Our Meeting will Begin Shortly

CIPR Spring Event
Back to Basics: Residual Property Markets

March 25, 2025

Virtual Attendees

- Audio will be muted upon entry.
- Video optional.
- Use the “Chat” feature for assistance. We will be using Slido for Q&A.

Webex help or other technical issues: (816) 783-8960

Connect access or other questions: (816) 783-8961

Our Meeting will Begin Shortly

CIPR Spring Event
Back to Basics: Residual Property

March 25, 2025

In-person Attendees

Wi-Fi Network: NAIC2025

Password (case sensitive): SecureTomorrow25

NAIC®

2025 SPRING NATIONAL MEETING
INDIANAPOLIS, IN

CIPR AND THE INSTITUTES GRIFFITH FOUNDATION PRESENT

Back to Basics: Residual Markets

TUESDAY, MARCH 25
1:00-2:30PM EDT

NAIC | CENTER FOR INSURANCE POLICY AND RESEARCH

DESIGNATION PROGRAM

Designation Renewal Credit (DRC) is available for this session

- Sign-in sheets on tables
- Must be present for the full session for credit
- NAIC Education & Training will issue credit within 2 weeks

Learning Objectives

Identify how and why residual markets developed and how they fit within the broader property insurance market.

Explore similarities and differences of FAIR plans across states.

Discuss recent trends with Florida Citizens and the launch of the new Colorado FAIR Plan.

The Institutes®
Griffith Foundation

The Institutes®
Griffith Foundation

Back to Basics: Residual Property Markets

The Griffith Insurance Education Foundation, an affiliate of The Institutes, is a 501(c)(3) non-profit, non-partisan, and non-advocative educational organization dedicated to the teaching and study of insurance and risk management.

In keeping with the non-partisan, non-advocative mission of The Griffith Foundation, I will keep my comments and contributions to today's program unbiased and purely educational.

Homeowners Insurance Trends

2024

- NOAA: 27 weather/climate disaster events with losses exceeding $1B
- CBS News: Economic losses top $218B in 2024, highest since 2017
- JD Power: Rampant Home Insurance Increases Strain Customer Satisfaction
- S&P Global: US homeowners' insurers' posted its worst underwriting results in over a decade in 2023
- Overall homeowners' insurance in 2024 performed better, due to rate increases

What is driving insurance prices?

- Exposure growth
- Inflation
- Climate Risk
- Cost of Capital

Homeowner Trends

- Roughly 60% of US population live in homes they own as primary residence (Pew)
  - Approx. $175K in equity
  - Avg. household wealth w/home equity- $167,000, w/o home equity - $58,000
  - Half of US homeowners derive more than 45% of their wealth from home equity
- Record # of homes in the US are “mortgage-free”,approx. 40% (multiple sources)
  - This is the third lowest rate among OECD countries (Forbes)
- Approximately 88% of US homes are insured (III)
  - In 1997, according to American Housing Survey it was 96%

What happens if private market does not want to insure?

- Residual Markets
  - Purpose - Availability
  - Coverages
  - Lines of Business
  - Non-competitor to private market (affordability)
  - Vs. Excess & Surplus Lines
- FAIR Plans
  - Fair Access to Insurance Requirements
  - Civil Rights Era
  - Beach & Windstorm Plans

The Residual Market Landscape: FAIR and Beach Plans 2019-2023

NAIC 2025 Spring National Meeting
Indianapolis, IN
March 25, 2025

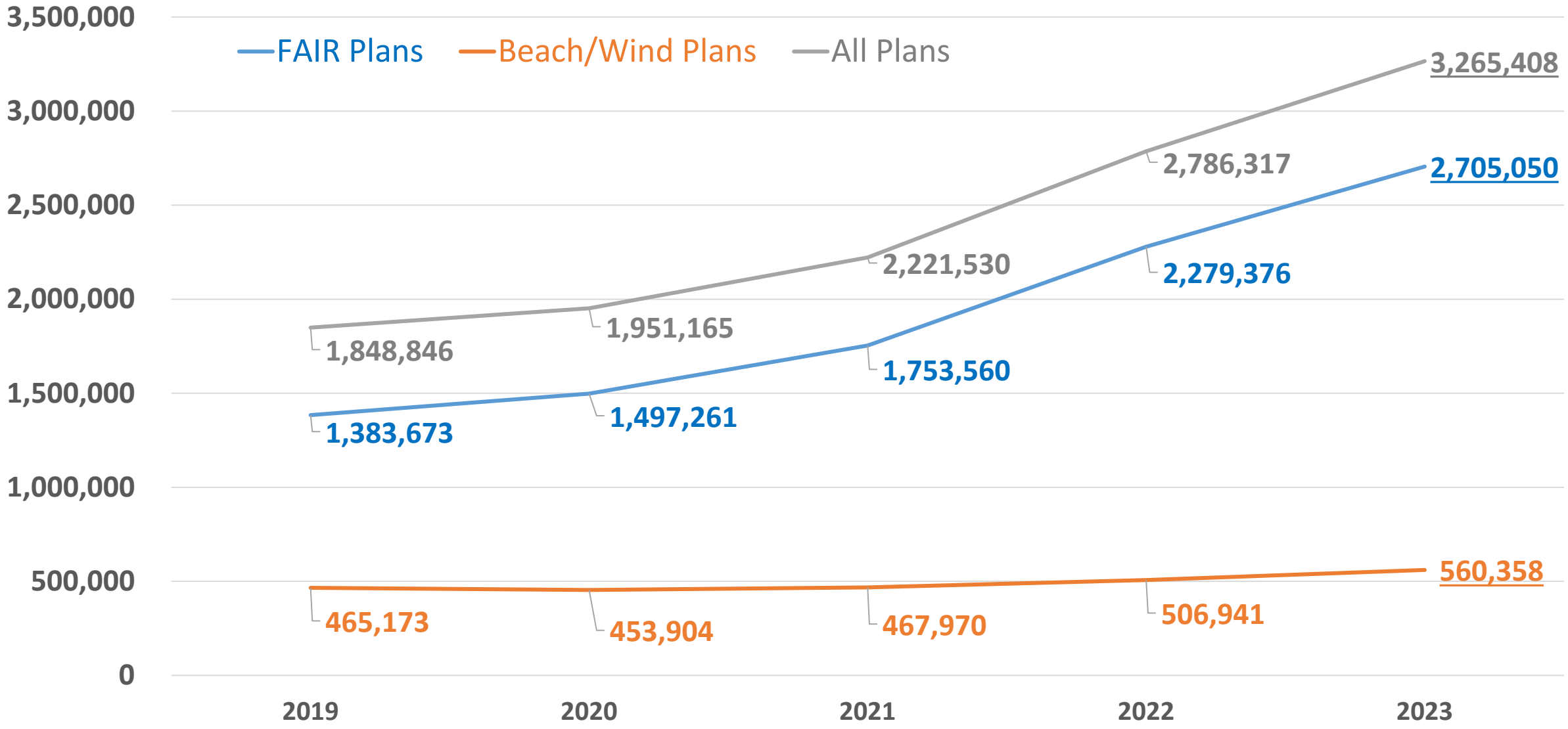
Stephen Jablonski, CPCU

President

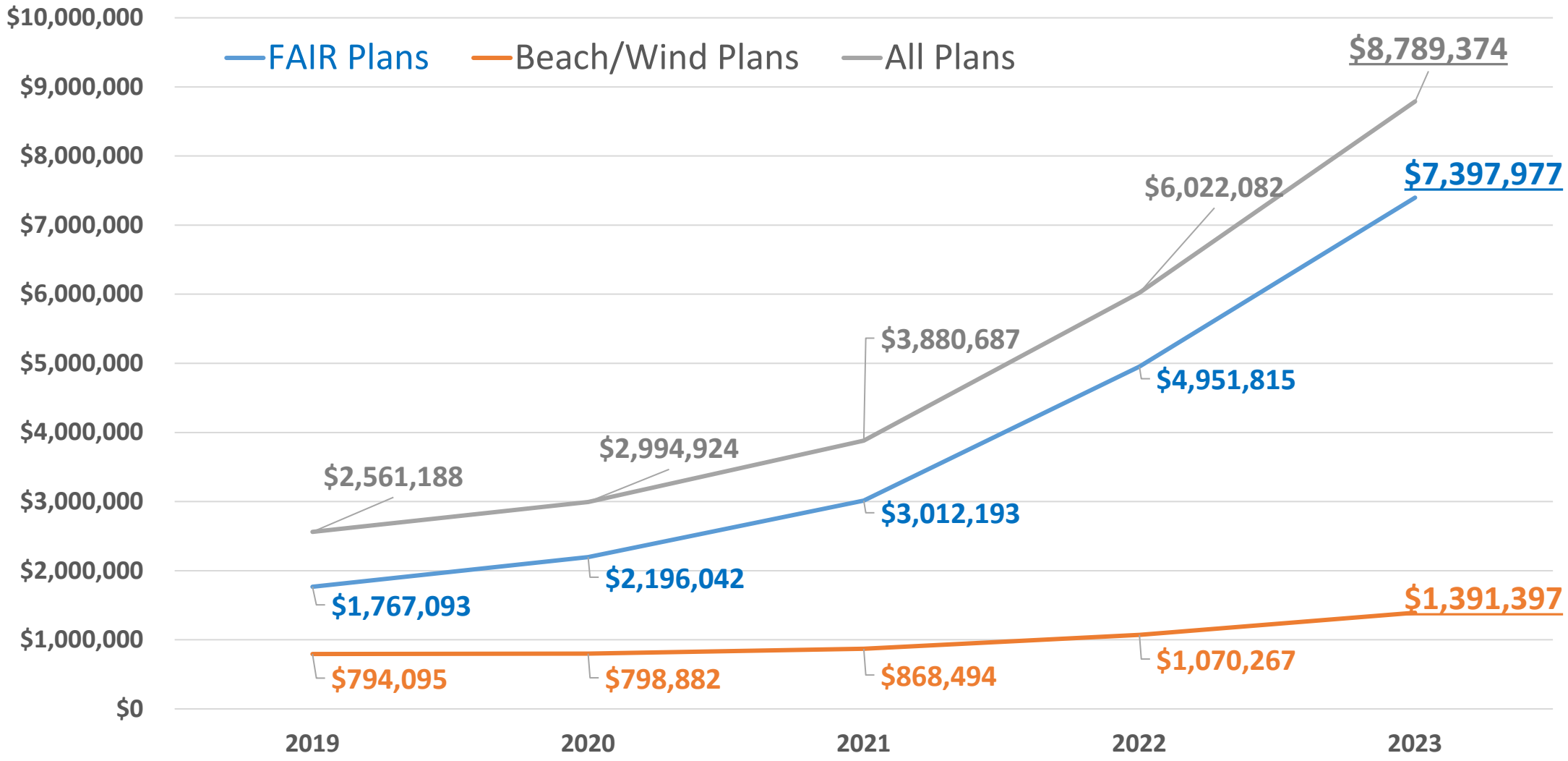
The Residual Market Landscape

- Trends over the last 5 years from the PIPSO Reports
- PIPSO and Collaboration Among the Plans
- PIPSO – Purpose, Resources and Research
- FAIR & Beach Structure

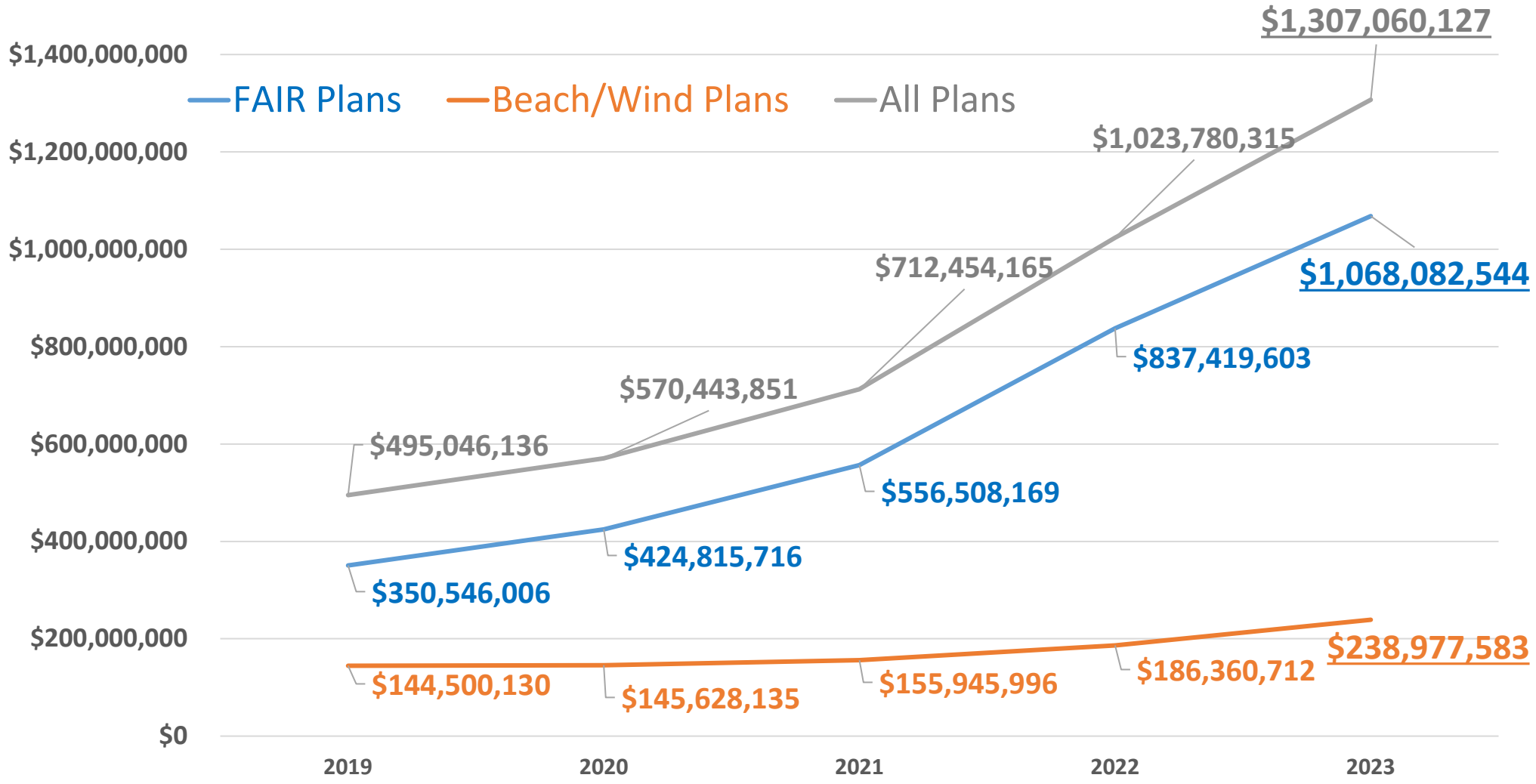
FAIR/Beach/All New and Renewal Policies Issued 2019 to 2023



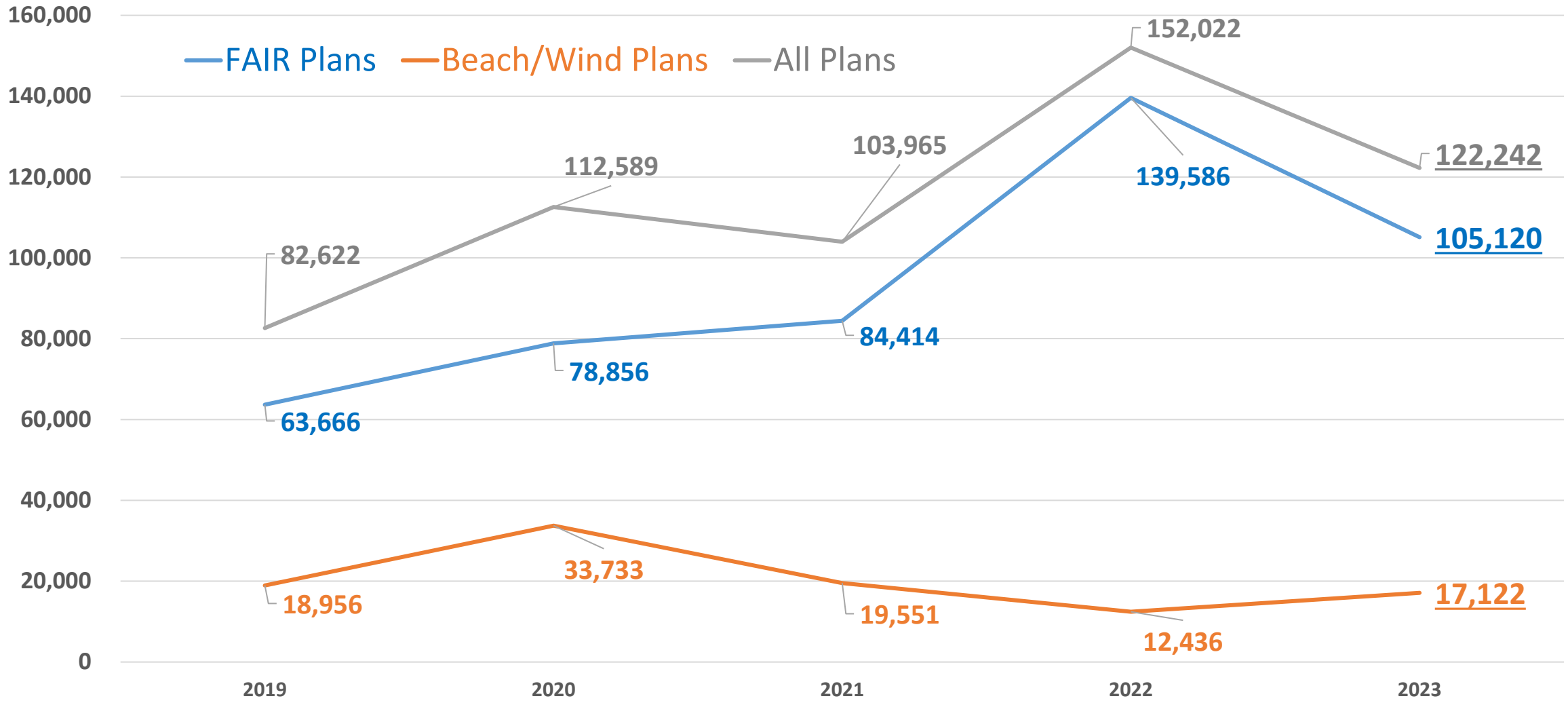
FAIR/Beach/All Written Premium 2019 to 2023



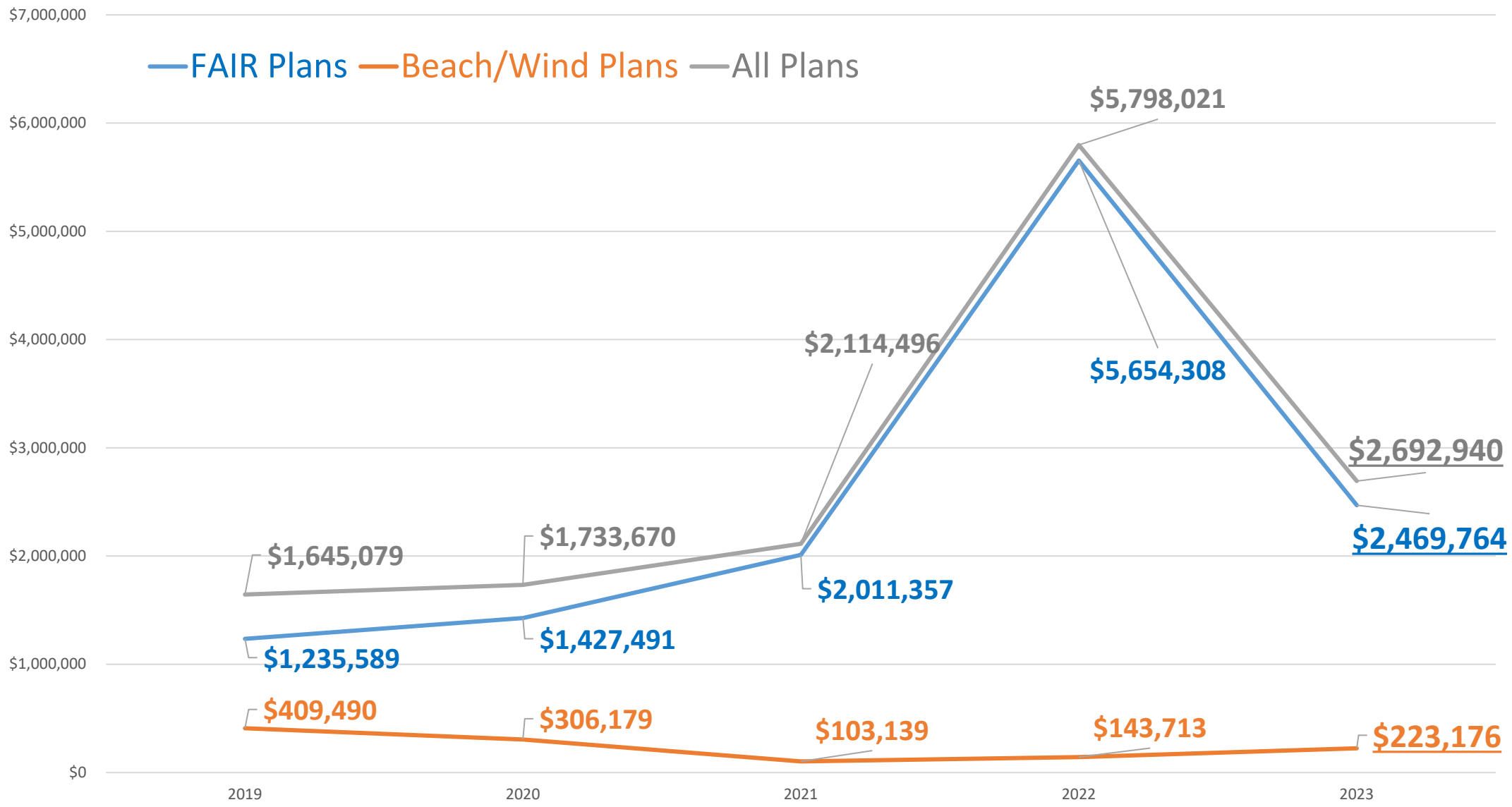
FAIR/Beach/All Exposure-TIV 2019 to 2023



FAIR/Beach/All Loss Counts 2019 to 2023



FAIR/Beach/All Paid Losses + LAE 2019 to 2023



How PIPSO Fosters Collaboration

- PIPSO's purpose has always been to promote the efficient and economical operation of state residual property insurance plans.
- We provide the FAIR and Beach Plans with a resource for information and collaboration.
- We encourage the FAIR and Beach to use PIPSO and the membership when undertaking new project and initiatives.

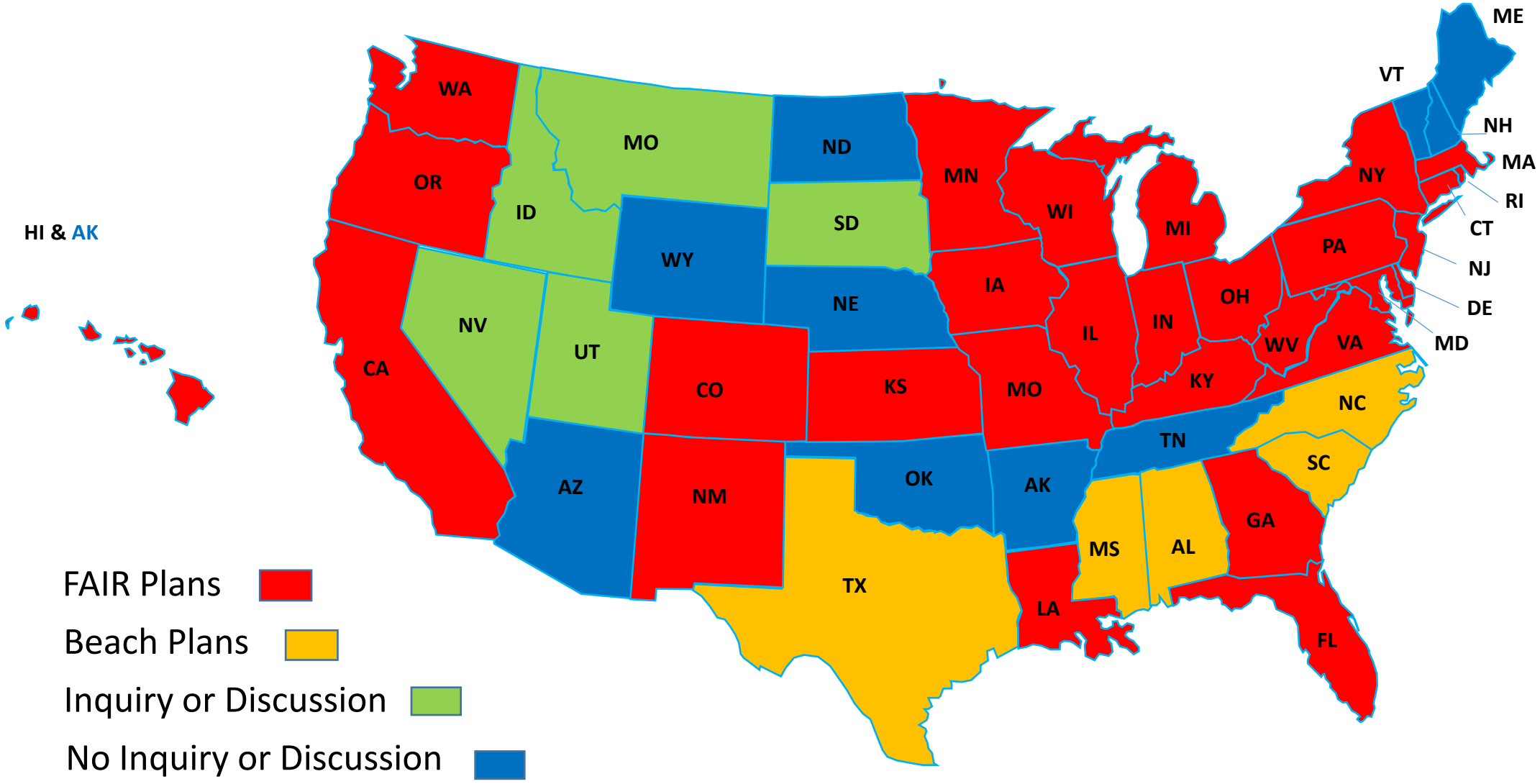
PIPSO Research and Resources

- PIPSO is a ***service office*** for the FAIR and Beach Plans and and we take that aspect of our operation seriously!

- We have a wealth of historical information regarding the FAIR and Beach Plans, their operations and changes over their history.

- PIPSO produces annual publications that are relied upon by our membership and the P&C industry.

FAIR & Beach Plan Structure and Development



Regulatory Perspective

Michael Conway
Commissioner
Colorado Division of Insurance

Michael Yaworsky
Commissioner
Florida Office of Insurance Regulation

Panelists

Charles Nyce
Department Chair and Dr. William T. Hold Professor of Risk Management & Insurance
Florida State University

Stephen Jablonski
President
Property Insurance Plans Service Office

Michael Conway
Commissioner
Colorado Division of Insurance

Michael Yaworsky
Commissioner
Florida Office of Insurance Regulation

NAIC®

NATIONAL ASSOCIATION OF
INSURANCE COMMISSIONERS