance options become scarce or unaffordable, real estate transactions may stall, and the pace of new housing development slows.

The tightening availability and affordability of homeowners insurance also affect property values and access to mortgages. 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 by raising rents, adding pressure to already-strained rental markets.

Local governments and communities are ultimately affected by fluctuations in insurance availability and affordability within their jurisdictions. Examples include declining home values linked to 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

[103] National Association of Insurance Commissioners. (2024). *IID surplus lines industry summary (2021–2024 data)* [Data dataset]. NAIC Official Repository.

rising insurance costs compound financial pressures for developers and landlords.[104] 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 premiums rise and availability tightens, consumers may face higher costs, reduced access to mortgages, and declining property values.[105] Renters absorb costs passed down by landlords, while affordable housing initiatives struggle against mounting financial pressures. These interconnected impacts underscore the urgent need to reassess risk management and underwriting strategies nationwide to ensure insurance remains a viable tool in protecting households, enabling homeownership, and supporting housing development.

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[104] Colorado Department of Local Affairs. (2026). *The Colorado State Affordable Housing Fund: Proposition 123*. https://cdola.colorado.gov/prop123

[105] 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

Part 2: Cross-Peril Strategies

Section A: Overview

Part 2 discusses cross-peril strategies applicable to all types of hazards. These strategies focus on common drivers of loss and market pressure, including litigation costs, mitigation, risk transfer, data transparency, public-private coordination, and consumer education. By identifying tools that can be adapted across different risk environments, regulators and policymakers can support more resilient insurance markets while allowing states to tailor implementation to local conditions.

Section B: 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.[106] A notable example of this approach can be seen in Florida, which made recent statutory changes.

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 and casualty insurance market. Recent legislative reforms for Florida's property insurance market, along with links, are available here. 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 legislation also stipulates that a contingency fee multiplier for an attorney's fee award is appropriate only in rare and exceptional circumstances. The bill also eliminated assignment of benefits (AOB's) and strengthened some reforms from HB 2A by repealing Florida's one-way attorney-fee statutes, with very limited exceptions.[107] The following year, additional important reforms were enacted through HB 837 which included changing Florida's comparative negligence standard from "pure" to "modified" where a plaintiff whose fault is over 50% cannot recover damages, shortening the personal injury

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[106] Timmons, J., & McFaul, M. (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
[107] For more details, please refer to: An act relating to civil remedies, CS/CS/HB 837, 2023 Leg., Enrolled (Fla. 2023). https://www.milliman.com/en/insight/how-tort-reforms-shaping-insurance-claims-florida-georgia

statute of limitations from four years to two, eliminating "phantom" medical damages and reforming premises liability, including that the owner or operator of a multifamily residential property now has a presumption against liability in connection with criminal acts that occur on the premises if they have implemented specific security measures.[8]

Section C: Parametric Insurance

State insurance departments are beginning to explore parametric insurance as a supplemental tool that complements traditional insurance in certain contexts. Unlike traditional coverage, payments are triggered by measurable events, such as wind speed or earthquakes, rather than by verification of property damage. This allows for rapid payouts, which, combined with traditional insurance, can offer immediate funds to cover deductibles, temporary living costs, or gaps left uninsured after a disaster. By supporting rapid recovery, parametric insurance complements traditional coverage and reduces short-term reliance on other recovery mechanisms, such as state or federal aid, after large-scale events.

Parametric insurance differs from traditional property/casualty (P/C) products in that it does not indemnify actual loss. 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 these products.

In states like California and Washington, interest in this type of insurance is increasing as a way to help manage wildfire and earthquake risks. California's Department of Insurance has a pilot grant program for 2025–2026 to support scalable, community-based parametric insurance products aimed at low-income residents.[108] 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.[109] 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

[108] 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

[109] California Department of Insurance: *Sustainable Insurance Strategy progress update* (2025). https://www.insurance.ca.gov/0400-news/0100-press-releases/2025/release079-2025.cfm

regulations requiring insurers to share fire risk scores, which may be relevant to parametric triggers and pricing.[110]

In 2026, Maryland considered legislation that would have established a regulatory framework and pilot program for parametric insurance; however, the legislation was not enacted. The program aimed to serve public needs by providing quicker payouts after specific events to vulnerable groups and small businesses, while granting the commissioner authority to set policy standards and expedite reviews of community programs.[111,112]

By providing rapid, predefined payouts upon the occurrence of specified events, parametric insurance may address short-term post-disaster liquidity needs and complement traditional insurance and reinsurance, as well as residual market mechanisms, by reducing claim volatility, limiting migration into Fair Access to Insurance Requirements (FAIR) plans, and easing capital strain following catastrophic events.[113]

Section D: 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 hurricanes, severe convective storms, hail, tornadoes, and wildfires. For wind-related perils, these programs adopt a retrofit standard 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 verified by a third-party evaluator, who assesses that building science is applied and that the work is documented, thereby confirming that the standard is met. Once compliance with the standard is documented and approved by IBHS, it will issue a designation of the level of mitigation achieved on the structure.

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[110] Washington State Office of the Insurance Commissioner. *Kuderer announces priorities for 2026 legislative session* (January 12, 2026). Olympia, WA. https://trinitymedia.ai/player/share/8080a4be27dd6829bb68db14e49dc9bf9a1d
[111] Property and Casualty Insurance – Parametric Insurance – Regulation, SB 95, 2026 Leg., Regular Session (Md. 2026). https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/sb0095?ys=2026RS
[112] Maryland Department of Legislative Services. (2026). *Fiscal and policy note for Senate Bill 95* [Report]. https://mgaleg.maryland.gov/2026RS/fnotes/bil_0005/sb0095.pdf
[113] 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).

Incentives

Creating resilient communities requires consumers, policymakers, and the broader housing industry (including insurers) to prioritize mitigation features. Financial incentives can be one component of a larger suite of comprehensive actions designed to encourage mitigation. In addition to providing monetary grants to retrofit homes, some states are incentivizing consumers to retrofit by mandating that carriers offer a homeowners insurance premium discount for policies covering homes that have received some level of mitigation.

Other states allow insurance companies to offer mitigation discounts voluntarily. Carriers in these states set mitigation premium credits based on their own underwriting strategy. Typically, discounts apply only to homes that have achieved a certain level of mitigation, such as the IBHS FORTIFIED or Wildfire Prepared Homes standards.

However, some states mandate that carriers offer a premium discount, though the discount's value is typically not set by the state. Rather, states make a benchmark discount available as a percentage of the premium, reflecting 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 incentivizes carriers to be competitive in the market by adopting the benchmark or exceeding it. Insurance departments have also created additional incentives for carriers that meet or exceed the state’s benchmark discount.

Some states allow consumers to use catastrophe savings accounts or other financial options to set aside funds for insurance deductibles or additional mitigation. This helps build consumer resilience that will have lasting effects on 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, such as creating a defensible space around a structure free of fire fuels, including combustible shrubbery and wood fences connected to the structure, and using protective measures against embers that can spread fire, such as roofs and ventilation grates. These measures help prevent embers from entering a structure. Importantly, the Wildfire Prepared Home standard depends on all of these measures being adopted in full; partial or piecemeal implementation by a homeowner may significantly reduce the intended risk-mitigation benefits.

The Center for Insurance Policy and Research (CIPR) 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 information on 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 are being built or retrofitted with features such as fire-resistant siding/roofs in wildfire zones and elevated foundations and flood vents in flood-prone areas. New 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 standard, such as strengthening the roof, anchoring the structure, protecting openings like windows and doors, and creating continuous, engineered load paths for strength by "tying" the house to its foundation.

Homes are increasingly incorporating smart technologies, such as IoT sensors, real-time monitoring of structural stress, environmental conditions, and early warnings (e.g., water infiltration and fire embers), along with artificial intelligence (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 storms or grid failures.

Insurance regulators can increase their engagement with homeowners and developers and urge them to consider hazard risk when deciding where to build or rebuild, for example, by 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 closely 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 obtaining financing or insurance until mitigation techniques and enforced building codes close the gap on potential catastrophic loss.

Mitigation, resiliency, and adaptation are long-term solutions to improving insurance affordability and availability because they reduce expected losses, improve underlying risks, and support both primary insurance and reinsurance capacity.

Section E: 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.[114] Thirty-one states have 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.[115]

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-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 established a new insurer of last resort,[116] which began operations in 2025.[117] This was the first such program created in more than 30 years.

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.[118] 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.[119]

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[114] Jablonski, S. (2025, March 25). *The residual market landscape: FAIR and beach plans 2019-2023* [Presentation]. Center for Insurance Policy and Research (CIPR) Spring Event, NAIC 2025 Spring National Meeting, Indianapolis, IN. https://content.naic.org/sites/default/files/inline-files/2025%20SpNM_CIPR_residual_property_markets%20to%20post.pdf

[115] 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.

[116] Colorado FAIR Plan. (2026). *Colorado's last resort coverage option*. https://www.coloradofairplan.com/

[117] Paul, J. (2025, July 14). *Colorado's property insurer of last resort is now covering more than two dozen families*. The Colorado Sun. https://coloradosun.com/2025/07/14/colorado-fair-plan-applications-launch/

[118] North Carolina Insurance Underwriting Association. (2026). *About NCIUA: Strengthen your roof*. https://strengthenyourroof.com/Home/NCIUA

[119] Evans, S. (2025, May 16). *NCIUA's recent catastrophe bond included integrated disaster-resilience feature*. Artemis.bm. https://www.artemis.bm/news/nciuas-recent-catastrophe-bond-included-integrated-disaster-resilience-feature/

State Programs to Backstop Risk

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.[120] 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. State catastrophe funds or reinsurance backstops may be appropriate in limited circumstances, but should be considered in concert with sound rates, effective mitigation, and enterprise exposure management so insurers can respond to changing risk.

The FHCF also supports risk mitigation efforts. Florida law requires a minimum of $10 million annually up to a maximum of 35% 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 its market capacity to mitigate 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.[121] 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.

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 their homes 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 in conjunction with private insurance. These state expenditures support rebuilding and enhancing future insurability

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[120] State Board of Administration of Florida. (2025). *Florida Hurricane Catastrophe Fund 2024 annual report* [Report]. https://fhcf.sbafla.com/media/kfuhfqjv/2024-sba-catf-annual-report-final.pdf

[121] California Earthquake Authority. (2026). *History of the California Earthquake Authority*. https://www.earthquakeauthority.com/about-cea/cea-history

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) during emergencies. Minnesota established a Disaster Assistance Contingency Account (DACA) in 2014 to enable a prompt response and recovery from state-declared disasters.[122] 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.[123]

Education Campaigns with Nonprofits 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, agents, and brokers, several NAIC Consumer Representatives' organizations provide resources to help consumers better understand coverage options and affordability considerations.[124] The NAIC has partnered with nonprofit organizations, such as the Federal Alliance for Safe Homes (FLASH), to develop strategies for risk reduction in state insurance markets, which can lower insurance costs for consumers.[125]

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 a formal memorandum of understanding with 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

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[122] Sullivan, C. (2022, December). *Contingent funding for disaster relief* [Information brief]. Minnesota House Research Department. https://www.house.mn.gov/hrd/pubs/ss/sscontfund.pdf

[123] Campbell, E. (2025, January 15). *RE: Disaster Assistance Contingency Account transfers and payments* [Memorandum]. Minnesota Management and Budget. https://www.lrl.mn.gov/docs/2025/mandated/250224.pdf

[124] United Policyholders. (2026). *Buying tips library*. https://uphelp.org/buying-tips/

[125] Chapman-Henderson, L., Czajkowski, J., Rierson, A. K., & Vaughn, E. (2024). *Resilience policy resource guide and retrofitting program playbook for state insurance regulators* [Report]. National Association of Insurance Commissioners Center for Insurance Policy and Research; Federal Alliance for Safe Homes. https://flash.org/wp-content/uploads/1/2024/03/2-20-24-Resilience-Playbook.pdf

insurance departments on training and demonstration events showcasing FORTIFIED roofs[126] and Wildfire Prepared Home standards.[127]

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 insurers' role as active contributors to resilience education and loss prevention efforts.

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 of insurance have collaborated with Smart Home America for subject-matter expertise and technical assistance in designing their respective FORTIFIED grant programs. Smart Home America (as do other nonprofit organizations) provides training and continuing education to home builders, licensed contractors, and real estate professionals, helping translate mitigation standards into on-the-ground practices.[128]

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.

In some states, formal structures have been established within state governments that bring the state's insurance commissioner and emergency management leadership to the same table. The

[126] Molseed, J. (2023, August 28). *New Minnesota law incentivizes construction that stands up to climate change*. Post Bulletin. https://www.postbulletin.com/news/local/new-minnesota-law-incentivizes-construction-that-stands-up-to-climate-change
[127] [1] Gold, J. (2025, June 3). *Wildfire prepared neighborhood offers resilience, insurance benefits*. Forbes. https://www.forbes.com/sites/jamiegold/2025/06/03/wildfire-prepared-neighborhood-offers-resilience-insurance-benefits
[128] Smart Home America. (2026). *Projects: Research, tools, and programs built to advance resilient construction*. https://www.smarthomeamerica.org/our-work/research-and-projects

Alabama Resilience Council was created by executive order in 2023.[129] The council coordinates state government activities and facilitates interactions between the state and private entities to proactively address impacts to Alabamians before they occur.[130] The council includes an additional 12 state entities, and its work provides a forum to advance strategies to reduce risk exposure by improving resilience (which translates into better insurance affordability for consumers and businesses).

Similarly, the Connecticut Insurance Department formed a multidisciplinary advisory council in 2024 to develop and recommend risk-mitigation and resiliency programs in that state.[131] The advisory council continues to discuss strategies for mitigation, consumer incentives, funding sources, and targeting state resources for maximum impact.[132]

Section F: Technology and Data Innovation

Geographic Information System/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. Regulators must understand how carriers are integrating new technologies into their workflows to evaluate whether their use is appropriate and compliant with applicable state laws.

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[129] Office of the Alabama Governor. (2023, May 5). *Governor Ivey signs executive order to establish the Alabama Resilience Council* [Press release] https://governor.alabama.gov/newsroom/2023/05/governor-ivey-signs-executive-order-to-establish-the-alabama-resilience-council/

[130] Alabama Resilience Council. (2026). *Preserving our progress: Building a safe and strong Alabama*. Connecticut Official State Website. https://www.safestrongal.com/

[131] Connecticut Insurance Department. (2026). *Severe Weather Mitigation & Resiliency Advisory Council*. https://portal.ct.gov/cid/ct-severe-weather-resiliency-council?language=en_US

[132] Severe Weather Mitigation & Resiliency Advisory Council. (2025, February). *Mitigation and Resiliency Advisory Council: Commissioner's report* [Presentation slides]. Connecticut Insurance Department. https://portal.ct.gov/cid/-/media/cid/1_consumerresources/resiliency-advisory-council-commissioner-report-feb-2025.pdf

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 process and in post-disaster settings. These tools can enhance a company's ability to quickly and safely evaluate exposure and support risk assessment and claims processes. As with any technology, its use can improve affordability for consumers, but it can also be used to restrict access to coverage.

Catastrophe Model Integrations with State Affordability Forecasts

Catastrophe models are playing an increasingly important role in insurers' ability to accurately price risks associated with extreme weather events. States are taking a variety of approaches to understanding how these 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.[133] The FPHLM is used in insurance ratemaking, disaster planning, and state financial oversight of insurance companies. The model is a collaboration between the state, the National Oceanic and Atmospheric Administration (NOAA), risk consultants, and researchers from several universities in Florida and across the country.[134] It provides an example of how a state can develop and maintain a publicly supported catastrophe model for risk assessment and regulatory purposes.

During the 2025 session, California passed a new law requiring the creation of a public wildfire catastrophe model.[135] The California Department of Insurance, 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.[136] The new model will be public and intended to support wildfire risk assessment, communication, and mitigation efforts, as well as inform the California Department of Insurance's review of insurers' rate filings.

In addition to developing public catastrophe models, both Florida and California established processes to strengthen regulatory review of the catastrophe models insurers use in ratemaking. Florida's long-standing framework includes a formal review process through the Florida Commission on Hurricane Loss Projection Methodology, which evaluates hurricane models

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[133] Florida Public Hurricane Loss Model. (2026). *About the Florida Public Hurricane Loss Model (FPHLM)*. https://fphlm.cs.fiu.edu/

[134] Hamid, S. S. (2014, May 2). *The Florida Public Hurricane Loss Model* [Presentation slides]. International Hurricane Research Center, Florida International University. https://fphlm.cs.fiu.edu/docs/FPHLM_05_02_2014.pdf

[135] Wildfire Safety and Risk Mitigation Program, SB 429, 2025 Leg., Chaptered (Cal. 2025). https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202520260SB429

[136] California Department of Insurance. (2026). *Public Wildfire Catastrophe Model Strategy Group*. https://www.insurance.ca.gov/01-consumers/180-climate-change/catmodelgroup.cfm

against defined standards before they may be used for certain regulatory purposes. California has adopted a related, though distinct, approach through its [Pre-Application Required Information Determination (PRID)] procedure. This process allows for rigorous public review with built-in confidentiality protections. The PRID review ensures that models used by insurers calculate risks accurately, reliably, and fairly, and ultimately benefit consumers by promoting insurance availability and reliability while addressing the impacts of climate change.

While Florida and California have established state models, many other states may not have the capacity 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.[137] 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 to lower insurance costs for consumers in those states. 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 with an assessment of how insurers calculate 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 Property & Casualty Market Intelligence (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 directly support insurance affordability and accessibility for consumers. An additional source of comparative information by state and county is the Federal Emergency Management Agency's (FEMA's) National Risk Index, which illustrates which communities are most at risk for 18 natural hazards.[138]

Many private entities have made models looking at catastrophic perils available for public use. For example, First Street has developed several predictive models that translate modeling outputs into consumer-facing risk information, helping property owners better understand potential hazard exposure for homes and businesses.

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[137] National Association of Insurance Commissioners. (2026). *Catastrophe Risk Management Center of Excellence*. https://content.naic.org/research/catastrophe-modeling-center-of-excellence

[138] Federal Emergency Management Agency. (2026). *National Risk Index*. https://www.fema.gov/flood-maps/products-tools/national-risk-index

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 Handling

As insurers seek to leverage AI to increase speed and efficiency, regulators must ensure transparency to policymakers and consumers into how carriers use these tools in a rapidly evolving space. AI use has the potential to help insurers detect or prevent fraud within the claims system, reducing 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 Intelligence (H) Working Group has developed a supplement to assist regulators in support of their examinations or regulatory inquiries. The supplement is now being piloted by 12 states. The pilot's experience will provide insights into updating the tool, which may be adopted later in 2026.

Part 3: Peril-Specific State Innovation and Action

Section A: Overview

Part 3 highlights strategies that policymakers may consider to improve the affordability and availability of homeowners insurance in their states. It focuses on peril-specific approaches used by selected states and emphasizes practical examples that other jurisdictions can adapt. These profiles show how states facing similar market pressures tailor their responses to local risk conditions, regulatory frameworks, and market dynamics. Together, they offer insight into how proactive regulatory and policy measures can support consumers, housing markets, and community resilience.

Section B: Hurricanes—Alabama, Florida, Louisiana, and Mississippi

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 statewide growth and rising sea levels are increasing the number of homes exposed to 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 to other states that face hurricane risk now or may face it more frequently in the future.

Alabama

Introduction

Alabama is continuing its efforts to become more resilient statewide. Although Alabama's relatively short coastline spans only two counties, the state has suffered numerous catastrophic hurricanes, as well as many other perils. The effects of 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 commissioned a study by the University of Alabama's Center for Risk and Insurance Research, which found that Insurance

Institute for Business & Home Safety (IBHS) 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: Former Alabama Governor Robert 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 Bentley, focuses on public policy and multi-state approaches to address the cost of property insurance along Alabama's Gulf Coast. Their report includes potential solutions to lower insurance costs by reducing expected losses, expenses, and capital costs.

Data Collection

Hurricane Sally data report: The Alabama Property Insurance Clarity Act requires insurers to report annual data on homeowners insurance policies, premiums, and losses. After Hurricane Sally, the Department collected policies and claims data from the affected area via a data call to assess loss mitigation. The results are in the Hurricane Sally data report.

Strategy, Initiatives, and Resources

The Strengthen Alabama Homes (SAH) program 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 the Alabama Department of Insurance has invested $100 million in the program. The Hurricane Sally data call conducted by the Alabama Department of Insurance and the 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 are tied to building codes and IBHS certifications and significantly reduce 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 the 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 Roof: 25%–35% discount on the wind portion of the premium.
    - FORTIFIED Silver: 35%–45% discount.
    - FORTIFIED Gold: 45%–55% discount.
- Tax incentives for home mitigation
    - Retrofit tax deduction
    - Catastrophe savings accounts

Consumer Outreach and Educational Materials

Consumer outreach activities and educational materials include:

- The Safe Room and Community Shelter Program.
- 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 the *Consumer's Guide to Homeowners Insurance*.
- Offering tools to compare homeowners insurance premiums from different companies on the department of insurance's website.

Partnerships

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

Florida

Introduction

On Aug. 24, 1992, Florida's insurance market was changed forever when Hurricane Andrew made landfall near Homestead, FL. In response, Florida's insurance commissioner issued 27 emergency rules in 1992 and 30 additional rules in 1993, beginning on Aug. 31, 1992. Among the most significant actions were:

- Establishing a grace period for premium payments to address communication and mail disruptions.
- Implementing a moratorium preventing insurers from canceling or nonrenewing 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:

- 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 the 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.
- Instituting an evolving approach to incentivize or require insurers to offer premium discounts for structural mitigation improvements, such as hurricane shutters.

Florida also enacted a strong statewide building code promoting wind mitigation. 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

The 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 by ZIP code on a monthly basis.
- Catastrophe Claims Data and Reporting, which collects ZIP-code-level claims data after landfalling hurricanes for homeowners, dwelling, mobile homeowners, and other insurance 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, and 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. The 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, which helps homeowners strengthen their homes through wind mitigation inspections and grant assistance, potentially reducing their homeowners insurance premiums (Section 215.5586, Florida Statutes).

- My Safe Florida Condominium Pilot Program, which assists condominium associations with hurricane readiness and insurance savings (section 215.55871, Florida Statutes).

Florida requires standardized mitigation verification through the Uniform Mitigation Verification 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. 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 describes actions policyholders may be able to take to reduce their windstorm premiums. Insurers provide the form to policyholders when issuing and renewing personal lines residential policies.

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.
- Quantify the discounts, credits, rate differentials, and deductible reductions that reflect the full actuarial value of such fixtures or construction techniques.

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

- Consumer Outreach and Education webpage
- Plan Prepare Protect: Are You Disaster-Ready?
- Demolish Contractor Fraud: Steps to Avoid Falling Victim
- 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 (P/C) 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.
- 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 is available on the OIR's Take-Out webpage. The OIR must review all submitted documentation and, if it determines that the take-out company is approved to participate in the depopulation, grant approval via a consent order. Once the OIR approves a company to participate, that company must then complete a separate process with Citizens.

Louisiana

Introduction

Following Hurricane Katrina in 2005, Louisiana restructured its approach to hurricane risk, homeowners insurance, and residential construction. The storm exposed significant gaps in building standards and risk management, which led to the development of a statewide building code framework. Louisiana has continued to adopt updated construction codes and additional requirements focused on improving wind resistance and overall building performance in hurricane conditions.

More recently, the 2020 and 2021 storm seasons, including Hurricanes Laura, Delta, Zeta, and Ida, played a key role in destabilizing Louisiana's homeowners insurance market. In response, Louisiana implemented targeted reforms, including strengthened solvency requirements under Act 69 of 2022, to stabilize the market and encourage insurer participation.

Louisiana's current approach combines mitigation, market stabilization, and data-driven oversight. The Louisiana Fortify Homes Program has become the fastest-growing FORTIFIED program in the country, supported by strong homeowner participation and permanent funding, while expanded reporting and data collection efforts continue to inform the Louisiana Department of Insurance's (DOI's) policy decisions and market response.

Reports

- Louisiana Fortify Homes Program—Louisiana legislative auditor's report

Data Collection

NAIC Homeowners Market Data Call

Louisiana participates in the NAIC Homeowners Market Data Call, which provides detailed information on policies, premiums, claims, and nonrenewals at a granular level. This allows evaluation of market conditions across parishes and comparison with other states facing similar storm exposure.

Property Market Information Reporting (PMIR)

Louisiana uses property market information reporting (PMIR) to monitor homeowners insurance policies, exposures, and premiums across the state, providing a consistent view of market conditions, including changes in insurer participation, geographic concentration of risk, and shifts in coverage availability over time. Act 429 of 2025 requires insurers to notify the DOI when they cease, pause, or resume writing policies in specific regions, enhancing real-time visibility into market availability and changes in insurer activity.

Hurricane Data Collection

Louisiana has issued formal data calls following major storm events, including Hurricanes Laura, Delta, Zeta, and Ida, to collect detailed claims and loss information from insurers. These data calls have been used to evaluate storm impact, claims activity, and loss development.

Louisiana also monitors and collects information on other catastrophic events, including severe convective storms and winter weather events, through targeted information requests, claims monitoring, and ongoing market analysis.

Bulletin 2025-04 provides advance notice of potential data calls for storm-related insurance claims during the 2025 hurricane season and requires insurers to be prepared to submit claims data following a named storm or hurricane, if requested.

Ongoing Market Data Collection

Louisiana is currently collecting and reviewing homeowners insurance property claims and exposure data as part of a broader analysis of the residential insurance market. This includes information related to claims activity, exposure, and overall market conditions.

Roof Registry

Act 62 of 2025 created the Louisiana Roof Registry as a voluntary system for submitting roof-related information. The registry allows submission of information on roof installation, permitting, and construction characteristics, and is intended to demonstrate improvements in Louisiana's roof stock to the insurance industry.

Strategies, Initiatives, and Resources

Hurricane Preparedness and Response

Prior to hurricane season, the DOI convenes in-person meetings with senior claims leadership from its largest insurers and surplus lines carriers to align expectations on claims readiness, deployment, and communication. These engagements also incorporate catastrophe modeling insights and establish consistent expectations for post-storm data reporting and coordination.

The commissioner serves as an integral part of Unified Command Group meetings during storm-event activations, ensuring insurance is incorporated into response and recovery planning before landfall.

The DOI prepares to activate an insurance response with claims representatives and coordinates with the NAIC for additional support. After events, Louisiana provides on-site assistance at disaster recovery centers and direct consumer support.

The DOI also engages in outreach and coordination for other disasters, including severe storms and flooding, with a focus on consumer communication and assistance.

Building Code and Construction Standards

Louisiana maintains a statewide building code framework, with updates reviewed and recommended by the Louisiana State Uniform Construction Code Council (LSUCCC). Louisiana's building codes are among the strongest in the nation, with a continued focus on wind resistance and structural performance. Recent roof-specific updates have strengthened roof performance in hurricane conditions.

Louisiana Fortify Homes Program

Louisiana's Fortify Homes Program provides grants of up to $10,000 to help homeowners upgrade roofs to the IBHS FORTIFIED roof standard. The program is now permanent, funded through industry taxes and fees, and has seen strong demand across multiple funding rounds, contributing to steady growth in FORTIFIED-designated homes statewide.

Louisiana views the absence of FORTIFIED adoption during recovery from Hurricanes Laura and Ida as a missed opportunity for resilience and is actively pursuing broader, scalable strategies to strengthen mitigation and close that gap going forward.

Mitigation Discounts and FORTIFIED Integration

Insurers required to file rates must provide actuarially justified premium reductions for policyholders who implement mitigation improvements that reduce windstorm or hurricane losses, including features such as strengthened roof systems, structural connections, and opening protections, as verified through a Louisiana mitigation survey or IBHS certificate. The DOI's new FORTIFIED benchmark system, developed in conjunction with the NAIC Center for Insurance Policy and Research (CIPR) Catastrophe Risk Management Center of Excellence (CAT COE), is scheduled to take effect on Jan. 1, 2027.

Insurers must report these discounts to the DOI annually, which publishes them to promote transparency in how mitigation is reflected in pricing.

Insurers are also required to offer a FORTIFIED roof endorsement, which requires insureds to upgrade to a FORTIFIED roof following a covered loss that requires roof replacement.

Market Stabilization and Capacity

Louisiana implemented reforms to stabilize the market and support insurer participation:

- Act 69 of 2022 strengthened solvency requirements by increasing minimum capital and surplus standards for insurers writing homeowners insurance from prior levels of approximately $3 million to $5 million by 2026 and $10 million by 2031.
- Revisions to the three-year rule to provide insurers with greater flexibility in managing underwriting risk and policy exposure.
- Adoption of a more flexible rate filing framework, including changes to file-and-use, to improve responsiveness to market conditions.
- Updates to the catastrophe claims process to provide clearer standards and improved claims handling following major storm events.

Residual Market Structure

Louisiana maintains a statutory residual market through the Louisiana Citizens Property Insurance Corporation, which administers both its Fair Access to Insurance Requirements (FAIR) and Coastal Plans as insurers of last resort. Participation in these plans is required for all insurers writing property insurance in the state as a condition of doing business.

While prior post-Hurricane Katrina emergency assessments have expired, Louisiana Citizens retain statutory authority to levy regular and emergency assessments to address plan deficits, which may be applied to participating insurers and policyholders if needed.

Consumer Outreach and Educational Materials

Storm Guidance and Claims Education

The DOI provides post-storm guidance to policyholders on filing claims, documenting damage, understanding deductibles, avoiding contractor fraud, and more. These materials are distributed through press releases, the DOI's website, and other public communications following storm events.

Digital Tools

The DOI provides the LDIConnect mobile app, which includes storm-related resources, claims guidance, and contact information, giving policyholders a centralized way to contact the DOI and access information before and after hurricane events.

Field Outreach and Pop-Up Offices

The DOI conducts in-person outreach through insurance pop-up offices and field deployments in impacted areas following storms. These efforts bring DOI staff directly into communities to assist residents with insurance questions and to help them navigate the claims process.

Partnerships

NAIC Catastrophe Risk Management Center of Excellence

The DOI is working with the NAIC CAT COE to develop FORTIFIED benchmark data and support evaluation of mitigation discount structures.

Insurance Institute for Business & Home Safety

The department works with the IBHS FORTIFIED standard in connection with the Louisiana Fortify Homes Program and related mitigation efforts.

NAIC Homeowners Market Data Call

Louisiana participates in the NAIC Homeowners Market Data Call to support analysis of homeowners insurance market conditions and comparison of trends across states.

Federal, State, and Local Partnerships on Dual-Peril Mitigation

The DOI works in coordination with federal, state, and local agencies to communicate Louisiana's progress on coastal resilience and mitigation to insurers and reinsurers. These partnerships also focus on identifying and advancing opportunities for dual-peril mitigation projects that address both wind and flood risks.

Louisiana State Uniform Construction Code Council and the Louisiana State Licensing Board for Contractors

Coordination with the LSUCCC and Contractors Board supports stronger building standards and improved roofing contractor licensing requirements, including a shift toward licensed roofing contractors rather than general home improvement classifications.

Nonprofit Partnerships

Partnerships with nonprofit organizations support mitigation efforts for low- to moderate-income households, helping expand access to FORTIFIED upgrades.

Local Government Partnerships

Collaboration with local governments supports gap funding for homeowners pursuing FORTIFIED upgrades beyond available grant funding.

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 to conduct comparative analyses.

Additionally, the department encourages homeowners to maintain updated home inventories to mitigate post-event losses. The Strengthen Mississippi Homes and the Mississippi Emergency Management Agency (MEMA) Safe Room Grant programs offer financial assistance for hurricane and tornado preparedness. The MID prioritizes consumer education through press releases and social media to promote severe weather preparedness. Partnerships with MEMA, the 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 discussed hurricane mitigation programs during the Extreme Wind Conference.
- 2025 Disaster Leadership Conference: Gulf Coast states joined to stand against insurance rate hikes.
- Local leaders discussed response plans at annual Disaster Leadership Conference.
- Disaster Leadership Conference in Biloxi hosted by Mississippi.

- Mississippi Senate Study Committee on Housing Report.

Data Collection

- The 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.
- The insurance department is developing a joint data call with the Louisiana Department of Insurance to compare market dynamics between states.

Strategy, Initiatives, and Resources

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

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

  Update: The MID fortifies homes along the Mississippi Gulf Coast through the Strengthen Mississippi Homes Program (SMH). Senate Bill 2409, passed during the 2026 Legislative Session, authorizes the MID to administer this program to help homeowners install stronger, storm-resistant roofs. The program supports upgrades to FORTIFIED Roof™ standards, which are designed to better withstand high winds, heavy rain, and severe weather. SB 2409 takes effect July 1 and allows the MID to partner with other agencies to administer funds.

- FEMA's Wind Retrofit Guide for Residential Buildings 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).

The 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 up to 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.

The 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 the 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)

Implementing IBHS FORTIFIED standards in new residential, commercial, and multifamily construction enhances resilience to severe weather events. Mississippi has found that 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, such as 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 of 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 Nov. 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 Assistance Grants program and offers up to $3,500 to cover 75% of the cost of constructing a

FEMA-approved safe room. There are 38 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 educate city and county officials on available programs and the department's 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 MRPIUA.

The MID supports other states and rural insurers in urging the Federal Housing Finance Agency (FHFA) to eliminate the requirement that all federally backed mortgages have replacement cost value (RCV) coverage. 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.

Section C: Severe Convective Storms, Tornadoes, Hail, and Wind—Alabama, Minnesota, Mississippi, Oklahoma, 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 Western states face growing risks from high winds and hail, compounded by the threat of wildfires. These evolving weather trends are driving significant increases in insured losses, prompting insurers to raise premiums, tighten underwriting standards, and, in some cases, reduce coverage or exit high-risk markets. As a result, homeowners and businesses across these regions are facing higher costs and greater challenges in securing adequate insurance protection, underscoring the urgent need for adaptive risk management and resilience strategies. This section provides an overview of the tools and strategies Alabama, Oklahoma, Minnesota, Mississippi, and Wyoming use to manage these risks within their states.

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 works to improve insurance affordability, enhance market stability, and build resilience against harsh weather. Using all available means, Alabama endeavors to provide its residents with the most affordable homeowners insurance possible. Amid the changing insurance landscape, Alabama aims to maintain a stable insurance market.

Reports

- The *Affordable Homeowners Insurance Commission Report* (2012) makes recommendations to address tornado-related affordability and transparency.
- Hurricane Sally IBHS study validates the effectiveness of its FORTIFIED standard construction.

Data Collection

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

Strategy, Initiatives, and Resources

- Refer to Alabama's hurricane section.

Partnerships

- IBHS and Smart Home America for the FORTIFIED home standard.
- FEMA and Alabama Emergency Management Agency (AEMA) collaboration.
- Center for Risk and Insurance Research 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 and Insurance Tips.

Minnesota

Introduction

Severe convective storms in Minnesota typically peak 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, have heavily impacted both 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, focusing on how rising premiums and reduced availability are affecting multifamily housing. The report found that annual premiums increased significantly between 2023 and 2024, while affordable housing providers experienced reductions in coverage and struggled to find insurers willing to write their business.

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 can 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.

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 for evaluating company filings for compliance with this requirement.

Working in partnership with the NAIC CIPR CAT COE, the Minnesota Department of Commerce issued a voluntary data call to collect company information for analysis using catastrophe models and actuarial methods. This collaborative approach resulted in the department issuing Administrative Bulletin 2026-1 to carriers on March 23, 2026, outlining the regulatory review process for insurer filings at or above an expected discount threshold, as well as for filings below that threshold. This project enabled the department to design a faster, more efficient filing process, improving speed-to-market for carriers and increasing policyholders' access to cost savings.

Strategy, Initiatives, and Resources

The Minnesota Department of Commerce has developed resources to help state residents navigate the purchase and use of homeowners insurance. Department resources are housed in the department's Disaster Information Center and organized to help consumers prepare before and respond after disasters occur. These materials are also used by department staff in the field after disasters to assist Minnesotans.

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

In 2023, the Minnesota legislature passed two initiatives proposed by the department to directly support the affordability of home insurance in the state. The state established the mitigation grant program, Strengthen Minnesota Homes. Modeled after similar programs in other states, the grant program is designed to help Minnesotans earn a FORTIFIED designation for 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 Aug. 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 employs every available resource to ensure its residents have access to the most affordable homeowners insurance coverage possible. In the constantly evolving world of insurance, Mississippi is dedicated to maintaining a stable and reliable insurance market.

Reports

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 (MID).

Data Collection

- MID Aggregated Data Search (Clarity Act/Market Analysis Data Call) Enacted under House Bill 739, the Property Insurance Clarity Act mandates that all authorized homeowners insurance providers in Mississippi submit policy and premium data to the department.
- NAIC Homeowners Market Data Call: Under its statutory authority, MID mandates that P/C insurers operating in the state submit comprehensive ZIP-code-level underwriting data as part of the NAIC Homeowners Market Data Call. MID is also a member of the NAIC Pre-Disaster Mitigation and Risk Modeling (EX) Working Group, which supports the development of state-specific hazard mitigation and market protection policies.
- 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 Climate Central Database is a tool used to track billion-dollar weather and climate disasters. It was formerly run by the National Oceanic and Atmospheric Administration (NOAA) but has now become a nonprofit organization led by former NOAA scientists. MID evaluates severe localized risks by cross-referencing industry statistics and publicly available resources such as the Climate Central Database.

Strategy, Initiatives, and Resources

Strengthen Mississippi Homes grants (FORTIFIED roof)

- The MID fortifies homes along the Mississippi Gulf Coast through the Strengthen Mississippi Homes Program (SMH). Senate Bill 2409, passed during the 2026 Legislative Session, authorizes the MID to administer this program to help homeowners install stronger, storm-resistant roofs. The program supports upgrades to FORTIFIED Roof™ standards, which are designed to better withstand high winds, heavy rain, and severe weather. SB 2409 takes effect July 1 and allows the MID to partner with other agencies to administer funds.

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

MID issues bulletins, press releases, and practical tips across various social media channels, with a focus on severe weather preparedness, including:

- 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
- Annual severe weather preparedness weeks

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

Additionally, 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:

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

FEMA and IBHS relationships:

- MID collaborates with FEMA's Hazard Mitigation Assistance Grants program 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, its staff, and 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 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 on the roles and responsibilities involved in responding to extreme weather events. It also provided insights into the technology used by insurance companies, as well as the tools and information city leaders need to support quick recovery efforts.

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 Insurance Department (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.

Strategy, Initiatives, and 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, thereby significantly increasing survival rates during tornadoes.

For homeowners who struggle to obtain traditional insurance coverage, the OKMAP 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, the 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 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.

Consumer Outreach

Oklahoma's consumer outreach efforts remain a cornerstone of its mitigation and preparedness strategy. The 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 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. The OID works closely with the Oklahoma Department of Emergency Management (OEM) to align mitigation priorities and coordinate disaster response.

The department also partners with the 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 to enhance 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.

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 issued data calls regarding rules for 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 P/C insurance companies to keep the public informed about ongoing issues impacting property insurance.

Section D: Wildfire—California, Colorado, Washington, and Wyoming

Overview

Wildfires impose shocking human losses and costs on property owners, homeowners, renters, and businesses, and disrupt and depress local economies. Globally, wildfires burned through nearly one billion acres in 2025, which is 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.[139] In California, drought-stressed forests and wildland-urban interface (WUI) expansion have 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—continue 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.[140,141] In some regions, persistent housing shortages and affordability pressures in urban cores have also intersected with these trends, contributing to residential development

[139] United Nations Office for Disaster Risk Reduction. (2026, January 13). *The invisible costs of wildfire disasters in 2025*. https://www.undrr.org/news/invisible-costs-wildfire-disasters-2025
[140] 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
[141] 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

in higher-risk WUI areas alongside other market and geographic factors.[142] California's Fourth Climate Change 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% by 2100. In recent years, challenges with wildfire insurance availability and affordability 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 lead to insurance problems similar to those in California, prompting a focus on mitigation grants and potential regulatory action. Across the western U.S., drought and increased outdoor recreation have led to a significant increase in human-caused fires, as fuel buildup and drought make the areas more combustible. As the WUI expands and fire seasons lengthen, several western states face rising wildfire risks and volatile insurance markets. This section provides an overview of the tools and strategies California, Colorado, Washington, and Wyoming use to manage wildfire risks within their states.

California

Introduction

California's approach to addressing wildfire-related insurance availability and affordability challenges recognizes that market disruption is driven by multiple, interconnected factors, including increasing catastrophe losses, growing exposure in wildfire-prone areas, evolving risk assessment practices, rising reinsurance costs, and gaps in mitigation implementation. As wildfire risk has intensified, California has experienced reduced insurer participation in parts of the property insurance market, increased nonrenewals in some regions, and growing reliance on the California FAIR Plan. In response, the California Department of Insurance (CDI) has pursued a multi-pronged strategy that combines regulatory reforms centered on consumer protection, mitigation incentives, innovative approaches to data collection and risk assessment, and stakeholder engagement and collaboration.

The sections that follow describe the range of public policy tools the CDI uses to develop and support this strategy. These include collaborative reports and roadmaps that help establish policy direction and inform long-term resilience and mitigation priorities; regulations that modernize the regulatory framework through measures such as incorporating catastrophe modeling and

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[142] Phillips, J. (2025, May 30). *Between nature and neighborhoods: Mapping the dynamics of the wildland-urban interface and growing wildfire threats*. U.S. Department of Agriculture Forest Service, Northern Research Station. https://research.fs.usda.gov/nrs/articles/between-nature-and-neighborhoods-mapping-dynamics-wildland-urban-interface-and-growing

strengthening transparency in rate filings, requiring insurers to make enforceable commitments to write and expand coverage in high-risk areas, incentivizing property- and community-level mitigation actions, and strengthening protections for disaster-affected policyholders; legislative initiatives that advance risk reduction, risk communication, risk assessment, and insurance innovation; and investments in data collection, public modeling, research partnerships, and consumer outreach. By aligning these complementary tools and measures, the CDI seeks to restore competition in the admitted market, reduce reliance on the FAIR Plan, and improve resilience and long-term insurance accessibility for California residents.

Reports

Climate Insurance Report: Senate Bill 30 (Chapter 614, Statutes of 2018) established a working group of environmental advocates, researchers, and insurance experts to recommend policies to reduce the costs of wildfires, extreme heat, and flooding. It released its 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 requirements; and (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) collaborating with state agencies and engaging with risk scientists to establish a list of home and community hardening actions (refer to the Required Wildfire Mitigation Discounts Regulation); (2) supporting cultural and prescribed fire to reduce wildfire risks; and (3) identifying areas of high risk and wide protection gaps.

Regulations

Mandatory One-Year Moratorium on Nonrenewals: Originally established in statute through legislation enacted in 2018, the one-year moratorium on insurance cancellations and nonrenewals is now implemented and administered through regulatory bulletins issued by the CDI. The moratorium requires insurers to refrain from canceling or nonrenewing residential insurance policies located within or adjacent to a fire perimeter for one year following a governor-declared state of emergency on wildfire.

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 completed property-level mitigation efforts and community-level designations into account in their rating plans.

Sustainable Insurance Strategy: Since 2017, California has experienced the eight largest wildfires in state history, as well as 14 of the most destructive wildfires, and seven of the deadliest wildfires, including 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 affecting policyholders, the 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**: The 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 with 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, the amendments clarified the steps required to submit a complete rate application to the CDI before the clock on reviewing the application begins and eliminated lengthy exchanges about incomplete applications before the rate review process may actually begin.
- **Catastrophe Modeling and Ratemaking**: The 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, in part, based on insurers' historical losses. This rulemaking permits insurance companies to use catastrophe modeling to determine their catastrophe loss adjustments in the ratemaking formula, provided they 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**: The 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 non-adjudicative 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**: The CDI amended Sections 2342.7, 2644.16, 2644.25, and 2644.27 and adopted Sections 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 net cost of reinsurance (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, calculating and including 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: The law establishes the California Safe Homes grant program to be developed by the CDI to reduce local and statewide wildfire losses. It requires the 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. The CDI is required to collect specified information about the program's performance and, on or before Jan. 1, 2027, and every two years thereafter, to publish a performance report that would be posted to its website and submitted to the legislature.

Grant Funding for a Public Wildfire Catastrophe Model: 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. The CDI is required to create a framework and multiyear plan with available data for a public wildfire catastrophe model.

Collecting Reinsurance Data: The law requires that 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 million 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: 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: The law requires an admitted insurer with written California premiums exceeding a specified threshold to submit a biennial report to the commissioner that includes specified fire risk information for its residential property policies. Reports are available on the CDI's website (refer to the Data Collection section).

Defensible Space Guidelines: 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.

Insurance Availability for Agricultural Structures: The law allows for the FAIR Plan to sell commercial coverage to farm structures. (Refer to the Modernization of the FAIR Plan section.)

Promoting Safe Prescribed Burning and Insurance Coverage: The law provides that a burn 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. The CDI helped create and develop a state-backed liability fund to cover prescribed and cultural burning. Cultural and prescribed burning are essential practices for meeting diverse objectives, including wildfire risk reduction and biodiversity stewardship. These practices have faced insurance barriers. Together with the Nature Conservancy, the California Department of Forestry and Fire Protection (CAL

FIRE), and the University of California Cooperative Extension, the CDI 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.[143]

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 California 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 expand the definition of burn boss.

Promoting Resilience Through a New Type of Financing Districts: This law authorizes local cities and governments to establish climate resilience districts. These districts are empowered to finance and implement projects to mitigate the impacts of climate change, such as wildfires, sea-level rise, extreme heat, drought, and flooding.

Climate Risk Insurance Solutions: With California communities increasingly exposed to climate change-related threats, Commissioner Ricardo Lara wrote the nation's first climate insurance law, passed by the California 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 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 posed by 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*.

Highlighted Legislative Ideas

Innovative Insurance Grant Program: This bill would have required the department to establish and administer the Climate and Sustainability Insurance and Risk Reduction Grant Program, funded upon appropriation by the legislature, for the purpose of achieving specified goals,

[143] Cal. Sen. Bill 926, 2021–2022 Reg. Sess. (2022).

including developing proofs of concept that expand innovative insurance options and testing community-based insurance to reduce overall insurance costs.

Planning and Zoning: This bill would have imposed certain fire-hazard planning responsibilities on local governments and required cities and counties to make specified findings regarding fire standards before permitting development in the very high fire-hazard severity zone.

Tax Incentives for Home Hardening: 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, PRID procedure, and 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, over the past 10 years, its expansion has revealed deep flaws in a system that was never designed to bear the weight it now carries. Under Proposition 103, insurance companies are permitted to bypass high-risk areas, resulting in an increasing number of homeowners and business owners having to rely on the more expensive and limited FAIR Plan coverage.

The 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. The 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 of up to $20 million per 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**: The 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**: The CDI required the FAIR Plan to hire more staff, improve its claims process, and shift costs away from consumers.
- **Greater operational accountability**: Commissioner Lara filed the department's Report of Examination for an ongoing financial examination of the FAIR Plan, including its compliance with recommendations from the CDI's 2022 Operational Assessment Report, which called for significant changes in the FAIR Plan's governance, operations, underwriting, 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.

Inclusive and Innovative Insurance Pilot Projects

The 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 nonrenewals and FAIR Plan policies in the residential market, implements data collections on losses in relation to wildfire risk categories, and delivers regular updates to the 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: The CDI's consumer outreach activities aim to empower every household in California to understand basic insurance concepts, guard against fraud, and protect their most valuable financial assets, especially as climate-related disasters and market instability intensify. The social and economic value of equipping Californians with this critical insurance education is both significant and far-reaching. The goals of the initiative include:

- Increase consumer awareness of the 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 mitigate them and promote resilience.

Consumer Resources

To help policyholders access and maintain insurance coverage, the 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: A fact sheet to inform residential and commercial policyholders of the insurance mitigation discounts under the Consideration of Mitigation Factors regulation.
- Home Insurance Finder: This online service allows consumers to search for insurance, renters, condominium, or mobile home insurance in a specific area. Consumers may search by:
  - Type of insurance.
  - Desired spoken language.
  - Agents/brokers who are located within either five, 10, 25, 50, or 75 miles of a selected ZIP code or city in California.

Engagement with Universities and Researchers

- The 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.
- The CDI has collaborated with Dr. LeRoy Westerling and colleagues, who are researchers at the University of California, Merced, who focus on wildfire scenario modeling, to create a suite of mapping models for predicting fire severity and statistically downscaling simulated wildfire burned areas by severity class to 30-meter resolution.
- Public Wildfire Catastrophe Model Strategy Group: Cal Poly Humboldt convened a strategy group of researchers and wildland fire experts who recommended steps that Commissioner Lara can take to create the nation's first public wildfire catastrophe model. A public wildfire catastrophe model can predict future losses, serve as a benchmark for reviewing catastrophe risks in the insurance sector, provide accessible data for wildfire safety efforts, and create educational and career opportunities for California students. Cal Poly Humboldt chaired the strategy group, which comprises researchers, wildfire risk-reduction experts, and higher education leaders from California State University, the University of California, and other sectors. In May

2025, the group published its recommendations in the report *Future Directions and Considerations of Modeling Wildfire Risk*. (Refer to the Adopted Legislation Highlights section.)

Partnerships Among Insurance Regulators

- NAIC Natural Catastrophe Risk and Resilience (EX) Task Force (formerly the Climate and Resiliency (EX) Task Force): In 2021, the 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 as part of its National Climate Resilience Strategy for Insurance. The CDI will continue to work closely with its fellow state insurance regulators at the NAIC on pre-disaster mitigation, solvency, technology, and innovation.
- International Association of Insurance Supervisors (IAIS): The CDI engages with the IAIS to advance initiatives on closing protection gaps, solvency standards, tools, and building capacity among regulators.

Colorado

Introduction

About half of Colorado residents live in a WUI, where houses are close to flammable vegetation. In recent years, fire behavior has changed dramatically, with larger, more intense fires occurring 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 conducted to understand the extent of underinsurance and to inform responses 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.[144] The 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 WUI fires. For the Colorado Division of

[144] Schwarcz, D., & Hyman, D. A. (2024, December 31). *Coverage neglect in homeowners insurance* (Minnesota Legal Studies Research Paper No. 24-21). Social Science Research Network. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5057551

Insurance (DOI), the AAR's findings underscore the need to develop market resilience strategies and to coordinate 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.[145] The report supported establishing the Colorado FAIR Plan as a market of last resort for those who can no longer obtain private coverage.[146]

Data Collection

In recent years, the division has undertaken a series of actions to improve its data collection methodology and collect more granular data, enabling more proactive regulatory oversight of insurer actions and pricing models. The division has collected insurer data on key market indicators, including nonrenewals, average premiums by ZIP code, new policies, and overall premium and loss metrics. This data has been used to help the division review coverage trends and understand their impact across different parts of the state.

In addition, Colorado has instituted enhanced information-gathering requirements regarding insurers' use of proprietary models and risk-scoring tools for rating and underwriting. The division is in the process of implementing requirements that insurers and, where applicable, third-party data and model vendors provide detailed information regarding model structures, underlying methodologies, data sources, validation practices, and hazard mitigation measures in rating and underwriting. Colorado has worked with the carriers to address their implementation concerns, which have included handling of confidential and proprietary information.

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 of which were prompted by findings from the 2020 East Troublesome and 2021 Marshall Fire. As explained

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[145] Colorado Division of Insurance. (2023, April 10). *Homeowners' insurance availability study now available (SB22-206)* [Announcement]. Colorado Department of Regulatory Agencies. https://doi.colorado.gov/announcements/homeowners-insurance-availability-study-now-available-sb22-206
[146] Theodorou, J. (2025, July 16). *Colorado homeowners' insurance: On the right path*. R Street Institute. https://www.rstreet.org/commentary/colorado-homeowners-insurance-on-the-right-path/

above, studies undertaken in the aftermath of the latter fire found that many homeowners were significantly underinsured.

HB23-1174 focused on addressing underinsurance and ensuring consumers have the information they need to understand what coverage they need. The act identifies the factors an insurer must consider when determining home reconstruction costs and requires insurers to disclose certain information regarding replacement costs before issuing or renewing a homeowner's insurance policy. It created an annual *Residential Reconstruction Report* to help consumers understand how construction costs can vary by region over time. 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 over 30 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 began offering coverage in the spring of 2025.

More recently, Colorado has undertaken efforts to improve the accuracy and transparency around insurers' use of wildfire risk models. Specifically, legislation passed in 2025, 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.
- Insurers have a process for policyholders to appeal wildfire risk scores. Insurers publicly list available discounts for mitigation efforts.

This is an important step in advancing transparency for regulators and consumers.

While all these measures are critical steps, Colorado continues to explore options to address the affordability and availability issues facing Colorado consumers. In 2025, Colorado first introduced legislation (HB25-1302) to address these availability and affordability issues and then passed legislation in 2026 (SB26-155). The legislation creates a Strengthen Colorado Homes program, providing homeowners with grants to fortify their homes, similar to programs in several other states, and requires a study to explore options to address insurance risk in high-risk wildfire areas of the state.

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 in which 25% or more of the exterior wall area is replaced, to address several components 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 includes information on premiums, underwriting, coverage options, and other general topics related to 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 be eligible for 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 and 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 remain 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, as they work toward 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 nonrenewals, and challenges in obtaining new coverage, especially in 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 exceeds the coverage provided by current insurance policy limits, leaving homeowners 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 the 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 to 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 five-year review of the Washington State Wildland Fire Protection Strategic Plan. The report finds that without investment and the development of more effective risk-mitigation systems, Washington will see increased direct impacts on communities and an expanding insurance crisis. An ongoing challenge is that wind-driven fires are difficult to suppress and exhibit fire behavior that results in the greatest number of structures being 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 nonrenewal 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 federal uncertainty regarding disaster recovery, the OIC is also exploring innovative options, such as 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 to implement certain insurance-related recommendations from the December 2025 Wildfire Mitigation and Resiliency Standards Work Group, including two bills requested by 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 is currently conducting an assessment of fire property protection classification (PPC) methods. Fire PPCs are used by insurers as one input for assessing fire risk 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 the state, establishing 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 the 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. The 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 Washington Military Department's Emergency Management Division and the 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 year over year due to updated wildfire risk designations. This is most prominent in areas of the state with dense forests and a growing WUI.

Reports

Wildfire risk is addressed in broader state plans. The Wyoming State Forestry Division's (WSFD's) 2020 Forest Action Plan mapped wildfire risk and forest conditions statewide, finding that most of the state faces moderate wildfire risk. The Wyoming 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 that summarized the severe 2024 fire season, during which over 850,000 acres burned—approximately 70% on state and private lands—and outlined recovery needs. Additionally, a 2023 briefing from the insurance commissioner warned that rising wildfire liability insurance costs for utility companies could lead to higher electricity rates, highlighting 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.
- The Wyoming Department of Insurance (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: The DOI collaborates with the state's Fire Marshal and Forestry Division for expertise on fire behavior and mitigation during insurance reviews.
- Public Education Campaigns: The "What is your risk?" campaign directs residents to WYWRAP for risk assessment and defensible space guidance. Wildfire Mitigation Grants through WSFD and the U.S. Department of Agriculture (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

The DOI provides disaster insurance resources online and in brochures, covering preparation, coverage reviews, and claim processes. After major fires, the DOI advises policyholders to confirm that they have adequate coverage and to consider wildfire endorsements. Guidance on surplus lines insurers for those unable to find coverage. The DOI hosts insurance fairs at county events and uses local media to stress annual policy reviews. It maintains a Wildfire and Homeowner Insurance FAQ webpage. Annual wildfire preparedness workshops are conducted in high-risk areas by the WSFD, 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 WSFD and the DOI exchanges data: the WSFD shares aggregated high-risk home locations, and the DOI alerts the WSFD about spikes in nonrenewals or premium increases.

Section E: Earthquake—California

Overview

Earthquake risk is concentrated in several regions of the United States, including California, the Pacific Northwest, Alaska, Hawaii, and parts of the central United States near the New Madrid Seismic Zone. Although major earthquakes occur less frequently than some weather-related disasters, they can cause widespread structural damage, disrupt housing markets, and create significant protection gaps because standard homeowners insurance policies generally exclude earthquake damage. Even when earthquake coverage is purchased separately, a major earthquake can still affect homeowners insurance affordability and availability by disrupting mortgage lending, slowing housing transactions, increasing rebuilding costs, and placing broader pressure on residential insurance markets and recovery systems.

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,[147] and the 1994 Northridge earthquake caused approximately $20 billion in property losses.[148] Yet despite this risk, only about 10% of Californians carry earthquake insurance,[149] leaving most households financially exposed. In Southern California, tsunami hazards associated with offshore earthquakes are expected to be exacerbated by climate change, driven by sea level rise, further compounding coastal risk.[150]

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.
- **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 low-income homeowners selected for the program.

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[147] California Department of Conservation. (2026). *The 1989 Loma Prieta earthquake*. https://www.conservation.ca.gov/cgs/earthquakes/loma-prieta

[148] California Seismic Safety Commission. (1995). *Northridge earthquake: Performance of structures, lifelines, and fire protection systems* (Report No. SSC 95-01c, Chapter 1). https://www.ssc.ca.gov/wp-content/uploads/sites/5/2020/08/cssc95-01e-ch3.pdf

[149] Federal Emergency Management Agency. (2026). *Earthquake insurance*. https://www.fema.gov/emergency-managers/risk-management/earthquake/insurance

[150] Sepúlveda, I., & Mosqueda, A. (2025). *Climate-driven sea level rise exacerbates Alaskan and Cascadian tsunami hazards in Southern California: Implications to design parameters*. Earth's Future, 13(3), e2024EF005435. https://doi.org/10.1029/2024EF005435

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 $20,000 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 CRMP to provide grants and assist with developing building codes for earthquake retrofits.
- Earthquake Brace and 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 on the CRMP website.
- Additional hazard mitigation resources are available on the CEA's 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; and (3) communicate that understanding to expand knowledge and reduce earthquake risk.

Section F: 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 overflows, increase flood risk, leading to property damage, economic losses, and disruptions 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 flooding in 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 leading to nonrenewals, higher premiums, or uncovered damage that may render a home ineligible for insurance.

Reports

- Section 161.551, Florida Statutes, 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, 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, and Resources

- RIPL resources provide a comprehensive, systems-based framework for assessing and enhancing the resilience of residential buildings. Developed on the Sustainable

Adaptive Material Performance Level (SAMPL) platform, RIPL identifies key preventive factors, particularly the selection and combination of building materials and finishes, that can substantially mitigate the risk of water intrusion from 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 from natural disasters such as 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 rainfall events for insured residential properties.

Consumer Outreach and Educational Materials

- The OIR's Flood Insurance page provides consumer resources and information on private flood insurance options.
- The Florida Department of Financial Services (DFS), OIR, FDEM, and insurers have worked collaboratively to set up insurance villages post-events. These assist impacted consumers by filing and paying claims and providing an opportunity to speak with company representatives. The DFS most recently hosted four insurance villages in impacted areas post-Hurricane Milton,[151] following seven insurance villages and two initial payment centers established in the aftermath of Hurricane Ian.[152]

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 Environmental 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 FDEM.

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[151] Florida Surplus Lines Service Office. (2026). *Hurricane Milton insurance village information*. https://www.fslso.com/hurricane-milton-insurance-village-information

[152] National Insurance Crime Bureau. (2026). *DFS continues Hurricane Ian insurance villages in Southwest Florida*. National Insurance Crime Bureau Newsroom. https://www.nicb.org/news/regional-news/dfs-continues-hurricane-ian-insurance-villages-southwest-florida

- The OIR partnered with the University of Florida to study new technologies, products, and material assemblies that would enhance home resilience against water intrusion, among other things. The RIPL report and resources are the result of the study.

Minnesota

Introduction

Minnesota faces growing risks of flooding, primarily from heavy rain and river overflows. 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 urban development are worsening these flood risks.

Reports

In 2022, Minnesota launched the state's Climate Action Framework (CAF), a positive roadmap to 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, which have recognized the value of building more resilient homes for residents.

Strategies, Initiatives, and 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 investments in flood or stormwater management. These range from large cities to suburban cities to neighborhood associations. In a state where flood insurance coverage updates are 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 mitigate insurance risks, which should positively impact insurance affordability and availability for consumers.

The most significant set of investments came in 2023 with $100 million 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 to reduce risk and increase their capacity to respond to disasters. 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 such a risk transfer product could help communities swiftly respond to natural disasters affecting communities along the river.

Mississippi

Introduction

Mississippi is vulnerable to flooding from hurricanes, coastal storm surges, and overflowing rivers. The Mississippi Emergency Management Agency reports that the state ranks eighth nationwide in the number of repetitive-loss structures and has over five million acres of floodplain, the fifth-largest in the country. The combination of standard policy premiums, separate flood insurance costs, and rising reconstruction costs due to inflation makes homeownership increasingly expensive in the state.

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.
  - Local leaders discuss response plans at annual Disaster Leadership Conference.
  - Mississippi hosting Disaster Leadership Conference in Biloxi.

Data Collection

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

Strategy, Initiatives, and Resources

The Mississippi Insurance Department requires sellers to disclose any known defects or conditions that could materially affect the property's safety or value, 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 the U.S. Department of Housing and Urban Development (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 Mississippi Emergency Management Agency. These grants fund projects like elevating or acquiring flood-prone structures.

Consumer Outreach and Educational Materials

- Mississippi hosts a Flood Insurance Awareness Week.

Partnerships

- The Mississippi Insurance Department and the Mississippi Collision Repair Association have teamed up to protect residents from buying cars damaged by flood.
- SB 2277 was passed in 2018 to help prevent consumers from purchasing flood-damaged vehicles.

Part 4: Emerging Protection Gaps

Section A: Overview

While much of the discussion around insurance availability and affordability has focused on established drivers, such as hurricanes, some emerging hazards are creating new protection gaps that may increasingly influence consumer outcomes. Atmospheric rivers and extreme heat illustrate how changing climate conditions can generate economic losses and financial vulnerabilities that do not always align neatly with traditional insurance structures or regulatory frameworks. Although these perils are not usually covered by property/casualty (P/C) lines, they can contribute to property damage, business interruption, infrastructure strain, health impacts, and economic disruption, all of which affect insured losses, consumer resilience outcomes, and long-term insurance demand.

Part 3 explores these emerging protection gaps, driven by losses and costs, in both residential and commercial insurance and highlights how evolving hazards may expose limitations in existing coverage frameworks and present opportunities in risk communication, risk reduction, risk assessment approaches, and market development. Like Part 2, this section offers strategies policymakers and regulators may consider to better understand, anticipate, and address emerging availability and resilience challenges associated with non-traditional and evolving risks.

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, concentrated precipitation, posing 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 state and federal governments is 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 across multiple areas and led to the declaration of states of emergency in several Southern California counties. Even though every county in the state has had a flood emergency declaration since 1992, flood insurance take-up is only 2%.

Reports

Climate Insurance Report: Senate Bill 30 (Chapter 614, Statutes of 2018) established a working group of environmental advocates, researchers, and insurance experts to recommend policies to reduce the costs of wildfires, extreme heat, and flooding. The working group released its 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; and (4) develop a proof of concept for nature-based solutions and risk transfer. (Refer to the Inclusive and Innovative Insurance Pilot Projects section 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 (refer to the Inclusive and Innovative Insurance Pilot Projects section 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; and (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, the California Department of Insurance (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, in part, based on insurers' historical losses. This rulemaking permits insurance companies to use catastrophe modeling to determine their catastrophe loss adjustment in the ratemaking formula, provided they have demonstrated a need to do so by committing to taking 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 the impacts of climate change, 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-level rise 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 California Ocean Protection Council and the California Sea Level Rise State and Regional Support Collaborative, to establish guidelines for preparing that planning and adaptation.

Strategies, Initiatives, and Resources

Inclusive and Innovative Insurance Pilot Projects

The CDI is supporting local jurisdictions and communities with innovative 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 to the National Flood Insurance Program (NFIP).

Innovative Insurance Strategies in Imperial Beach: With support from the CDI, Imperial Beach 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: The CDI's consumer outreach activities aim to empower every household in California to understand basic insurance concepts, guard against fraud, and protect their most valuable financial assets, especially as climate-related disasters and market instability intensify.

The social and economic value of equipping Californians with this critical insurance education is both significant and far-reaching. The initiative's goals are to:

- Increase consumer awareness of the 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 mitigate them and promote resilience.

Section C: Extreme Heat

California

Introduction

Extreme heat is expected to increase in frequency, duration, and intensity in parts of the U.S., including California.[153] Studies show that extreme heat events significantly raise health risks, such as heatstroke-related hospitalizations, and have resulted in substantial economic costs. Extreme heat also strains energy grids, lowers labor productivity, and damages infrastructure. 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 stronger risk mitigation and insurance solutions to prevent overwhelmed hospitals, business disruptions, and increased costs for local governments. In addition, extreme heat events can act as a compounding factor for traditionally insured perils such as wildfire and infrastructure failure. 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, the 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 that made policy recommendations to reduce the costs of wildfires, extreme heat, and flooding. It released its

[153] California Natural Resources Agency. (2026). *California Heat Assessment Tool (CHAT)*. https://cal-heat.org/

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 CDI has already implemented several of the report's extreme heat recommendations, such as (1) performing extreme heat public sector cost analysis (refer to the 2024 Protection Gap Study for Extreme Heat study below), (2) improving warning systems by naming and ranking heat waves (refer to Adopted Legislation Highlights section below), and (3) developing pilot projects for extreme heat (refer to the Strategies, Initiatives, and Resources section below).

Protection Gap Study for Extreme Heat: In July 2024, the 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 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 associated with extreme heat, such as health coverage, workers' compensation, 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,

CalHeatScore, by the California Environmental Protection Agency (CalEPA) in early 2025.

Adopted Legislation Highlights

Assessing Extreme Heat Impacts: 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 the CDI's recommendation by requiring 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 California Department of Public Health (CDPH) provides consultation on the system and will support the Office of Environmental Health Hazard Assessment (OEHHA) under CalEPA in adapting the system for use at locally relevant scales. AB 2238 also required the CDI to release a report on the insurance-related costs of extreme heat, described above. In May 2025, the OEHHA released California's extreme-heat ranking tool, CalHeatScore, also described above.

Climate Risk Insurance Solutions: 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*. (Refer to the Reports section above.)

Strategies, Initiatives, and Resources

Inclusive and Innovative Insurance Pilot Projects: The CDI is supporting local jurisdictions and communities with innovative insurance approaches. In 2021, the 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: The CDI has developed a parametric insurance concept for communities facing extreme heat, helping to mitigate health risks and lost income.

This work has catalyzed a groundbreaking "south-north" initiative that brings 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, the CDI convened 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: The 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. The initiative's goals include:

- Increase consumer awareness of the 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 5: Strategies and Implementation Considerations

Section A: Overview

Across states, a set of converging strategies is emerging to improve insurance affordability and availability, centered on aligning risk reduction, risk assessment, risk communication (including consumer education), and market expansion and innovation. A primary focus is supporting mitigation incentives through grant programs, tax incentives, and premium discounts tied to verified property and community-level mitigation actions. These efforts are reinforced by legislative and regulatory tools that standardize building codes, require insurers to account for mitigation in pricing, and enable the use of forward-looking tools. States are also advancing data and transparency tools, such as requirements for insurers to disclose risk scores and mitigation opportunities, and granular data calls that include reporting on premiums, nonrenewals, and claims.

In parallel, states are working to expand and stabilize coverage through market access mechanisms, such as insurers of last resort, reinsurance backstops, and depopulation or take-out strategies designed to transition policies back to the admitted market. Some of these efforts are complemented by partnerships and capacity-building across state agencies, academia, and the private sector to strengthen resilience, align mitigation standards, and support innovation, including the development of public catastrophe models and community-based insurance pilots. Finally, states are investing in engagement and communication tools and initiatives to help consumers understand their risk, access and understand coverage, and take advantage of mitigation incentives.

Taken together, these insights are intended to help regulators translate lessons from other jurisdictions into actionable steps that fit their own statutory frameworks, market structures, and risk environments. This section breaks down common implementation considerations, highlights the enabling conditions behind successful programs, and emphasizes the importance of coordinated engagement with consumers, insurers, emergency management partners, and other state agencies.

Section B: Supporting Mitigation Incentives

Supporting mitigation is a core strategy used by states to improve insurance affordability and availability by reducing underlying risk. By aligning insurance incentives with verified resilience actions, regulators can help ensure that investments in mitigation translate into measurable reductions in losses and improved access to coverage. The following considerations are drawn from California's experience implementing mitigation-focused regulations, such as the Safer from Wildfires framework.

- Supporting mitigation incentives and grant programs to better reduce and communicate risk and expand insurance availability and affordability.
  - **Alignment of insurance incentives with mitigation standards:** The CDI aligned resilience standards with other jurisdictional standards at the state and local levels. Recognizing jurisdictional differences, it was important to convene agencies, interview scientists and insurance stakeholders, and reach consensus on science-based home mitigation measures. The CDI also engaged with local governments as important stakeholders for inspection and certification programs and for aligning local mitigation standards. These agreed-upon standards were published and implemented into insurance regulations, requiring insurers to reflect mitigation actions in pricing, resulting in California's Safer from Wildfire regulations (refer to the box below).

California's Wildfire Partnership Methodology and Engagement That Informed the Safer from Wildfire Regulation

The Wildfire Partnership engaged with wildfire experts both within state agencies and independent researchers to better understand and align existing expertise. The Wildfire Partnership also met with United Policyholders (UP), representatives from the California Fire Chiefs Association (CalChiefs), the Consumer Federation of America (CFA), the American Property and Casualty Insurance Association (APCIA), and the Personal Insurance Federation of California (PIFC). Additionally, the Wildfire Partnership considered recent reports from the NAIC on the economic case for home hardening, and the National Institute of Standards and Technology (NIST), to which the California Department of Forestry and Fire Protection (CAL FIRE) was a significant contributor.

Step 1: The CDI, California Governor's Office of Emergency Services (Cal OES), California Governor's Office of Planning and Research (OPR), CAL FIRE, and California Public Utilities Commission (CPUC) met to agree upon the scope of work and timeline.

Step 2: As part of seven meetings, the partnership heard intra-agency briefings to avoid duplication of effort and to identify which existing programs may be applicable to insurance regulation and could be leveraged to develop a list of home and community hardening measures for insurance.

Step 3: The partnership engaged additional wildfire mitigation specialists, including a proposal prepared by UP through a collaborative process that incorporated input from researchers at the University of California and Cal Poly San Luis Obispo. In addition, the Wildfire Partnership heard a presentation from the Insurance Institute for Business and Home Safety (IBHS).

Step 4: The partnership engaged with additional wildfire-mitigation stakeholders, including the PIFC, APCIA, and CFA.

Step 5: The partnership established a document outlining home and community hardening measures to create a consistent approach for the insurance sector incentives and empower communities to reduce wildfire risks before disaster strikes.

- **Flexibility in implementation:** The CDI retained flexibility in how insurers can calculate discounts. Discounts might vary by the action's cost-effectiveness or insurer-specific data models.
- **Data collection and integration:** The CDI is collecting mitigation and home hardening data tracked by insurers and combining them with premium, nonrenewal, and claims loss data to better understand the landscape of mitigation actions consumers are taking and insurers are incentivizing.
- **Consumer awareness and uptake:** The CDI has engaged with consumers on available mitigation actions and associated insurance benefits, including how to qualify for discounts.
- **Coordination with grant and resilience programs:** The CDI is planning to align insurance incentives with the newly adopted California home hardening program to ensure that investments in resilience translate into improved insurance availability and affordability.
- **Alignment on standards:** The CDI is working on promoting stronger coordination between state agencies on mitigation standards and inspection programs.
- **Standardization of verification:** The CDI is working with state and local government stakeholders to help develop standardized mitigation verification processes (e.g., inspection programs, certifications) to ensure consistency, transparency, and credibility in applying insurance discounts.

Section C: Regulatory Data and Transparency Tools

Colorado HB25-1182 is an example of how to require insurers that use risk models to disclose key model information to the Colorado Division of Insurance (DOI) in rate filings and to provide consumers with their property's risk scores and potential mitigation discounts. In the context of wildfire risk, the law requires insurers to account for property-specific and community-level mitigation efforts, publish available premium discounts, and provide policyholders with annual written notice of their risk scores and applicable discounts, along with an opportunity to challenge a risk score or the accuracy of information relied upon by the insurer. This empowers consumers to make targeted mitigation investments, including defensible space, structural hardening, and community designations, with a clear understanding of the impact on their premiums.

A standardized rate data template could systematically capture structured insurer-reported data to complement the market data collected through the NAIC Homeowners Market Data Call. This would give regulators a consistent, comparable view of market conditions, loss trends, and rate justifications, reducing information asymmetry and enabling more rigorous and systematic actuarial scrutiny, as well as providing more relevant real-time insights.

Partnering with a statistical agent is also a potential opportunity to further enable structured, event-driven data calls following significant weather or market-disrupting events. These data calls capture near-real-time loss development, claims activity, and geographic impact, segmented by residential and commercial lines, allowing regulators to anticipate market dislocations, such as carrier withdrawals or premium spikes, before they escalate, while possibly generating evidence on which mitigation strategies measurably reduce loss costs.

Together, risk score transparency requirements, rate data templates, and event-driven data calls could feed a dynamic data visualization dashboard, providing regulators, legislators, and consumers with actionable market insights in real time. This integrated infrastructure enables faster, better-informed regulatory decisions, such as how mitigation efforts are delivering meaningful risk reduction and premium relief.

Section D: Market Access—California's Experience

Regulators are addressing insurance protection gaps and market access through several state-level approaches. California has focused its approach on a comprehensive set of reforms to modernize rate regulation, incorporate forward-looking risk tools, strengthen the role of the admitted market, and reduce reliance on the FAIR Plan. The following considerations draw from California's experience implementing the Sustainable Insurance Strategy to expand market access and advance innovative insurance solutions to close emerging protection gaps.

- Reforming regulations and adopting initiatives to improve market access and depopulate California's FAIR Plan through incorporating catastrophe modeling and net cost of reinsurance, strengthening transparency in rate filings, and requiring insurers to make enforceable commitments to write and expand coverage in high-risk areas.
    - **Stakeholder engagement:** The CDI conducted town halls, convened meetings, and established working groups with different internal and external stakeholders, including consumers, consumer advocacy groups, state and local agencies, and academic and public policy researchers and experts. These engagement frameworks have provided invaluable insights into the market access challenges faced by consumers and shaped regulatory priorities.
    - **Data collection and analysis:** The CDI has collected and analyzed policy and ZIP-code-level data on nonrenewals and FAIR Plan policies in the residential market, as well as on wildfire-specific losses to identify areas with constrained availability and inform targeted FAIR Plan depopulation efforts. The CDI has also expanded its data collection efforts to include reinsurance information (refer to the Adopted Legislation Highlights section).

- **Regulatory modernization:** Following the engagement and data analysis efforts, the CDI initiated a series of updates to make policies more responsive to today's challenges. This included the first-ever guarantee of coverage, ensuring greater access to insurance statewide. These measures included:
  - Intervenor transparency reforms to increase accountability in the rate-making process.
  - Modernization of the FAIR Plan to expand coverage, improve financial stability, and enhance transparency.
  - Issuance of a bulletin to implement comprehensive rate review reforms.
  - Introduction of catastrophe modeling and net cost of reinsurance in rate-making to bring stability back to the market and make rates more accurate.
  - Establishing a clear process to review models before their use in rate filing.
  - Strengthening transparency in rate filings and holding insurance companies accountable for their business oversight. These measures ensured that rate hikes were justified and aligned with consumer interests.
- **Clear communication of regulatory updates and expectations:** The CDI developed a communication strategy to keep consumers, the insurance value chain, and other stakeholders informed of regulatory expectations, timelines, and available resources.
- **Track impact of reforms on insurance availability:** The CDI is monitoring market insurance data collection measures to track insurer participation, geographic availability, and affordability trends.
- **Incorporation of complementary efforts:** The CDI is building on other departmental and state-level initiatives and regulations that complement these market access reforms, such as mitigation incentives, mitigation grant programs, and open data commons.
- **Capacity building:** The CDI is actively building and sustaining internal expertise by investing in staffing, training, and analytical tools. This includes using NAIC-led workshops and other resources to enhance internal capabilities and technical knowledge for reviewing models, analyzing market data, and overseeing the implementation of reforms.

- Catalyzing nature-based, parametric, and microinsurance solutions for local governments and nonprofit organizations to close protection gaps and provide innovative mechanisms to access coverage.
  - **Establishment of working groups and recommendations:** The CDI established the climate insurance working group to bring together cross-sector expertise and

produce reports and recommendations that inform innovative insurance mechanisms and research questions.

- **Research to identify protection gaps:** The CDI developed and leveraged research reports (e.g., protection gap study for extreme heat) to quantify uninsured and underinsured losses, identify protection gaps, and inform the design of targeted insurance solutions.
- **Engagement with multiple stakeholders:** The CDI convened local governments, state agencies, community organizations, academics, and insurance experts to better understand needs, identify protection gaps through an equity and accessibility lens, offer technical expertise and guidance, and co-develop innovative insurance mechanisms for flood and heat for different types of organizations and communities.
- **Education and trust-building:** The CDI focused on clearly communicating how these mechanisms work, including benefits, limitations, and payout structures, to build public understanding and confidence.
- **Support for pilot programs:** The CDI worked on catalyzing pilot projects to test new insurance models (e.g., parametric triggers, community-based coverage). This includes engaging with special districts and local governments to offer technical support and catalyze feasibility studies and insurance mechanisms.
- **Alignment with mitigation and resilience efforts:** The CDI focused on aligning innovative insurance schemes with risk reduction strategies, including nature-based solutions and community-level investments.
- **Risk communication and data:** The CDI has also supported the development of reliable, transparent, and publicly accessible data sources to better communicate risk and inform innovative solutions.

Section E: Partnerships and Capacity Building—Colorado's Experience

The Colorado Division of Insurance (DOI) is engaged in several cross-agency partnerships to address the state's homeowners insurance challenges through coordinated, integrated action. The DOI participates in the Colorado Fire Commission Insurance Subcommittee, which establishes a formal mechanism to integrate insurance market expertise and regulatory perspectives into the state's broader wildfire policy framework, ensuring that coverage availability and affordability considerations inform wildfire mitigation prioritization and investment decisions. The Ponderosa Mountain Pine Beetle Task Force expands this coordination further, bringing together state, local, federal, private, and nonprofit partners to advance urgent and long-term strategies, including fuel mitigation, public education, watershed and utility protection, reforestation planning, wildfire response innovation, timber market development, insurance considerations, and identification of new funding strategies. The premise underlying these efforts is that a landscape perspective and community-level risk reduction are prerequisites for insurance market stabilization, and that insurance regulators must be present in those conversations to ensure that mitigation investments are structured in ways that insurers can recognize and reward in their pricing.

These partnerships are also translating cross-sector knowledge into concrete policy and market solutions that no single agency could achieve on its own. The WUI Data Commons Pilot project (now named the Urban Wildfire Data Exchange) is a public-private initiative that systematically collects and stores previously inaccessible wildfire mitigation and suppression data. Colorado is one of seven states participating in the pilot, which is designed to address a core market challenge: insurers lack the data needed to quantify the benefits of wildfire mitigation efforts.

These shared data resources also support local planning efforts by providing counties, municipalities, and wildfire planning entities with insurance-relevant risk and mitigation insights that can inform land-use decisions, community wildfire protection plans, and the prioritization of mitigation investments.

Another area of collaboration is joint consumer education campaigns that coordinate messaging across state agencies to ensure homeowners receive consistent, actionable guidance on mitigation steps that both reduce risk to individual homeowners and communities and align with actions that insurers recognize, closing the information gap between what insurers reward and what homeowners understand.

Further, insurance departments could collaborate with affordable housing development agencies and introduce insurance expertise into multifamily housing resilience conversations, using rate and claims experience to evaluate the financial case for building fortification standards and incentive program structures, an approach that draws on the knowledge of both housing developers and insurance regulators.

In addition to external partnerships, insurance departments can strengthen long-term regulatory capacity by investing in internal expertise. This may include establishing dedicated staff or units focused on catastrophe risk and market monitoring, participating in NAIC workstreams and data initiatives, and partnering with universities or research institutions to support training, applied research, and technical assistance. These efforts help regulators better interpret risk and exposure data, engage effectively with technical stakeholders, and support evidence-based policy development.

Section F: 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[154] indicates that consumers are unlikely to read policy language and understand its implications for their coverage.

More than one-half of states[155] require that financial education be taught in public schools. While insurance content is often a component of financial education, it often is modestly covered compared to other financial topics. 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."[156]

However~~, as stated earlier,~~ consumer education focused on homeowners insurance affordability and availability is likely to target primarily adults. Researchers have identified several key principles in adult consumer education.[157]

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. Reaching the variety of consumers who live in every state requires 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. Messages tailored to the unique needs and concerns of diverse consumer groups ensure that everyone receives clear, relevant information. NAIC prepared a Financial Wellness Resource Guide to

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[154] Schwarcz, D., Logue, K. D., Cude, B. J., & Alcala, G. M. (2027). Read but not understood? An empirical analysis of consumer comprehension of homeowners insurance. *Virginia Law Review, 112*(3), 727-814. https://virginialawreview.org/articles/read-but-not-understood-an-empirical-analysis-of-consumer-comprehension-in-homeowners-insurance/

[155] Council for Economic Education. (2026, March 18). *Survey of the states: Economic and personal finance education in our nation's schools*. https://www.councilforeconed.org/survey-of-the-states/

[156] National Association of Insurance Commissioners. (2024, April 25). *Endorsement of financial literacy courses in high schools* [Policy endorsement]. Special (EX) Committee on Race and Insurance – Life Workstream. https://content.naic.org/sites/default/files/national_meeting/Life%20Workstream%20financial%20literacy%20course%20endorsement_Final.pdf

[157] National Financial Educators Council. (2019). *Educational methodologies of personal finance* [Instructional design guide]. https://www.financialeducatorscouncil.org/wp-content/uploads/Educational-Methodologies-of-Personal-Finance.pdf

highlight states' financial literacy programs. The focus was on initiatives for underserved populations.

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. Plain language is not achieved solely based on the words used. Delivering information in chunks, with descriptive headings written in question format, enables adults to skim for answers to find the information they need.

Provide actionable, relevant, and timely information. Actionable, relevant information helps learners translate intentions into actions. Decision times for homeowners insurance are likely upon purchase or refinancing a home, at renewal (or nonrenewal or cancellation) of a policy, 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 to deliver 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 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.

Appendix

Appendix A: Summary of State Legislation, Regulations, and Codes

This section provides tables summarizing each participating state's relevant legislation and regulations.

Alabama	
Regulation/Legislation	**Main Provisions**
IBHS FORTIFIED code adoption	Alabama adopted the Insurance Institute for Business & Home Safety (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 the 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 an outline of coverage and a 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 International Building Code (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, such as hurricanes or floods.

California	
Regulation/Legislation	**Main Provisions**
AB 888 (Insurance Code, section 2033)	California Safe Homes Grant Program. Establishes a statewide wildfire home hardening and mitigation grant program.
SB 429 (Insurance Code, section 970)	Wildfire Safety and Risk Mitigation Program. Funds development of a public wildfire catastrophe model and research center; supports alignment of mitigation efforts across jurisdictions.
SB 495 (Insurance Code, Article 10.85)	Reinsurance data reporting. Requires insurers above a premium threshold to annually report reinsurance placement data and use of catastrophe models to improve regulatory understanding of reinsurance and risk management practices.
SB 824 (Insurance Code, section 675.1.)	Wildfire insurance moratoriums. Prohibits insurers from canceling or nonrenewing residential policies for one year after a declared wildfire emergency in affected areas.
SB 824 (Insurance Code, section 929)	Wildfire data collection requirements. Requires insurers to submit biennial reports on wildfire risk exposure and residential property insurance data.
SB 190 (Government Code, 51189; Health and Safety Code, 18931.7 and 13159.5)	Defensible space guidelines. Directs the state fire marshal to develop model defensible space standards for local enforcement to reduce wildfire risk around structures.
SB 11 (Insurance Code, section 10094.5)	FAIR Plan coverage expansion. Allows the FAIR Plan to offer commercial coverage for agricultural structures.
SB 332 (Civil Code, section 3333.8)/ SB 926 (Dodd, 2022)/ SB 310 (Civil Code, section 3333.8; Public Resources Code, sections 4002.4 and 4002.6)	Prescribed burning liability and coverage. Establishes liability protections for prescribed burns (absent gross negligence); creates and codifies a state-backed claims fund to address insurance barriers; expands cultural burning authorities and partnerships with tribal entities.
SB 852 (Government Code, section 62300)	Climate resilience districts. Authorizes local governments to establish districts to finance and implement climate resilience projects, including wildfire, flood, and heat mitigation.
SB 30 (Insurance Code, section 12922.5)	Climate Insurance Working Group. Requires the development of climate risk insurance solutions through a multi-stakeholder working group; promotes investment in natural infrastructure, mitigation incentives, and innovative risk-transfer mechanisms.
Insurance Code, section 10081	Earthquake insurance mandatory offer. Insurers must offer earthquake insurance when issuing a homeowners policy, which can be underwritten directly by the insurer, an affiliate, or a nonaffiliated insurer.
Insurance Code, section 10088.5	Fire following earthquake coverage. Fire following an earthquake is covered by the underlying homeowners insurance policy.

Insurance Code, section 10089.396	Grant funding and increase awareness of the Earthquake Brace and Bolt Program. Requires the California Residential Mitigation Program (CRMP) to conduct outreach to low-income households to increase awareness of the Earthquake Brace and Bolt program in communities where it is offered.
SB 272 (Public Resources Code, section 30985)	Sea level rise planning and adaptation. Requires local governments in the coastal zone to develop and implement sea-level rise adaptation plans.
AB 2238 (Public Resources Code, section 71410)	Statewide Extreme Heat Ranking System (CalHeatScore). Requires development of a statewide system to rank extreme heat events to improve risk communication and preparedness; mandates coordination across state agencies for dissemination and local adaptation; requires a report on insurance-related costs of extreme heat; resulted in the release of the CalHeatScore tool in 2025.
Safer from Wildfires Regulation (10 CCR § 2644.9)	Requires insurers to account for property- and community-level mitigation actions in underwriting and pricing when using wildfire risk models or risk-based rating.
Complete Rate Application (10 CCR §§ 2648.1, 2648.2, 2648.4)	Standardizers required rate-filing components to improve transparency, reduce delays, and streamline the rate-review process.
Catastrophe Modeling and Ratemaking (10 CCR §§ 2644.4, 2644.4.5, 2644.4.8, 2644.5, 2644.8, 2644.27)	Allows use of forward-looking catastrophe models in ratemaking, tied to commitments to write or maintain coverage in higher-risk areas.
Pre-Application Required Information Determination (PRID) (10 CCR § 2648.5)	Establishes a pre-filing process designed to ensure transparency, accountability, and public participation in reviewing catastrophe models used for insurance rates.
Net Cost of Reinsurance (NCOR) (10 CCR §§ 2342.7, 2644.16, 2644.25, 2644.27, 2644.25.1–2644.25.3)	Allows insurers to reflect reinsurance costs in rates, linked to commitments to expand or maintain coverage in higher-risk.

Colorado	
Regulation/Legislation	**Main Provisions**
SB22-206	Reforms property insurance and community resilience
Regulation on Tolling Time Limits (Reg 5-1-22) s (Reg. 23-E-03) (2023)	Requires insurers to toll certain time limits for unreasonable delays, safeguarding policyholders recovering from disasters like the Marshall Fire.
Senate Bill (SB) 23-166 (2023)	Establishes a Wildfire Resiliency Code Board (WRCB) to set statewide building codes for wildfire resilience in wildland-urban interface (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.
SB25-142 (2025)	Defines the WUI and extends local governments' deadline to adopt Wildfire Resiliency Code Board codes.
HB23-1174	Reforms property insurance and community resilience
HB23-1288 (2023)	Created the Colorado FAIR Plan Association, which acts as the insurer of last resort for all licensed property/casualty (P/C) insurers in Colorado, including commercial providers.
HB24-1315 (2024)	Requires the Colorado Division of Insurance to undertake a study on remediation standards for smoke, soot, and ash.
HB24-1108 (2024)	Requires the Colorado insurance commissioner to study P/C insurance for common-interest communities and lodging facilities, focusing on coverage availability and affordability, and recommendations for long-term sustainability.
HB25-1182 (2025)	Requires insurers to consider and disclose wildfire mitigation actions in risk assessments and rate calculations, publicize discounts, explain risk scores, and provide an appeals process, ending the use of "black box" risk scores.
HB26-1310 (2026)	Creates a grant program to strengthen roofs against hail and wind.
SB26-155 (2026)	Establishes the Strengthen Colorado Homes Enterprise Program, offering grants to upgrade roofs.

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 such as OIR-B1-1700 (non-single-family) and OIR-B1-1699 (single-family).
Regulation	Section 627.0629, F.S.	Requires the Florida Office of Insurance Regulation (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, and addresses bad faith failure to settle actions.
Adopted Legislation (2022)	SB 2D	Establishes the My Safe FL Home Program for homes in wind debris regions with a roof deductible and age criteria.
Adopted Legislation (2023)	House Bill 881	Expands the My Safe FL Home Program to all Florida homes that meet specific criteria.
Adopted Legislation (2023)	Senate Bill 7028	Implements a priority scale for the My Safe FL Home Program, starting with low-income homeowners at least 60 years old, and adds funding.

Adopted Legislation (2023)	CS/HB 1549	Revises criteria for exporting insurance to the surplus lines market; removes the diligent effort requirement; disclosure only is required.
Adopted Legislation (2022)	Florida House Bill 7053	Establishes the statewide Office of Resilience, requires a 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 the Florida Flood Hub for Applied Research and Innovation in 2021.
Did Not Pass (2025)	H 705 & 1448	Mandated that 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 and allows reimbursement schedules for roof coverings.
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 the OIR'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 failing to renew certain policies damaged by hurricanes or wind within specific time frames.
Did Not Pass (2025)	H 1073	Revises eligibility for Citizens Property Insurance Corporation coverage in certain counties and requires rate increases in those areas.
Did Not Pass (2025)	S 114	Renames the state Catastrophic Storm Risk Management Center, requires collaboration with the OIR to analyze the market.
Did Not Pass (2025)	HM 4003 & HM 4069	Urges Congress to create a 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 and revises policy cancellation circumstances.

Louisiana	
Regulation/Legislation	**Main Provisions**

La. R.S. 22:1483	Requires insurers to provide actuarially justified premium discounts or adjustments for properties that meet building code or Insurance Institute for Business & Home Safety (IBHS) FORTIFIED standards or incorporate wind mitigation features, with eligibility verified through inspection and certification and applied to wind-related coverage.
La. R.S. 22:1483.1	Establishes the Louisiana Fortify Homes Program, authorizing the Louisiana Department of Insurance (DOI) to provide grants for retrofitting residential roofs to IBHS FORTIFIED standards, setting eligibility and compliance requirements, creating the dedicated program fund, requiring public reporting of grant and mitigation data, and providing that grant funds are tax-exempt.
La. R.S. 22:1483.2	Requires insurers writing homeowners policies to offer a FORTIFIED roof endorsement that requires upgrades to IBHS FORTIFIED standards following a covered roof replacement, with the offer made at policy issuance and first renewal for non-FORTIFIED homes.
La. R.S. 22:1483.1; La. R.S. 47:293(9)(a)(xxvii)	Exempts Louisiana Fortify Homes Program grant amounts (up to $10,000) from state individual income tax for funds received on or after Jan. 1, 2025.
La. R.S. 47:293(2)(a)(i), (b)	Provides a state income tax deduction equal to 50% of eligible residential retrofit costs (including FORTIFIED standards), increasing the maximum deduction from $5,000 to $10,000 per structure, applicable to tax years beginning Jan. 1, 2026.
La. R.S. 22:821(C); La. R.S. 22:831(C)	Directs designated insurance-related regulatory fees and a dedicated portion of insurer premium tax revenues into the Louisiana Fortify Homes Program Fund to provide ongoing funding for residential mitigation grants.
LDI Bulletin 2025-04	Provides advance notice and framework of potential post-storm data calls requiring insurers to report catastrophe claims data.
La. R.S. 22:1276	Requires insurers to notify the DOI when they cease, pause, or resume writing policies in a region, including key details on timing, location, and affected lines, and to treat submissions as confidential.

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	The insurance commissioner may call a public hearing if an insurer proposes a premium rate increase of 25% or higher 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 to 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. SB 2409 takes effect July 1 and allows the MID to partner with other agencies to administer funds.
SB 2130 (2024)	Prohibits insurer from canceling/denying coverage solely due to roof age.
§83-7-1	Mandates premium discounts for Insurance Institute for Business & Home Safety (IBHS) mitigation standards.
H 1611 (2025)	Extends required notice period for property/casualty (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.
§83-1-191	SB 2409 Amended Section 83-1-191, Mississippi Code of 1972, to rename the "Comprehensive Hurricane Damage Mitigation Program" to the " Strengthen Mississippi Homes Program."
S.1708 Storm Shelter Act	Establishes a tax credit for installing a 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 the International Wildland-Urban Interface Code (IWUIC) into the state building code, requiring fire-resistant materials in wildland-urban interface (WUI) areas to reduce fire damage and insurance risk.
SB 6120 (2024)	Directed the Washington State Department of Natural Resources (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; the Washington Utilities and Transportation Commission (UTC) has the authority to approve/reject plans based on 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 the Wildfire Mitigation and 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, such as 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.

Key Terms

Unless otherwise noted, the following terms are provided as plain-language reference definitions for this Playbook. Readers should review applicable policy language, state law, and regulatory guidance for controlling definitions.

Term	Definition
Actual Cash Value (ACV)	A method of paying a claim based on the cost to repair or replace damaged property, reduced for depreciation based on age, wear and tear, or condition.
Admitted Market	The insurance market made up of insurers licensed or authorized by a state to write insurance and subject to that state's rate, form, solvency, and market conduct requirements.
Catastrophe Model	A tool used to estimate potential losses from natural disasters or other catastrophic events. Catastrophe models may use historical data, scientific assumptions, exposure information, and simulations to estimate loss frequency, severity, and geographic risk.
Catastrophe Savings Account	A savings account authorized by some states that allows consumers to set aside funds for disaster-related expenses, such as insurance deductibles, uninsured losses, or mitigation improvements. Depending on the state, these savings accounts may receive tax-advantaged treatment.
Claim	A request by a policyholder, insured, or third-party for payment or other benefits under an insurance policy after a loss.
Data Call	A request by a regulator or regulatory body for insurers to submit specific information, often to evaluate market conditions, claims activity, premiums, losses, or other issues affecting consumers and insurers.
Deductible	The amount a policyholder must pay out of pocket before insurance coverage applies to a covered loss. A deductible may be a fixed dollar amount or a percentage of the insured value.
Defensible Space	The area around a structure where vegetation, debris, and other combustible materials are reduced or managed to lower wildfire risk and help slow or stop fire spread.
Depreciation	The reduction in the value of property due to age, wear and tear, deterioration, or obsolescence. Depreciation may reduce the amount paid under an actual cash value policy or claim settlement.

Endorsement	A change to an insurance policy that adds, removes, or modifies coverage, terms, conditions, or exclusions.
Exclusion	A policy provision that removes coverage for certain causes of loss, types of damage, property, activities, or circumstances.
FAIR Plan	Fair Access to Insurance Requirements (FAIR) plans are residual market mechanisms that provide access to basic property insurance for consumers who are unable to obtain coverage in the standard admitted market, subject to state-specific eligibility and coverage rules.
File-and-Use	A rate filing system in which an insurer files rates with the insurance department and may begin using them without waiting for prior approval, subject to later regulatory review under state law.
FORTIFIED	A voluntary construction and retrofit standard developed by the Insurance Institute for Business and Home Safety (IBHS) to reduce damage from wind, hail, hurricanes, and severe weather. FORTIFIED designations may apply to roofs, homes, commercial buildings, or multifamily structures.
Guaranty Fund	A state-based safety net that may pay certain covered claims if an admitted insurer becomes insolvent, subject to state law and coverage limits. Guaranty fund protection generally does not apply to surplus lines policies.
Homeowners Insurance	Property insurance that generally financially protects a home and personal property against covered losses and may also include additional living expenses coverage and liability coverage if someone is injured or property is damaged and the insured is legally responsible. Coverage depends on the policy terms, conditions, limits, deductibles, and exclusions.
Insurer of Last Resort	A state-created or state-supported mechanism that provides access to insurance when coverage is unavailable in the private market. Examples may include FAIR plans, beach and wind plans, or state-backed property insurers.
Market Capacity	The ability and willingness of insurers and reinsurers to write coverage in a market, based on available capital, risk appetite, expected losses, reinsurance availability, and regulatory conditions.
Market Stability	A condition in which insurance coverage remains reasonably available, insurers can operate on a financially sound basis, and consumers can access coverage without significant disruption or sudden market withdrawal.

Mitigation	Actions taken before a loss to reduce the likelihood or severity of damage. In the homeowners insurance context, mitigation may include roof strengthening, defensible space, elevation, floodproofing, storm shutters, stronger building codes, or community-level risk reduction.
Nonrenewal	An insurer's decision not to continue a policy after the current policy term ends. Nonrenewal rules, notice requirements, and permissible reasons vary by state.
Parametric Insurance	Insurance that pays a predetermined amount when a measurable event or trigger occurs, such as a specified wind speed, earthquake magnitude, rainfall amount, river level, or temperature threshold. Payment is based on the trigger rather than a traditional adjustment of actual property damage.
Percentage-Based Deductible	A deductible calculated as a percentage of the insured value or dwelling coverage limit, rather than a fixed dollar amount. These deductibles are often used for catastrophe risks (e.g., hurricane, windstorm, hail, wildfire, or earthquake) though may also be used for non-catastrophe risks.
Premium	The amount paid for insurance coverage. Premiums may be paid monthly, annually, or on another schedule, depending on the policy and insurer.
Prior Approval	A rate filing system in which an insurer must file proposed rates with the insurance department and receive approval before using those rates, subject to state law.
Protection Gap	The difference between total economic losses and the portion of those losses covered by insurance. A protection gap may arise when consumers are uninsured, underinsured, subject to exclusions or sublimits, or unable to afford coverage.
Reinsurance	Insurance purchased by insurers to help manage risk, protect capital, and pay claims after large losses. Reinsurance can affect the availability and affordability of coverage in the primary insurance market.
Replacement Cost Value (RCV)	A method of paying a claim based on the cost to repair or replace damaged property with materials of like kind and quality, without deducting for depreciation, subject to policy terms, limits, and conditions.
Residual Market	A mechanism that provides insurance coverage to consumers who cannot obtain coverage in the private admitted market. Residual markets are usually established by state law or regulation and may

	include FAIR plans, beach and wind plans, or other insurers of last resort.
Risk-Based Pricing	Pricing that reflects the expected cost of risk, including expected losses, expenses, reinsurance costs, and other actuarially relevant factors. Risk-based pricing is intended to align premiums with the risk being insured.
Risk Score	A rating, classification, or numerical indicator used to estimate the relative risk of a property, area, or policyholder. Risk scores may be based on catastrophe models, property characteristics, claims history, location, mitigation features, or other data such as insurance scores or other credit-based metrics.
Sublimit	A lower coverage limit within an insurance policy that applies to a particular type of property, peril, expense, or loss, even when the overall policy limit is higher.
Surplus Lines	Insurance written by nonadmitted insurers for risks that admitted insurers are unwilling or unable to cover. Surplus lines insurers can provide access to coverage for difficult or unusual risks, but policies may have fewer consumer protections and are generally not covered by state guaranty funds.
Underinsurance	A situation in which the amount of insurance coverage is not enough to fully repair, replace, or recover from a covered or uncovered loss. Underinsurance may result from insufficient limits, rising rebuilding costs, depreciation, exclusions, sublimits, or other coverage limitations.
Wildfire Prepared	A voluntary construction and retrofit standard developed by the Insurance Institute for Business and Home Safety (IBHS) to reduce damage from wildfire. Wildfire Prepared designations may apply to homes, neighborhoods, or multifamily structures.
Wildland-Urban Interface (WUI)	Areas where homes, businesses, or other development are located within or near wildland vegetation, increasing exposure to wildfire risk.

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