



NATIONAL MEETING SUMMER 2021

Date: 8/10/21

*2021 Summer National Meeting
Columbus, Ohio*

PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE

Monday, August 16, 2021

10:30 a.m. – 12:00 p.m.

Convention Center—Battelle Ballroom

ROLL CALL

Vicki Schmidt, Chair	Kansas	Kathleen A. Birrane	Maryland
Mike Chaney, Vice Chair	Mississippi	Grace Arnold	Minnesota
Jim L. Ridling	Alabama	Larry D. Deiter	South Dakota
Ricardo Lara	California	Michael S. Pieciak	Vermont
Andrew N. Mais	Connecticut	Tregenza A. Roach	Virgin Islands
Colin M. Hayashida	Hawaii	Mike Kreidler	Washington
Amy L. Beard	Indiana	James A. Dodrill	West Virginia
James J. Donelon	Louisiana		

NAIC Support Staff: Aaron Brandenburg/Jennifer Gardner

AGENDA

1. Consider Adoption of its Spring National Meeting Minutes
—*Commissioner Vicki Schmidt (KS)* Attachment One
2. Consider Adoption of its Task Force and Working Group Reports
—*Commissioner Vicki Schmidt (KS)* Attachment Two
 - a. Casualty Actuarial and Statistical (C) Task Force
—*Commissioner Grace Arnold (MN)*
 - b. Surplus Lines (C) Task Force—*Commissioner James J. Donelon (LA)*
 - c. Title Insurance (C) Task Force—*Michelle Rafeld (OH)*
 - d. Workers' Compensation (C) Task Force—*Director Lori K. Wing-Heier (AK)*
 - e. Cannabis Insurance (C) Working Group
—*Commissioner Ricardo Lara (CA)*
 - f. Catastrophe Insurance (C) Working Group
—*Commissioner Mike Chaney (MS)*
 - g. Pet Insurance (C) Working Group—*Don Beatty (VA)*
 - h. Terrorism Insurance Implementation (C) Working Group
—*Martha Lees (NY)*
 - i. Transparency and Readability of Consumer Information (C) Working Group—*Joy Hatchette (MD)*
3. Consider Adoption of Updates to *Title Insurance Consumer Shopping Tool Template*—*Michelle Rafeld (OH)* Attachment Three



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| 4. Discuss Issues Related to Closing the Protection Gap
<i>—John Huff (Association of Bermuda Insurers & Reinsurers) / Ekhosuehi Iyahen (Insurance Development Forum)</i> | Attachment Four |
| 5. Hear a Report on the Cyberinsurance Market—Aaron Brandenburg (NAIC) | Attachment Five |
| 6. Hear a Report on Private Flood Insurance Data—Aaron Brandenburg (NAIC) | Attachment Six |
| 7. Receive an Update on the Special (EX) Committee on Race and Insurance
<i>—Commissioner Vicki Schmidt (KS)</i> | Attachment Seven |
| 8. Discuss Any Other Matters Brought Before the Task Force
<i>—Commissioner Vicki Schmidt (KS)</i> | |
| 9. Adjournment | |

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Draft Pending Adoption

Draft: 4/21/21

Property and Casualty Insurance (C) Committee
Virtual 2021 Spring National Meeting
April 13, 2021

The Property and Casualty Insurance (C) Committee met April 13, 2021. The following Committee members participated: Vicki Schmidt, Chair (KS); Mike Chaney, Vice Chair (MS); Jim L. Ridling (AL); Ricardo Lara represented by Ken Allen (CA); Andrew N. Mais and George Bradner (CT); Colin M. Hayashida and Martha Im (HI); Stephen W. Robertson represented by Kate Kixmiller (IN); James J. Donelon (LA); Kathleen A. Birrane (MD); Grace Arnold (MN); Larry D. Deiter represented by Maggie Dell (SD); Michael S. Pieciak represented by Kevin Gaffney (VT); Mike Kreidler represented by Eric Slavich (WA); and James A. Dodrill (WV). Also participating were: Lori K. Wing-Heier (AK); Phil Vigliaturo (MN); Martha Lees and My Chi To (NY); Michelle Brugh Rafeld (OH); and Don Beatty (VA).

1. Adopted its 2020 Fall National Meeting and 2020 Summer National Meeting Minutes

Commissioner Birrane made a motion, seconded by Commissioner Chaney, to adopt the Committee's Dec. 8, 2020 (*see NAIC Proceedings – Fall 2020, Property and Casualty Insurance (C) Committee*) and Aug. 12, 2020 (*see NAIC Proceedings – Summer 2020, Property and Casualty Insurance (C) Committee*) minutes. The motion passed unanimously.

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

Mr. Vigliaturo reported that the Casualty Actuarial and Statistical (C) Task Force regularly holds predictive model training called the "Book Club" and a monthly regulator-only discussion about rate filing issues. He said non-actuaries are encouraged to attend. He said the Task Force is concerned about potential consequences of the Casualty Actuarial Society's (CAS) rescission of its Statement of Principles for Ratemaking (SOP). He said the Task Force adopted a letter to the CAS Board requesting that the CAS consider reversing its decision. In March, the CAS Board voted to not reverse its position, but to ask the American Academy of Actuaries (Academy) to develop a practice note to attempt to provide some concise and useful communication about ratemaking that is not included in Standards of Practice. Mr. Vigliaturo said the Consumer Federation of America (CFA) sent a letter to all commissioners, superintendents and directors requesting that they make revisions to their laws and/or regulations and has specifically pointed out that while the considerations in the rescinded SOP are included in Standards of Practice, the principles themselves, which are the most important part, are not included in standards. Mr. Vigliaturo said the Task Force will be addressing this issue during its future meetings.

Mr. Vigliaturo also provided an update on NAIC rate review activities, specifically the confidential shared model database and the NAIC rate model technical review process that were created for use by states that signed the Rate Review Support Services Agreement. Currently, 28 states have signed the agreement, and the NAIC has reviewed 31 rate filings and subsequent objection responses coming from nine different states. Mr. Vigliaturo reported that over the last year, the NAIC has added an expert modeling actuary and is in the process of considering two additional resources to assist with the increasing volume of requests.

Bob Hunter (CFA), with respect to the CAS SOP for Ratemaking, said no other actuarial standards or principles apply to final rates, and the rates that matter are final rates because that is what consumers pay and state insurance regulators regulate. He also noted that the state rate-making laws have aligned with the actuarial principles because the principles interpreted the statutory language of what is not excessive, inadequate or unfairly discriminatory meant. Some state statutes and regulations actually refer to sound actuarial principles. He said companies have been moving to pricing based upon willingness to pay and departures from cost-based pricing like price optimization. Mr. Hunter urged the Committee to indicate an intent to continue to rely upon the principles in regulatory processes. He said since a lot of model laws and state laws mention sound actuarial principles, any references should be replaced with the language of the rescinded principles. Commissioner Schmidt noted that the Task Force will continue to discuss these developments during future meetings.

Jessica Leong (CAS) said that as president of the CAS, the professionalism of members is extremely important, and that the CAS did receive feedback on its rescinding of the SOP. She said moving forward with the Academy to redraft a new document can fulfill some of the needs in terms of having a document that will be useful to non-actuaries in messaging about ratemaking.

Commissioner Donelon said the Surplus Lines (C) Task Force has not yet met in 2021, but during its next meeting, it will be discussing a strategy to update the *Nonadmitted Insurance Model Act (#870)*. The Task Force will also be reviewing and discussing amendments to the Standard Form Trust Agreement for Alien Excess or Surplus Lines Insurers, as well as amendments to the International Insurers Department (IID) Plan of Operation, which govern the more than 165 alien insurers and syndicates doing business in the U.S.

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Ms. Rafeld said the Title Insurance (C) Task Force met Feb. 23 and took the following action: 1) heard the first half of a presentation from the American Land Title Association (ALTA) on the effects that the COVID-19 pandemic had on the title insurance industry; and 2) discussed its 2021 work plan. The Task Force then met on March 16 and heard the second half of a presentation from ALTA on the effects of the pandemic on the title insurance industry. The industry was able to pivot its services during the early stages of the pandemic by leveraging technology to produce policies and close remotely. The Task Force learned that while technology is important to innovation, it is also driving up the cost of transactions by increasing staff time and training needs, transaction fees and new equipment purchases.

Ms. Rafeld said the Task Force also finalized its 2021 work plan, which includes: 1) exploring the effects of the COVID-19 pandemic on the title insurance industry through presentations; 2) revising the *Title Insurance Consumer Shopping Tool Template* through member drafting sessions beginning March 23; 3) monitoring issues and developments occurring in the title insurance industry, including profitability and claims settlement, through presentations; 4) assisting the Antifraud (D) Task Force in combating fraud through joint calls and meetings; 5) consulting with the Consumer Financial Protection Bureau (CFPB) through regulator-only calls with the CFPB; and 6) determining the role of the Task Force in exploring race and insurance implications in the title insurance space.

Director Wing-Heier said the Workers' Compensation (C) Task Force met March 15 and heard presentations from the International Association of Industrial Accident Boards and Commissions (IAIABC) and the National Council on Compensation Insurance (NCCI) regarding COVID-19. The IAIABC has been collecting data regarding COVID-19 workers' compensation claims, including the number of claims received; the number of fatalities; the denial rates; and rates per 100,000 workers in those claims. The NCCI presented information regarding COVID-19 claims, presumptions, combined ratios, COVID-19 loss summaries and other legislative issues being introduced this year. The NCCI reported that the calendar year combined ratios are expected to be favorable. There has not been an explicit adjustment made for COVID-19 in the recent rate and loss cost filings, and the NCCI still does not know what the final impact of COVID-19 will be. However, it is working with several modeling firms to evaluate the exposure.

Mr. Allen said the Cannabis Insurance (C) Working Group met March 11 and took the following action: 1) reviewed its current charges and how they should be addressed; and 2) discussed a proposed work plan for the year, which includes: considering drafting a memorandum to the Government Relations (EX) Leadership Council to study the issues related to the Secure and Fair Enforcement (SAFE) Banking Act and U.S. Department of Justice (DOJ) "Cole" memorandum to determine if the NAIC should take certain positions or additional steps related to these; considering drafting a memorandum to the Producer Licensing (D) Task Force asking that it examine how cannabis-related convictions may be preventing licensing approvals; and holding a fact-finding hearing to hear from insurance companies on barriers they experience in expanding coverage availability in this space.

Commissioner Chaney said the Catastrophe Insurance (C) Working Group met March 10 and took the following action: 1) heard federal updates from NAIC staff regarding the National Flood Insurance Program (NFIP) and the U.S. Department of Housing and Urban Development (HUD) proposed rule to change the Federal Housing Administration (FHA) regulations to allow lenders to accept private flood insurance policies located in special flood hazard areas; 2) heard a presentation from Q-risq Analytics regarding a product that runs storm surge and wind velocity models prior to a storm making landfall. The product provides data down to an individual address that is geocoded with a latitude and longitude. Commissioner Chaney noted Mississippi was able to take advantage of using this product during the hurricane season; and 3) heard presentations from Alabama, California, Louisiana, Mississippi and Texas regarding catastrophic events occurring over the past year.

Mr. Beatty said the Pet Insurance (C) Working Group is in its final stages of adopting a Pet Insurance Model Act. All sections of the model have been exposed for comment. The main issues covered are definitions, disclosure, preexisting condition clauses and waiting periods. Mr. Beatty said there has been participation from numerous interested parties, and he is hopeful the model might be complete by the Summer National Meeting.

Ms. Lees said the Terrorism Insurance Implementation (C) Working Group has not met this year, but there are some updates on activities related to the state regulator data call. She said workers' compensation data has been received and is being analyzed by the NAIC in order to create a report as in prior years. Ms. Lees said the joint data templates for the state insurance regulator data call were released and a notification sent to insurers on March 12 asking insurers to file 2020 data for the 2021 joint data call by May 15 to both state insurance regulators through the New York portal and to the U.S. Department of the Treasury (Treasury Department). She said a regulator-to-regulator meeting has been scheduled to discuss the state supplement portion of the 2021 data call, and details will be sent to insurers once a decision is made by state insurance regulators. This notification should occur in May.

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Mr. Bradner said the Transparency and Readability of Consumer Information (C) Working Group is currently working on a “best practices” document for state insurance regulators regarding significant premium increases on property/casualty (P/C) insurance products. There are three drafting groups working on various sections of the document. These drafting groups include: discussing and drafting a section of the best practices document regarding a threshold for notification of a premium increase, communication of a premium increase and communication standards for a premium increase; drafting a generic rate and rule filing checklist that can be used by a department of insurance (DOI); and drafting consumer education regarding premium increases. Mr. Bradner said the drafting groups have begun meeting and plan to meet monthly.

Commissioner Chaney made a motion, seconded by Commissioner Kreidler, to adopt the following task force and working group reports: Casualty Actuarial and Statistical (C) Task Force; Surplus Lines (C) Task Force; Title Insurance (C) Task Force; Workers’ Compensation (C) Task Force; Cannabis Insurance (C) Working Group (Attachment One); Catastrophe Insurance (C) Working Group (Attachment Two); Pet Insurance (C) Working Group (Attachment Three); Terrorism Insurance Implementation (C) Working Group; and Transparency and Readability of Consumer Information (C) Working Group (Attachment Four). The motion passed unanimously.

3. Adopted an Extension for Revisions to the Proposed Pet Insurance Model Act

Commissioner Dodrill made a motion, seconded by Mr. Bradner, to adopt an extension to the 2021 Summer National Meeting for revisions to the proposed Pet Insurance Model Act. The motion passed unanimously.

4. Heard an Update Related to Workshops Concerning Disaster Preparedness and Response

Aaron Brandenburg (NAIC) said state insurance regulators held a workshop with Federal Emergency Management Agency (FEMA) Regions 8, 9 and 10 in February. The workshop had set out to build upon existing relationships and identify new partnership opportunities for all phases of disaster management. It covered both NAIC and federal publications and resources on resiliency disaster preparedness and response; DOI disaster response organizational charts; communications; and sharing of key contacts. He said additional communication from FEMA on Risk Rating 2.0 to state insurance regulators is expected to occur before or during the upcoming Insurance Summit. The regions will also consider possible formation of an ongoing working group for continued engagement regarding individual assistance, disaster recovery center collaboration, data sharing and post-event reports covering lessons learned.

Mr. Brandenburg also reported that the pre-disaster mitigation workstream under the Climate and Resiliency (EX) Task Force worked with the NAIC Center for Insurance Policy and Research (CIPR) as well as the Federal Alliance for Safe Homes (FLASH) to co-host a building code and mitigation workshop in May. The workshop was reported on during the Climate and Resiliency (EX) Task Force meeting, and recordings with slides and resources from the event are posted on the Climate and Resiliency Resource Center. The workshop covered information on building codes; proven mitigation methods, including state programs; and funding resources for pre- and post-event mitigation. He said additional sessions will occur at the upcoming Insurance Summit in June.

Mr. Brandenburg also noted the Catastrophe Insurance (C) Working Group tasked NAIC staff with creating a disaster hub where regulatory information related to disasters could be housed. He said a prototype website has been created that has recordings and materials from prior FEMA workshops; regulatory resources like the State Disaster Response Plan and information on the NAIC’s disaster assistance capabilities such as data calls; state bulletins that can be used by states as they prepare for disasters; consumer documents; and FEMA resources. He also said a list of each state’s disaster contact is also posted.

5. Appointed an NAIC/FEMA Advisory Group

Commissioner Chaney said the workshops and additional engagement with FEMA have been extremely valuable to state insurance regulators by building relationships, discussing communication strategies, and committing to working together before, during and after disasters. He said some of the Southeast Zone states in FEMA Region 4 have agreed to create a working group to meet on a regular basis. One of the keys that has been discussed throughout these workshops is to ensure that conversations and engagement move forward. Commissioner Chaney said he would propose a new group be formed under the Catastrophe Insurance (C) Working Group to serve as an advisory group to provide oversight, planning, prioritization and a reporting mechanism for state insurance regulator and FEMA interaction. The group would help to make sure that state insurance regulators continue to work closely with FEMA to improve disaster preparation and resilience. Upon a motion by Commissioner Chaney, seconded by Commissioner Ridling, the following charge was adopted:

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The NAIC/FEMA Advisory Group will assist state regulators in engaging and collaborating with FEMA on an ongoing basis by establishing a process for the oversight, prioritization and reporting of disaster-related regional workshops and other exercises to improve disaster preparation and resilience.

6. Heard a Presentation Related to Insurance Rating for Dog Breeds

Grace Lopes (Insurance Consumer Coalition for Pet Owners) said nine animal welfare groups issued a white paper in November 2020 about dog breed rating. She said homeowners sometimes go uninsured or underinsured because insurance companies are refusing to write a policy, excluding animal liability, or placing monetary limits on coverage due to dog breed lists that contain 13 breeds. She said this dog list was created by the Centers for Disease Control and Prevention (CDC) and later rejected by the CDC 25 years ago. She said the insurance industry has added a mix of any of the 13 breeds, which encompasses most dogs in dog shelters. She said experts agree that breed does not dictate behavior.

Ms. Lopes said the Insurance Information Institute (III) produces a report about how much dog claims cost that is based on all dog-related claims, including slip and fall accidents and other liability issues beyond dog bites. She said visual breed identification is unreliable, and DNA testing is the only reliable method to determine genetic heritage. She said no tests or breed label can predict dog behavior. Ms. Lopes said insurers make exceptions to the dog breed list with a higher premium. She said some insurers and associations have rejected the dog breed list. She said uneducated insurance consumers, low- or moderate-income consumers, and people of color are most harmed by the use of dog lists. She said more people have rescued dogs during the pandemic.

Ms. Lopes said underwriting guidance should not be arbitrary or capricious. She asked the Committee to determine whether actuarial data exists to support a breed list. She asked for countrywide data call to be issued to collect data on dog bites and that states issue a moratorium on the use of the breed list until the data is reviewed.

7. Discussed the Status of Potential Charges Related to Race and Insurance Issues

Commissioner Schmidt said the Special (EX) Committee on Race and Insurance met April 12 and discussed some proposed charges that are currently exposed for comment through May 14. Workstream Three of the Special Committee had previously met several times and drafted recommendations for the Special Committee. The Special Committee incorporated those recommendations into proposed charges having to do with affordability, availability and access; producer issues; consumer education and outreach; and unfair discrimination, including defining terms like “proxy discrimination” and “disparate impact” and developing regulatory and analytical tools as they relate to these issues and others, like the use of third-party data and certain socioeconomic rating variables. Commissioner Schmidt said the Committee will end up working on many of these issues either directly or indirectly. Birny Birnbaum (Center for Economic Justice—CEJ) said he looks forward to working with commissioners on defining terms and developing a framework to address racism in insurance.

8. Discussed Cyberinsurance Charge and Heard a Report on the New York Cyber Insurance Framework

Commissioner Schmidt said the Committee has a charge related to analyzing the cybersecurity insurance market. She said NAIC staff will present a report on the Cybersecurity Insurance and Identity Theft Coverage Supplement during a future meeting.

Ms. To said the New York State Department of Financial Services (NYDFS) recently hired Justin Herring as Executive Deputy Superintendent of the Cybersecurity Division. She said Mr. Herring was previously chief of the U.S. Attorney’s office in New Jersey’s first cybercrimes unit. Ms. To said as cyber risks are increasing, New York decided to focus on cyber insurers because they are uniquely exposed to cyber-risk from a solvency perspective and because they are uniquely positioned to help raise the bar in terms of cybersecurity best practices in the corporate world more generally. She said the New York Cyber Insurance Risk Framework is a good example of collaboration and what can come out of constructive dialogue between state insurance regulators and the industry.

Mr. Herring reported the cyberinsurance market is likely to grow from around \$3 billion in premiums in 2019 to a projected \$20 billion in 2025. He said growth slowed in 2019, but premiums understate exposure. The slow growth was driven by the increasing cost of cyberattacks and exposure of ransomware. Ransomware imposes many new costs and introduces the possibility a business or city could actually be shut down. Mr. Herring said that cost has made insurers more cautious in underwriting and has slowed the growth of the market.

Mr. Herring said the three key challenges of cyber-risk measurement are: 1) silent risk, meaning many cybercrimes could generate claims that are not under policies that specifically refer to cybercrimes, such as business interruption or liability

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policies; 2) systemic or aggregation risk, meaning cyber incidents sometimes affect many organizations at the same time; or 3) rapid change, meaning cybercrime methods change very quickly.

Mr. Herring said the NYDFS issued a ransomware survey in 2020 of insurers to find out how ransomware costs had changed, finding they almost doubled. He said the NYDFS then met with other regulators like the European Insurance and Occupational Pensions Authority (EIOPA) and the Bank of England and with cyberinsurers. He said the NYDFS had cyberinsurance roundtables with large cyberinsurers, insurance brokers and cybersecurity experts. Mr. Herring said the NYDFS developed seven recommendations in the Cyber Insurance Risk Framework. Some insurers had already incorporated the recommendations. The recommendations are: 1) establish a formal cyberinsurance risk strategy; 2) manage and eliminate exposure to silent cyberinsurance risk; 3) evaluate systemic risk; 4) rigorously measure insured risk; 5) educate insured and insurance producers; 6) obtain cybersecurity expertise; and 7) require notice to law enforcement.

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

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NATIONAL MEETING SUMMER 2021

Virtual Meeting

(in lieu of meeting at the 2021 Summer National Meeting)

CASUALTY ACTUARIAL AND STATISTICAL (C) TASK FORCE

Tuesday, August 10, 2021

2:30 – 4:00 p.m. ET / 1:30 – 3:00 p.m. CT / 12:30 – 2:00 p.m. MT / 11:30 a.m. – 1:00 p.m. PT

Meeting Summary Report

The Casualty Actuarial and Statistical (C) Task Force met Aug. 10, 2021. During this meeting, the Task Force:

1. Adopted its July 13, June 8, May 11, and Spring National Meeting minutes, which included the following action:
 - A. Adopted responses to the Blanks (E) Working Group.
 - B. Adopted a request for NAIC staff to gather information about statistical reports.
2. Adopted the report of the Actuarial Opinion (C) Working Group, which included the following action:
 - A. Discussed 2021 regulatory guidance on Statements of Actuarial Opinion.
3. Appointed Sandra Darby (ME) as chair of the Statistical Data (C) Working Group.
4. Discussed the second exposure draft of the American Academy of Actuaries' (Academy's) U.S. Qualification Standards. The Task Force will meet in regulator-to-regulator session this week and consider adoption of a comment letter via e-vote before the Academy's Aug. 20 comment deadline.
5. Received a report on Project #2019-49 Retroactive Reinsurance Exception. A proposal will be presented for consideration at the Fallr National Meeting.
6. Discussed referral 2021-11BWG from the Blanks (E) Working Group. The Task Force charged the Statistical Data (C) Working Group to gather information about whether the timeline can be sped up on receipt of premium and exposure information from outside partners. The Working Group should report back to the Task Force before Oct. 12.
7. Received a report on NAIC rate model reviews.
8. Heard reports from professional actuarial associations.

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NATIONAL MEETING SUMMER 2021

*Virtual Meeting
(in lieu of meeting at the 2021 Summer National Meeting)*

SURPLUS LINES (C) TASK FORCE

Thursday, August 5, 2021

12:00 – 1:00 p.m. ET / 11:00 a.m. – 12:00 p.m. CT / 10:00 – 11:00 a.m. MT / 9:00 – 10:00 a.m. PT

Meeting Summary Report

1. Adopted its 2020 Fall National Meeting minutes.
2. Adopted the 2022 proposed charges of the Task Force and the Surplus Lines (C) Working Group, which remained unchanged from 2021.
3. Adopted the report of the Surplus Lines (C) Working Group. The Working Group met June 21 and March 2 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings. The Working Group also met July 7 to discuss two administrative tasks.
4. Discussed and formed a drafting group to amend the *Nonadmitted Insurance Model Act* (#870).

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NATIONAL MEETING SUMMER 2021

Virtual Meeting

(in lieu of meeting at the 2021 Summer National Meeting)

TITLE INSURANCE (C) TASK FORCE

Tuesday, July, 13, 2021

12:30 – 2:00 p.m. ET / 11:30 a.m. – 1:00 p.m. CT / 10:30 a.m. – 12:00 p.m. MT / 9:30 – 11:00 a.m. PT

Meeting Summary Report

The Title Insurance (C) Task Force met July 13, 2021. During this meeting, the Task Force:

1. Adopted its June 7 minutes, which included the following action:
 - a. Exposed revisions to the *Title Insurance Consumer Shopping Tool Template* for a public comment period ending July 5.
2. Adopted revisions to the *Title Insurance Consumer Shopping Tool Template*. Revisions included adding questions and answers about title insurance-related fraud topics, including closing protection letters (CPLs) and wire fraud.
3. Heard a presentation from the Federal Bureau of Investigation (FBI) on business email compromise schemes and other cybercrimes.
4. Heard from state insurance regulators about title insurance fraud trends in their respective states. Trends included fraudulent settlement transactions, wire fraud complaints, cybercrime and defalcations.

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NATIONAL MEETING
SUMMER 2021

Virtual Meeting

(in lieu of meeting at the 2021 Summer National Meeting)

WORKERS' COMPENSATION (C) TASK FORCE

Wednesday, July 21, 2021

12:30 – 1:30 p.m. ET / 11:30 a.m. – 12:30 p.m. CT / 10:30 – 11:30 a.m. MT / 9:30 – 10:30 a.m. PT

Meeting Summary Report

The Workers' Compensation (C) Task Force met July 21, 2021. During this meeting, the Task Force:

1. Adopted its Spring National Meeting minutes.
2. Heard a presentation from the National Council on Compensation Insurance (NCCI) on the classification of telecommuters and the potential implications of an increase in telecommuting on workers' compensation. Current information indicates remote work will not have a big impact

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NATIONAL MEETING SUMMER 2021

Virtual Meeting

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CANNABIS INSURANCE (C) WORKING GROUP

Monday, July 19, 2021

12:30 – 2:00 p.m. ET / 11:30 a.m. – 1:00 p.m. CT / 10:30 a.m. – 12:00 p.m. MT / 9:30 – 11:00 a.m. PT

Tuesday, July 27, 2021

12:30 – 2:00 p.m. ET / 11:30 a.m. – 1:00 p.m. CT / 10:30 a.m. – 12:00 p.m. MT / 9:30 – 11:00 a.m. PT

Meeting Summary Report

The Cannabis Insurance (C) Working Group met July 19, 2021, to hold the first two sessions of its two-day fact-finding hearing on insurance for cannabis-related business. During Session 1: Setting the Stage, the Working Group:

1. Heard a presentation from Wilson Elser on the impact of the geographical expansion of states legalizing cannabis on discussions at the federal level.
2. Heard a presentation from the Cannabis Regulators Association (CANNRA) on the cannabis regulatory and licensing landscape.
3. Heard a presentation from Golden Bear Insurance and Cannasure on the insurance needs of the cannabis market.

During Session 2: Insurance Product Availability, the Working Group:

4. Heard a presentation from the Insurance Services Office (ISO) and the American Association of Insurance Services (AAIS) on commercial cannabis product options.
5. Heard from a panel of experts that included James River, Golden Bear Insurance, Cannasure, and Amwins about admitted and nonadmitted coverage availability across the cannabis business sectors.

The Cannabis Insurance (C) Working Group also met July 27, 2021, to hold the third and fourth sessions of its two-day fact-finding hearing on insurance for cannabis-related business. During Session 3: Barriers to Coverage Availability and Affordability, the Working Group:

1. Heard a presentation from East Carolina University on balancing actual and perceived risks in the cannabis space.
2. Heard from a panel of experts that included Wilson Elser, GJ Sullivan Co. Reinsurance, Golden Bear Insurance, and the ISO on uncovering obstacles to insurers offering coverage in the cannabis-related business space.
3. Heard from a panel of experts that included Cannasure, Amwins, James River, Golden Bear Insurance, and Wilson Elser on insurance coverage challenges for cannabis-related businesses.



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During Session 4: Moving Forward, the Working Group:

4. Heard from a panel of experts that included Cannasure, Golden Bear Insurance, Amwins, James River, and East Carolina University on emerging trends and how state insurance regulators can support growth of the cannabis insurance market.

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NATIONAL MEETING SUMMER 2021

Virtual Meeting

(in lieu of meeting at the 2021 Summer National Meeting)

CATASTROPHE INSURANCE (C) WORKING GROUP

Thursday, July 22, 2021

2:30 – 3:30 p.m. ET / 1:30 – 2:30 p.m. CT / 12:30 – 1:30 p.m. MT / 11:30 a.m. – 12:30 p.m. PT

Meeting Summary Report

The Catastrophe Insurance (C) Working Group met July 22, 2021. During this meeting, the Working Group:

1. Adopted its June 21 and Spring National Meeting minutes, which included the following action:
 - A. Discussed the *Catastrophe Computer Modeling Handbook* (Handbook).
2. Heard an update regarding federal legislation and the National Flood Insurance Program (NFIP) reauthorization.
3. Discussed the status of the Handbook and drafting group formation. The drafting group will begin meeting in August.
4. Heard from Mississippi regarding roofing repair and the Mississippi Windstorm Underwriting Association (MWUA) roof upgrade program implemented in Mississippi.
5. Discussed items to help insurers with expedited claims process. The American Property Casualty Insurance Association (APCIA) discussed its Catastrophe Actions Toolkit. The Working Group will continue this discussion.

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NATIONAL MEETING SUMMER 2021

Virtual Meeting

(in lieu of meeting at the 2021 Summer National Meeting)

TRANSPARENCY AND READABILITY OF CONSUMER INFORMATION (C) WORKING GROUP

Tuesday, July 20, 2021

2:00 – 3:00 p.m. ET / 1:00 – 2:00 p.m. CT / 12:00 – 1:00 p.m. MT / 11:00 a.m. – 12:00 p.m. PT

Meeting Summary Report

The Transparency and Readability of Consumer Information (C) Working Group met July 20, 2021. During this meeting, the Working Group:

1. Adopted its May 13 and Spring National Meeting minutes, which included the following action:
 - A. Heard a presentation from VisibleThread regarding a readability product.
 - B. Heard drafting group updates.
2. Received an update from the Thresholds and Communications Standards Drafting Group. This Drafting Group is nearing the completion of this project. The Working Group members offered suggestions to update the document.
3. Received an update from the Rate Checklist Drafting Group. This Drafting Group is nearing the completion of this project.
4. Received an update from the Consumer Education Drafting Group. This Drafting Group continues to meet regularly to complete the consumer education (CE) documents and has divided the topics into three smaller groups that meet regularly.

W:\National Meetings\2021\Summer\Summaries\Transparency.docx

How to Buy Title Insurance in [Insert State]

This guide:

- Covers the basics of title insurance.
- Explains the need for title insurance.
- Offers tips to shop for title insurance and closing services.
- Gives you questions you should ask before you buy title insurance.

[Name]
[Superintendent of Insurance]

[DOI Logo]

[DOI Website Address]

Drafting Note: This template has been developed for state departments of insurance who are interested in providing a consumer education publication regarding title insurance. The template was developed as a comprehensive guide that can be edited/personalized to meet the individual needs of a state.

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Disclaimer:

The information included in this publication is meant to serve as a guide and is not a substitute for legal or professional advice. Please contact a professional if you have any questions.

Introduction

A real estate transaction may be one of the largest investments you'll ever make. Because the decisions you make when you buy or refinance a home can have effects for years to come, it's important to take time to learn about the process so you can make good decisions.

You may want to hire a licensed professional to help you with the many steps to buy or refinance a home or piece of property. Before you agree to do business with anyone, however, be sure the individual is qualified and licensed.

Buying or Refinancing a Home or Property

So you're ready to buy or refinance a home or piece of property. Now what?

If you've found the perfect home or property and the seller has accepted your offer, the next steps will most likely be:

- You'll get a loan from a mortgage lender.
- A professional will inspect and appraise the home or property.
- You'll choose an individual or business, known as a closing agent, to organize and finalize your real estate transaction.
- You'll choose a "closing date" to sign paperwork and take ownership of your new home.
- You'll buy homeowners insurance through a licensed property and casualty insurance agent.
- You'll decide if you need flood and/or earthquake insurance, which you can buy through a licensed property and casualty agent.
- You'll decide if you'll need title insurance, which you can buy through a licensed title agent or company.
- A professional may "survey" the property. A survey is a professional drawing of the property's boundaries. It also shows where a home is located on the property.
- You may be able to buy a home warranty that covers the mechanical breakdown of individual parts of a home, such as the electrical and plumbing systems. A warranty doesn't cover the home's structure, may or may not cover appliances, ends at a specific point in time (for example, one year) and has exclusions and limitations that you should review. Home warranties might not be regulated as insurance in your state.
- A final walk through of the home you're buying will be scheduled.
- You'll sign legal paperwork to finalize your new loan.

If you're refinancing your home or property:

- You'll get a new loan from a mortgage lender.
- A professional may inspect and appraise your home or property.
- You'll give the lender information about your homeowners, flood and/or earthquake insurance coverage.
- You'll decide if you need title insurance, which you can buy from a licensed title agent or company.
- A closing date will be selected.
- You'll sign legal paperwork to finalize your new loan.

When you buy or refinance a home or piece of property, you'll need to decide whether to buy title insurance.

What is title insurance? Why do you need it? This guide will answer those questions and more.

What is Title Insurance, and What Does it Cover?

A *title* documents your legal ownership or interest in property.

Title insurance is an insurance policy that covers *past* title problems that come up *after* you buy or refinance a property.

Lost, forged or incorrectly filed deeds, property access issues and liens on a property are just a few of the title problems that could come up after you buy or refinance a home or piece of land.

For example, if you received a letter telling you there's an unpaid mortgage on the property you just bought, you could submit a claim to your title insurance company. The title insurance company would pay the legal costs to settle the dispute and/or to resolve the problem.

Without title insurance, you might have to pay all of the legal costs to settle the dispute. And if you lose the dispute, you could lose money, the equity you have in your home, and possibly ownership.

Two Types of Title Insurance—Owner's and Lender's Policies

There are two types of title insurance policies:

- An Owner's Policy
- A Lender's Policy

An *owner's policy* protects you for the full price you paid for the home plus legal costs if a past title or ownership issue comes up after you buy your home. An owner's policy is issued for the amount you paid to buy your home, and the policy will cover you as long as you own an interest in the property. You are not required to purchase an owner's policy, but if you choose not to, you may lose the money you've paid for your home.

If a basic owner's policy doesn't cover a specific title issue, often you can add coverage, known as a *policy endorsement*. For example, if you're buying a new home and the owner's policy doesn't cover claims (often known as a mechanic's lien) filed by a contractor (often known as a mechanic's lien), you can add a policy endorsement to ensure you are covered. Some endorsements are free while others can be added for an additional fee.

Commented [MBR1]: Incorporated change suggested by Joe Petrelli of Demotech for readability.

An *enhanced owner's policy*, which has a higher level of coverage than a standard owner's policy, also may be available in your area. Enhanced owner's policies cost about 20% more than a standard owner's policy, but they cover extra risks. An enhanced owner's policy also may continue to provide coverage after a property has been transferred.

If you borrow money to buy your home or property, your lender is likely to require you to buy a *lender's policy*. A lender's policy only protects the *lender* if a title or ownership problem comes up after the property is purchased. A lender's policy is issued for the amount of the mortgage, and the coverage goes down as you pay down your loan. Unlike an owner's policy, the lender's policy ends when you pay off your mortgage. You may be expected to pay the premium for a lender's policy.

Because a lender's policy only protects the lender from title problems, you'll also need an owner's policy if you want to protect yourself.

What Doesn't Title Insurance Cover?

Title insurance policies *do not* cover ownership issues that come about *after* you've bought a home.

For example, if your neighbor builds a fence on your property after you've bought your home, your title insurance policy will not cover the costs to settle the dispute.

Also, most title insurance policies don't cover issues such as easements, boundary line disputes, zoning violations and air or mineral rights.

Your title insurance policy may spell out other issues that won't be covered. And if there's a title issue specific to the home you're buying or refinancing, your title policy may not cover it. Ask for a list of what will and will not be covered, and be sure to read your policy.

Who Sells Title Insurance?

Only licensed title insurance companies, agencies and agents can sell title insurance in [INSERT STATE].

Drafting Note: If a state permits other individuals and entities to sell title insurance, this sentence should be amended to include those parties.

You can buy title insurance directly from a title insurance company or a title agent who sells title insurance for a company.

The Right to Choose Your Own Title Agent/Company

You have the right to shop for and choose your provider of title insurance and settlement services

A good time to shop for title insurance is when you choose a real estate agent, and a lender has prequalified you for a loan. You'll have an idea of the price you can pay for a home/property and a title insurance agent or company can use that information to estimate your title insurance costs.

There are several ways you can find a title insurance agent or company:

- You can ask the sellers who they used when they bought the home.
- You can check the [INSERT NAME OF DOI] website, [INSERT WEB ADDRESS]. |
- You can check online for title insurance agents, agencies and companies in your area.
- You can ask for recommendations from your real estate agent, attorney, mortgage lender, financial institution or builder.

Commented [MBR2]: Deleted reference to phone books based upon 3-23-21 WG discussion on phone books being outdated.

If your real estate agent, attorney, builder or lender offers to arrange title insurance for you, or suggests you use a specific title agent or company, ask if they have a business arrangement with the title company or agent they're recommending and if they'll make money from the referral. Federal law requires real estate professionals, title agents and lenders to tell you about any business arrangements they may have.

Also, beware of statements such as:

- "Everyone charges the same price."
- "We'll give you a discount on something else if you use our title agent."
- "If you choose another title agent, your purchase may be delayed."

These types of statements may be used to convince you to give up your right to choose a title agent or company, and you may pay more for title insurance than if you had shopped around.

Who Pays for Title Insurance?

If you're buying a home, who pays for title insurance depends in part on local custom. It may be something, however, that you can negotiate with the seller of the property. When buying a home, be sure to ask your real estate agent what the custom is in your area and if you'll likely be the one to pay for title insurance.

If you're refinancing your home, it'll be your responsibility to buy and pay for the title insurance policy.

A title insurance policy is paid for with a one-time premium payment.

What Does Title Insurance Cost?

The cost of title insurance is usually tied to the value of the home.

If you're buying an owner's policy, the price of your policy will depend on the home's selling price.

The price of title insurance also can include more than just insurance. One cost included in the price is a *title search*. When a title search is conducted, a title agent or company reviews local records, such as deeds, mortgages, wills, divorce decrees, court judgments and tax records looking for any title issues with the property. In [INSERT STATE NAME], a title search must be done before a company can issue a title insurance policy.

If you're buying a lender's policy, the price of title insurance will depend on your loan amount.

Ask if You're Eligible for Discounts

When you buy title insurance, ask if you're eligible for any discounts.

If there was a previous title policy on the home (because the home changed owners or you're refinancing), you may get a discount known as a "reissue rate."

If you decide to buy both an owner's and lender's policy, you may get a discount if you buy both policies together.

The Difference Between Title and Homeowners Insurance

Title insurance is different from homeowners insurance.

- Title insurance protects you against past title problems. Homeowners insurance protects you against future issues that cause damage to your home or personal property. Homeowners insurance also limits your personal legal responsibility (or liability) if someone is injured while they're on your property.
- Licensed title agents and companies sell title insurance. Insurance agents licensed to sell property, and casualty insurance sell homeowners insurance.
- You pay the premium for title insurance with a one-time payment, when you buy or refinance a home. A homeowners insurance policy is paid for on an ongoing basis and is up for renewal each year.
- Homeowners insurance does not protect your ownership in the property and does not replace the need for title insurance.

Questions to Ask Before You Buy Title Insurance

When you shop for title insurance, be sure to ask the title agent or company the following questions:

- How long have you been licensed to sell title insurance in [INSERT STATE]?
- What title insurance company do you sell policies for?
- Are title insurance premiums regulated in [INSERT STATE]?
- Are any discounts available?
- Are you related or affiliated in any way with my real estate agent, mortgage lender, builder, or attorney?
- Will anyone be paid a referral fee or commission or be compensated if I buy title insurance from you or a company you represent?
- In addition to title insurance premiums, what other fees and charges will I pay?
- What policy endorsements are available?
- Do you charge a cancellation fee if I don't buy title insurance from you after you do a title search?

- Will I need to pay for a survey before you can sell me title insurance?

The Real Estate Closing

The last step to buying or refinancing a home / property is known as the *closing*.

Shortly after the seller accepts your offer to buy their home or the lender approves your refinancing, a closing date will be set.

A closing can be done in person, electronically or by mail. As part of the closing, you'll be asked to sign the legal paperwork required to finalize the real estate transaction. On the day of the closing, you (as well as the seller) will be expected to pay any money owed.

If an in person closing is scheduled, expect the closing to last an hour or two. In addition to you, the seller, real estate agent(s), attorney, title agent and lender may attend the closing.

Make sure you understand what you're being asked to sign.

During the closing, you'll be signing documents that are legal binding contracts. Take time to understand what they mean. If you don't understand something, ask someone to explain it to you, or ask for time to contact a trusted friend, family member, attorney or advisor for help.

One document you'll be asked to review and sign is the *closing disclosure*. The closing disclosure shows all of the money to be paid to complete the transaction. Some of the costs listed on the closing disclosure will include:

- Outstanding mortgages to be paid.
- Money to be exchanged between the buyer and seller.
- The amount of the new loan(s).
- Loan origination charges.
- Property appraisal fees.
- Credit report fees.
- Real estate agent fees.
- Tax preparation fees.
- ~~Property taxes owed.~~
- Escrow funds.
- Title insurance premiums.
- Courier fees.
- Settlement or closing fees.
- Closing protection fees.
- Document or recording fees.

Commented [MBR3]: Joe Petrelli of Demotech recommended this be updated to reflect Real Estate Taxes owed. In discussing as a working group, group determined addition of the word property would be helpful.

Federal law gives you the right to see the closing disclosure at least three business days before closing. It's highly recommended that you ask for a copy of the closing disclosure ahead of time so you have a chance to review it and ask questions.

If everything isn't in order by your scheduled closing date, your closing date may be moved to another date.

After the closing, you'll be given copies of all the documents you signed.

Closing Agents

Closing agents handle real estate closings and coordinate all of the steps required to make the real estate transaction official. They're responsible for getting mortgage and loan pay-off amounts from the seller's lender(s) and the amount of property taxes owed. They also give instructions to the buyer and seller, hold money until the home's title is transferred, prepare documents for the buyer and seller to sign, pay out money owed and file documents with the county recorder, who updates records to show a property has changed owners.

Some title agents do more than just sell title insurance. They also conduct real estate closings by serving as a closing agent. Their responsibilities as a closing agent are separate from what they do as a title agent.

Other professionals, such as attorneys, also can be closing agents.

**Just as you have the right to choose a title agent or company,
you also have the right to choose your closing agent.**

Questions to Ask When You Choose a Closing Agent

When you choose a closing agent, be sure to ask the following questions:

- Can you give me a list of all the fees and charges I would pay if you were my closing agent?
- What fees and charges are negotiable?
- Are your closing staff licensed title insurance agents?
- How and when do you conduct closings?
- Who will handle my closing?
- When will you give me a copy of the settlement statement? ¹
- Do you have references or testimonials available?
- Do you offer closing protection coverage?
- How much does closing protection cost?

Closing Protection Letters

Title insurance doesn't protect the lender or buyer against mistakes made during the closing, or if money is stolen or paid to the wrong parties. For an added fee, title insurance agents and companies that conduct real estate closings offer closing protection letters. If you buy a closing protection letter, the title insurance company will reimburse you for any money you lose from negligence, fraud, theft of funds or errors the closing agent made. Without this, you'd have to sue the agent to get back any money lost.

If you buy closing protection coverage, be sure to ask for a copy of the closing protection letter for your records.

Drafting Note: States who do not require closing protection should delete this section.

Shop Around for Title Insurance and Closing Services

As rates and fees for title insurance and closing services may vary, you should shop for title insurance and closing services. Use the chart that follows to learn how much you'll be charged for certain rates, fees and services.

Cost Comparison Chart

	Company Name	Company Name	Company Name
Title Insurance			
Premium Price (Lender's Title Policy)	\$ _____	\$ _____	\$ _____
Premium Price (Owner's Title Policy)	\$ _____	\$ _____	\$ _____
Endorsement Price	\$ _____	\$ _____	\$ _____
Title Search Fee	\$ _____	\$ _____	\$ _____
Closing Protection Letter	\$ _____	\$ _____	\$ _____
Deed Preparation Fee	\$ _____	\$ _____	\$ _____
Other _____	\$ _____	\$ _____	\$ _____
Other _____	\$ _____	\$ _____	\$ _____
Total:	\$ _____	\$ _____	\$ _____
Closing Costs			
Government Recording Charge	\$ _____	\$ _____	\$ _____
Tax & Other Certifications	\$ _____	\$ _____	\$ _____
Overnight Mail	\$ _____	\$ _____	\$ _____
Wire Fee	\$ _____	\$ _____	\$ _____
Transfer Tax	\$ _____	\$ _____	\$ _____
Notary Fee	\$ _____	\$ _____	\$ _____
Settlement Fee	\$ _____	\$ _____	\$ _____
Document Preparation Fee	\$ _____	\$ _____	\$ _____
Email/Electronic Doc Fee	\$ _____	\$ _____	\$ _____
Other _____	\$ _____	\$ _____	\$ _____
Other _____	\$ _____	\$ _____	\$ _____
Total:	\$ _____	\$ _____	\$ _____

Beware Of Real Estate Wire Fraud Schemes

Money often needs to change hands quickly in a real estate transaction. One way to move money quickly is to have a financial institution wire it. Your real estate broker or agent, the title and closing agent, or an attorney will give you the details you need for a wire transfer.

Criminals can hack into professionals' email systems to send emails that look as though they are coming from someone you're working with. The emails can have fake instructions about wiring money for your upcoming closing. If you follow these instructions, your money will go to the scammer's bank account. If that happens, you could lose your money.

To avoid being a victim of real estate wire fraud, you should:

- Call or personally meet with the professionals who will conduct the closing to learn how the closing will take place and how funds will be transferred.
- Get the names, telephone numbers, and mailing and email addresses for all of the professionals who will be involved with your closing.
- Be suspicious of all telephone or email messages about a change in the closing process. If you get such a message, call the professional you're working with. Use the contact information they gave you, not the contact information in the message.
- Carefully examine all email addresses and telephone numbers associated with a message about your closing to verify the message really came from an individual you've been dealing with.
- Never respond to a message or click on a link if you're asked to verify or provide bank account information.

Personally speak to the closing agent immediately before and after wiring any money to ensure the funds were received.

What To Do If You Believe You're The Victim of a Real Estate Wire Fraud Scheme

Report suspected wire fraud immediately!

If you suspect you're the victim of real estate wire fraud, it's important to immediately report your suspicions and take the following steps to increase the chances of recovering your money:

- 1) Contact your bank or wire transfer company to report your suspicions and ask for a wire recall.
- 2) Ask your bank to notify the financial institution that received your funds.
- 3) Call your local Federal Bureau of Investigation (FBI) office and report the crime.
- 4) File a report with the FBI's Internet Crime Complaint Center by visiting www.ic3.gov

Drafting note: States who have Fraud units who investigate real estate wire fraud may wish to add a Step 5. Consumers should contact the Department of Insurance.

Final Tips to Remember

- Deal only with licensed professionals who're in good standing in [INSERT STATE].
- As soon as you make an offer on a house or choose a lender to refinance with, start shopping for title insurance.
- Decide up front who'll pay for the title insurance policies.

- Whoever buys the title insurance policy has the right to choose the title agent or title company.
- A professional who recommends a title insurance company or agent to you may receive a commission or referral fee.
- Ask the seller which title insurance company they used.
- Ask friends or family who recently bought a home if they would recommend their title agent/company.
- If you buy an owner's policy, be sure the coverage is equal to the price you paid for your home.
- Comparison shop, and get at least three quotes before you buy title insurance and closing services.
- Ask about available discounts.
- Ask title and closing agents for an itemized list of their fees and charges.
- Ask for a copy of the title commitment at least three weeks before your closing date.
- Know exactly what your title insurance policy will cover.
- If your title agent also will be the closing agent, ask if closing protection coverage is available.
- Ask the closing agent for a settlement statement at least one business day before your scheduled closing.
- **Be suspicious of all communications relaying there's been a change to the closing process.**
- Knowledge is power, so don't be afraid to ask questions!
- Read and understand all documents before signing them.
- Request copies of all documents.
- Keep a copy of your title insurance policy for as long as you own your property.
- **Immediately report suspected real estate wire fraud.**

How to File a Title Insurance Claim

If an issue arises about your home's title, contact your title insurance company as soon as possible. If you don't know the name of your title insurance company, check the paperwork you signed when you bought or refinanced your home. You also can contact your title agent or closing agent for help.

The [INSERT DOI NAME] is Here to Help

For more information about buying insurance, please visit [INSERT DOI WEBSITE ADDRESS], or call [INSERT TELEPHONE NUMBER].

As a consumer protection agency, the [INSERT DOI NAME] also can help if you believe an insurance agent or company has misled you or acted improperly.

To file a complaint, please visit our website at [INSERT WEB ADDRESS], or send a written complaint and any supporting documents to:

[DOI Logo]

[DOI Address]
[City, State Zip Code]

[DOI Telephone Numbers]

[DOI Website]

[DOI Facebook / Twitter Contact Information]

Other Resources Available

To verify the license status of the professionals who will be helping you with your real estate transaction, please contact:

Real Estate Agent	[STATE AGENCY NAME] [STATE AGENCY ADDRESS] [CITY, STATE & ZIP CODE] [AGENCY WEBSITE] [AGENCY TELEPHONE NUMBER]
Bank/Mortgage Lender	[STATE AGENCY NAME] [STATE AGENCY ADDRESS] [CITY, STATE & ZIP CODE] [AGENCY WEBSITE] [AGENCY TELEPHONE NUMBER]
Real Estate Appraiser	[STATE AGENCY NAME] [STATE AGENCY ADDRESS] [CITY, STATE & ZIP CODE] [AGENCY WEBSITE] [AGENCY TELEPHONE NUMBER]
Insurance Agent / Insurance Company and Title Agent Title Insurance Company	[STATE AGENCY NAME] [STATE AGENCY ADDRESS] [CITY, STATE & ZIP CODE] [AGENCY WEBSITE] [AGENCY TELEPHONE NUMBER]
Attorney	[STATE AGENCY NAME] [STATE AGENCY ADDRESS] [CITY, STATE & ZIP CODE] [AGENCY WEBSITE] [AGENCY TELEPHONE NUMBER]

To find other useful information regarding the home buying process, please contact:

U.S. Department of Housing and Urban Development
451 7th Street S.W.
Washington, DC 20410
202-708-1112
www.hud.gov

Consumer Financial Protection Bureau
P.O. Box 4503
Iowa City, Iowa 52244
855-411-2372
855-237-2392 (Fax)
<http://www.consumerfinance.gov>

National Flood Insurance Program
500 C Street SW
Washington, DC 20472
800-621-FEMA
www.FloodSmart.gov

[OTHER SOURCE NAME & INFO]

| DRAFT: 3-23-245-25-21

*National Association of Insurance Commissioners
(NAIC) Summer National Meeting*

Property & Casualty (C) Committee

**Role of Public-Private Partnership in addressing
the Global Insurance Protection gap**

**John M. Huff, Assoc of Bermuda Insurers & Reinsurers (ABIR)
Ekhosuehi Iyahen, Insurance Development Forum (IDF)**

August 16, 2021

Introduction & About ABIR

- John Huff: Former Missouri Insurance Commissioner (8 years);
Former President of National Association of Insurance
Commissioners (2016)
- ABIR has nearly 30 years of collective advocacy & education for
Bermuda's leading insurers & reinsurers
- The Original Disruptor – post Hurricane Andrew in Florida.
Addressing political and natural catastrophe uncertainty
- Bermuda market provides over 50% capacity for US mortgage
reinsurance, helping to facilitate home ownership for all
Americans
- Why Bermuda: Pooling uncorrelated global risks to help keep
insurance affordable and accessible in all markets



Bermuda Market: Snapshot

Bermuda's leading property and casualty insurers and reinsurers:

- Generate income from **150 countries**
- Wrote **USD\$109 billion** in global gross written premium (CY 2019)
- Aggregate **global capital** totaling **USD\$134 billion** (CY 2019)
- Bermuda re-insurers ~**36% of the global P&C reinsurance market** (2018 AM Best)
- Paid \$9.2B for 2017-2019 **California Wildfires**
- Protect 50% of US Mortgage Reinsurance – Making Home Ownership Affordable
- Represent 20 of world's **top 50** reinsurers
- Paid over a **USD quarter of a trillion** to U.S. & EU consumers in past 20 years

Closing the Protection Gap: Reducing economic recovery time after disaster

Centre for Risk Studies (CCRS) at Cambridge Judge Business School report, titled 'Optimizing Disaster Recovery: The Role of Insurance Capital in Improving Economic Resilience,' the annual average loss from natural disasters worldwide jumped from US\$27 billion in 1970-1980 to nearly US\$200 billion in 2010-2019.

The 'Optimizing Disaster Recovery' recovery report of 2020 analyses over 100 natural catastrophe case studies from around the world. One of the key findings was that countries with higher insurance penetration were able to **recover far more quickly** than communities with lower insurance penetration.

In fact, for each percentage point increase in insurance penetration (non-life premiums divided by a country's GDP) a country's economic recovery time reduced by almost 12 months.

The IDF is a public/private partnership led by the insurance industry and supported by international organisations.

The IDF was first announced at the UNFCCC COP21 Paris Climate Summit in 2015, and officially launched by leaders of the United Nations, the World Bank and the insurance industry in 2016.

About the IDF

- **AIM:** To optimise and extend the use of insurance and its related risk management capabilities to build greater resilience and protection for people, communities, businesses, and public institutions that are vulnerable to disasters and their associated economic shocks.
- **5 Working Groups**
 - Risk Modelling
 - Law, Regulation & Resilience Policies
 - Sovereign & Humanitarian
 - Inclusive Insurance
 - Investment
- Over 200 experts and practitioners from industry, governments, international institutions, NGOs and academia

The Insurance Protection Gap

\$162.5bn

The size of the global insurance protection gap. Emerging economies account for \$160bn (96%). Lloyd's, Oct 2018

1%

The percentage of natural disaster losses in developing countries 1980-2004 that were insured. This compares to c.30% in developed countries.

Dag Hammarskjöld Foundation and UNDP 2019
Financing the UN Development System: Time for Hard Choices

\$4tn

The estimated figure lost to extreme natural disaster events globally over the past 40yrs, US \$2.9 trillion of which was uninsured. Swiss Re



PROTECTION GAP: ACROSS DEVELOPED AND DEVELOPING COUNTRIES

THOSE IN MOST NEED OF PROTECTION ARE OFTEN UNINSURED

Humanitarian Funding Gap (Global)

- Funding Requirement: \$29.7bn
- Funding received: \$15.96bn
- Funding coverage: 54%

Mismatch between commitment to protect and funding model

- Poor preparedness planning
- Underinvestment in data and systems for response
- Underinvestment in adaptation and risk reduction
- Slow, politicized, tactical decision-making process
- Fragmented, poorly coordinated response
- Limited learning

When covid-19 hit, just 2% of global funding was planned and arranged in advance.

DANIEL J. CLARKE AND STEFAN DERCON

DULL DISASTERS?

HOW PLANNING AHEAD
WILL MAKE A DIFFERENCE



Finance is one part of the solution

1. Risk awareness & understanding
2. Prevention & risk reduction
3. Plan for disaster response
4. A fast, evidence-based decision-making process
5. Financing on standby to ensure that the plan can be implemented

Role of insurance!



VULNERABLE
TWENTY
GROUP



Innovative services and products to help governments understand natural hazard risks and design systems to protect their citizens and infrastructure.



Building Effective Risk Management & Protection Systems for the future

- Global challenge - Climate change
 - New risks + Complex / Inter-connected risks
 - Risk management in demand
 - Improving public financial management
 - Transition risks and opportunities
- Keeping pace with Innovation
 - Driving use of Risk information
 - Ensuring appropriate regulation development
 - New product development
 - Leveraging technology
- Fostering collaboration and coalitions
 - Drive greater scale through knowledge sharing
 - Improved systems
 - New structures
 - Focus on solutions
 - Public value

Advantages of Leveraging International Reinsurance Capacity:

- (1) Ensure consumer coverage remains affordable and accessible**
- (2) Diversify risk pooling**
- (3) Export risks away from jurisdiction**
- (4) Non-correlation of risks**
- (5) Private market solutions**
- (6) Protect communities and taxpayers**
- (7) Help close the protection gap**

Shout Out to California:

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, July 2021 Report

www.insurance.ca.gov



Thank you

www.insdevforum.org

 @Insdevforum

www.abir.bm

 @ABIR_Bermuda

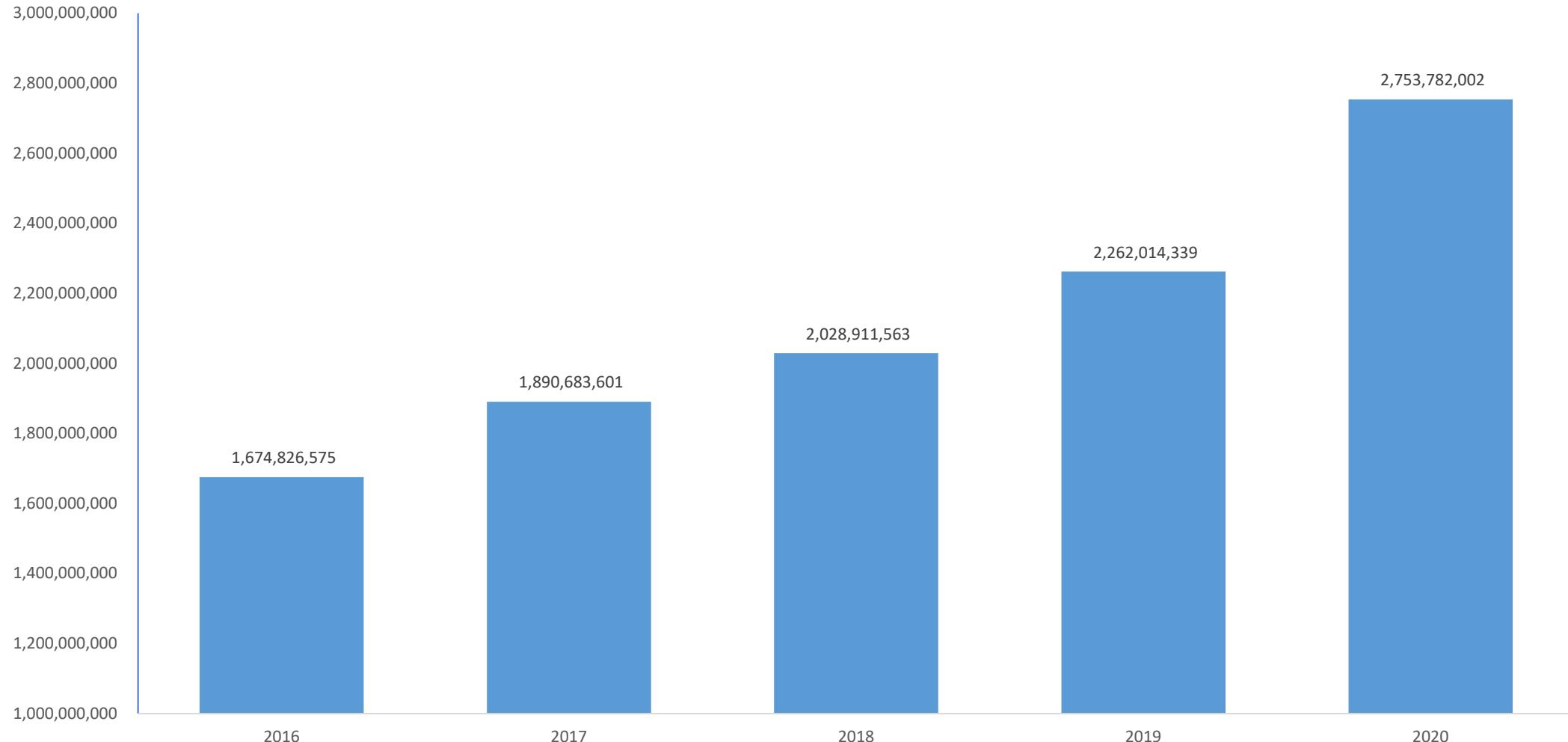
NAIC Cybersecurity Supplement

Preliminary Findings –
2020 Data Year

Property and Casualty Insurance (C) Committee
Aug. 16, 2021

NAIC CYBERSECURITY SUPPLEMENT DIRECT WRITTEN PREMIUM

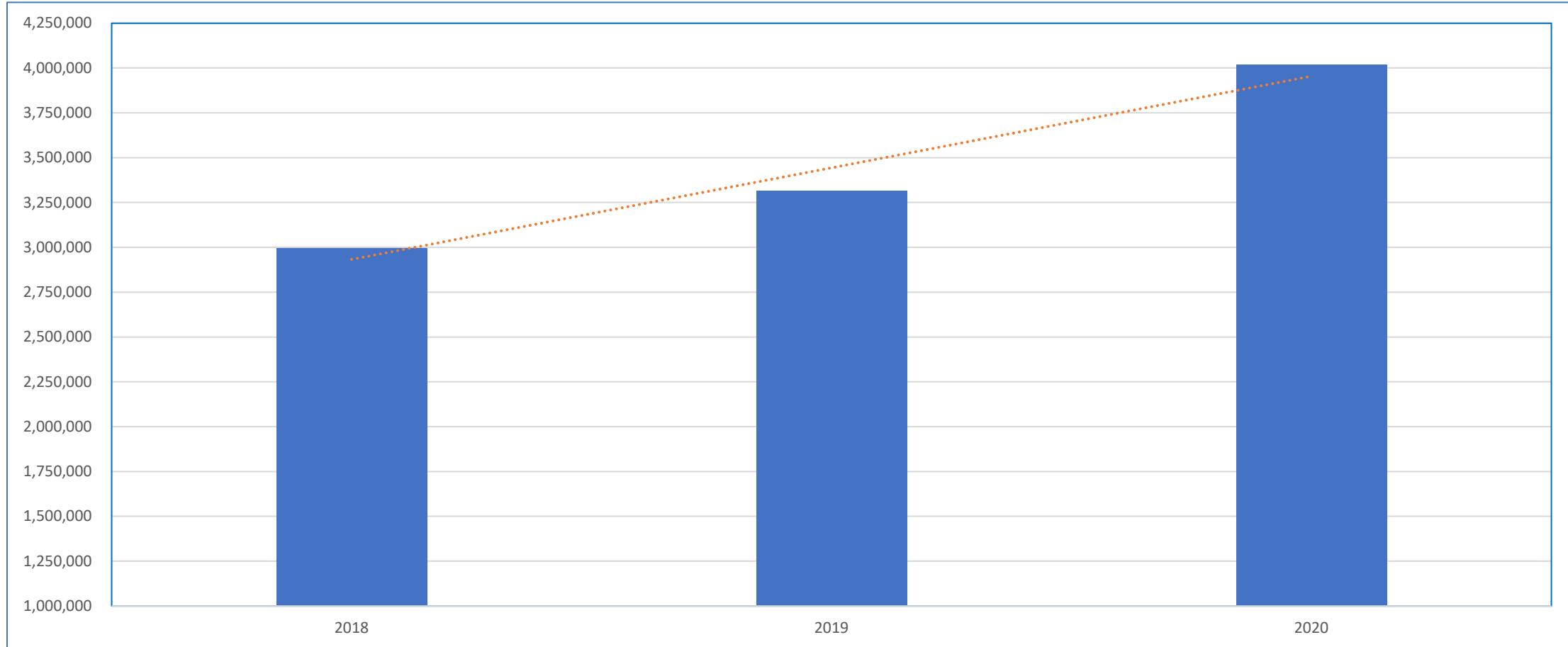
Standalone & Package Combined (Alien Surplus Lines is not included)



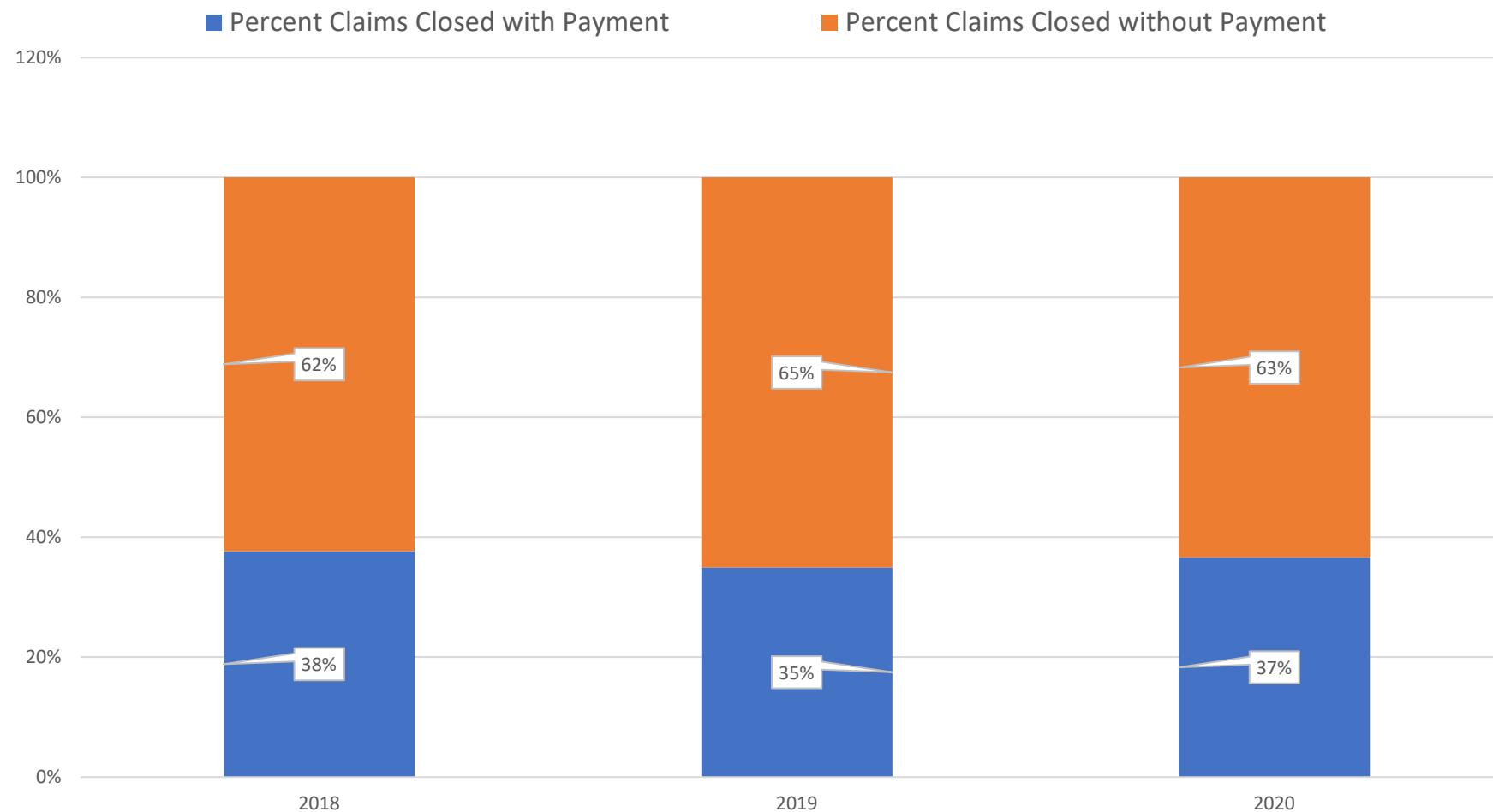
TOTAL POLICIES IN FORCE BY YEAR

STANDALONE POLICIES AND PACKAGE POLICIES COMBINED

(Alien Surplus Lines is not included)



Claims Closed With and Without Payment (Alien Surplus Lines is not included)



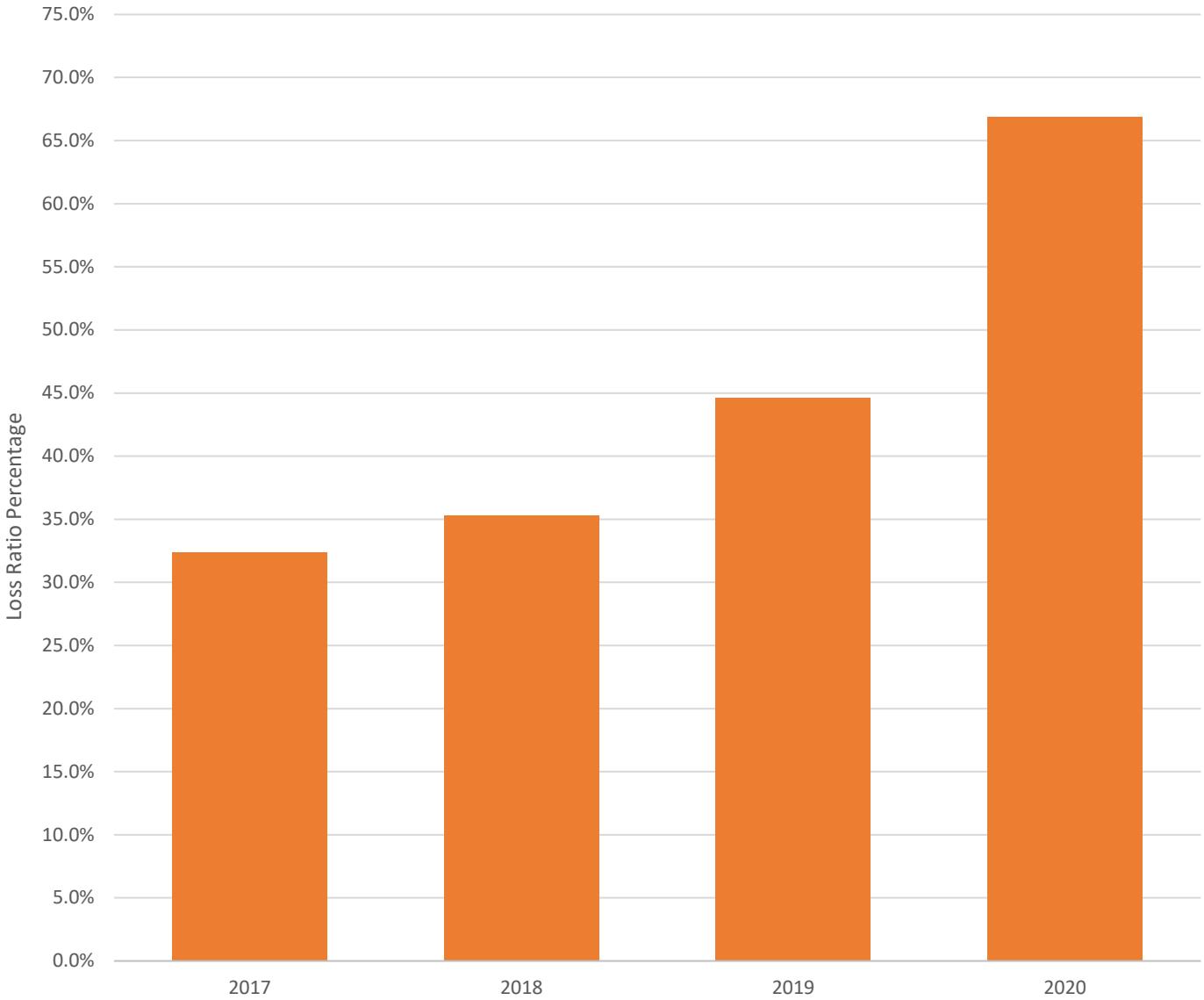
DOMESTIC MARKET SHARE AND LOSS RATIOS

(DOES NOT INCLUDE ALIEN SURPLUS LINES)

Domestic - Top 20 Cyber Insurers						
Rank	Group Code	Group Name	Direct Premium Written	Loss Ratio including DCC	Market Share	Cumulative Market Share
1	626	Chubb Ltd Grp	404,144,104	61.0%	15.8%	15.8%
2	968	AXA INS GRP	293,025,192	98.2%	11.2%	27.0%
3	12	AMERICAN INTRNL GRP	228,424,711	100.6%	9.2%	36.2%
4	3548	St Paul Travelers Grp	206,817,208	85.5%	8.0%	44.2%
5	4942	Beazley Grp	177,746,192	47.9%	6.9%	51.2%
6	3416	AXIS Capital Grp	133,549,784	46.2%	3.2%	54.3%
7	218	CNA INS GRP	119,612,168	105.7%	4.3%	58.7%
8	158	FAIRFAX FINANCIAL	108,687,558	55.7%	3.6%	62.2%
9	91	HARTFORD FIRE & CAS GRP	102,864,503	25.4%	3.9%	66.1%
10	23	BCS INS GRP	86,582,699	59.1%	3.2%	69.3%
11	3098	Tokio Marine Holdings Inc GRP	78,160,355	51.1%	1.8%	71.2%
12	3219	Sompo Grp	72,588,641	114.1%	2.6%	73.8%
13	212	ZURICH INS GRP	64,430,818	40.4%	2.3%	76.0%
14	111	LIBERTY MUT GRP	41,856,727	30.0%	2.0%	78.0%
15	4734	Apollo Global Mgmt Grp	39,338,993	29.6%	1.3%	79.4%
16	31	BERKSHIRE HATHAWAY	37,366,878	25.8%	1.4%	80.8%
17	785	MARKEL CORP GRP	29,736,405	38.0%	0.5%	81.3%
18	1120	EVEREST REIN HOL INC	28,173,404	48.0%	1.0%	82.2%
19	244	CINCINNATI FNCL CP	24,888,476	24.6%	1.0%	83.2%
20	181	SWISS RE GRP	23,654,519	42.6%	0.8%	84.0%

Loss Ratios 2017 – 2020 Standalone and Package combined*

*Does not include Alien Surplus Lines



INCREASES IN RANSOMWARE

- 
- Data breaches and other types of losses did not disappear when ransomware appeared
 - Downstream events
 - Coinsurance/Sub-limits/Excess Markets leaving or increasing prices
 - Risk management controls important
 - Policy language needs refreshed

RESOURCES

2021 Verizon Data Breach Investigations Report

- <https://www.verizon.com/business/resources/reports/dbir/2021/year-in-review-2021/>
- *This report provides information regarding data breaches, as well as incident classification patterns and statistics by industry.*

2021 AON Cyber Risk Report

- <https://insights.aon.com/2021-cyber-risk-report/contents/>
- *This report discusses the current challenges in the cyber insurance market and information regarding the balance between risk and opportunity. The report focuses on navigating new exposures, knowing your partners, focusing on controls, and perfecting the basics.*

Best's Market Segment Report – Ransomware and Aggregation Issues Call for New Approaches to Cyber Risk – June 2021

- *This report is A.M. Best's analysis of the NAIC data, as well as data they have collected and discussed with insurers. A.M. Best publishes a cyber insurance market segment report each year.*

The Betterley Report – Cyber/Privacy Insurance Market Survey 2020 – June 2020

- *This report is available for purchase, and it provides information from their yearly cyber/privacy insurance market survey. This year's issue focuses on pandemic-related coverage enhancement and exclusion insights from 20 insurers, as well as discussing the increasing costs of cyber insurance.*

RESOURCES (cont'd)

Insurance Journal Insuring Cyber Podcast

- <https://www.insurancejournal.tv/channels/insuringcyber>
- *This webpage offers podcasts related to cyber insurance. The podcasts are approximate 30-35 minutes each and there are generally interviews with various players in the cyber insurance market.*

Gallagher – The 2021 Insurance Market Continues to Harden

- <https://www.ajg.com/us/-/media/files/gallagher/us/news-and-insights/2021-q1-cyber-insurance-market-update.pdf>
- *This report provides information regarding the hardening cyber insurance market and discusses the threat landscape, risks, and state regulations, as well as the average total cost of data breach by industry. The report also addresses current market capacity.*

GAO – Cyber Insurance: Insurers and Policyholders Face Challenges in an Evolving Market – May 2021

- <https://www.gao.gov/products/gao-21-477>
- *This report discusses key trends in the current cyber insurance market including increasing take-up rates, price increases, lower coverage limits, and cyber specific policies.*

Coalition – Cyber Insurance Claims Report

- <https://info.coalitioninc.com/download-2020-cyber-claims-report.html>
- *This report provides an analysis of claims data from Coalition policyholders, a comprehensive breakdown of the three types of incidents that account for 87% of the claims, and expert recommendations for low-cost ways to mitigate cyber risks.*



Private Flood Insurance Data

**Property & Casualty Insurance (C)
Committee**

August 16, 2021

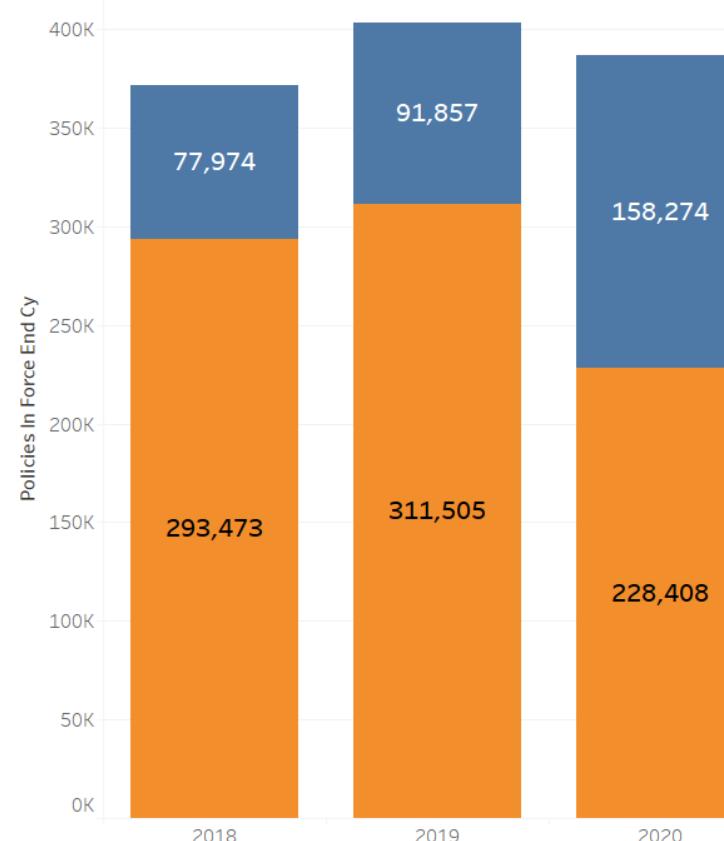
Background on Private Flood Data

- Annual Statement State Page
 - Line 2.5
 - 2016-2019
 - Commercial and Residential Data Combined
- State Regulator Data Call
 - 2018 and 2019 Data
 - Commercial and Residential Broken out as well as Standalone, First Dollar, Excess, Endorsement
 - New Data Elements including Number of Policies, Number of Claims Opened, Number of Claims Closed with Payment
 - Data collection will continue as part of the Annual Statement
- New Supplement in 2021 (2020 data) – mirrors Data Call

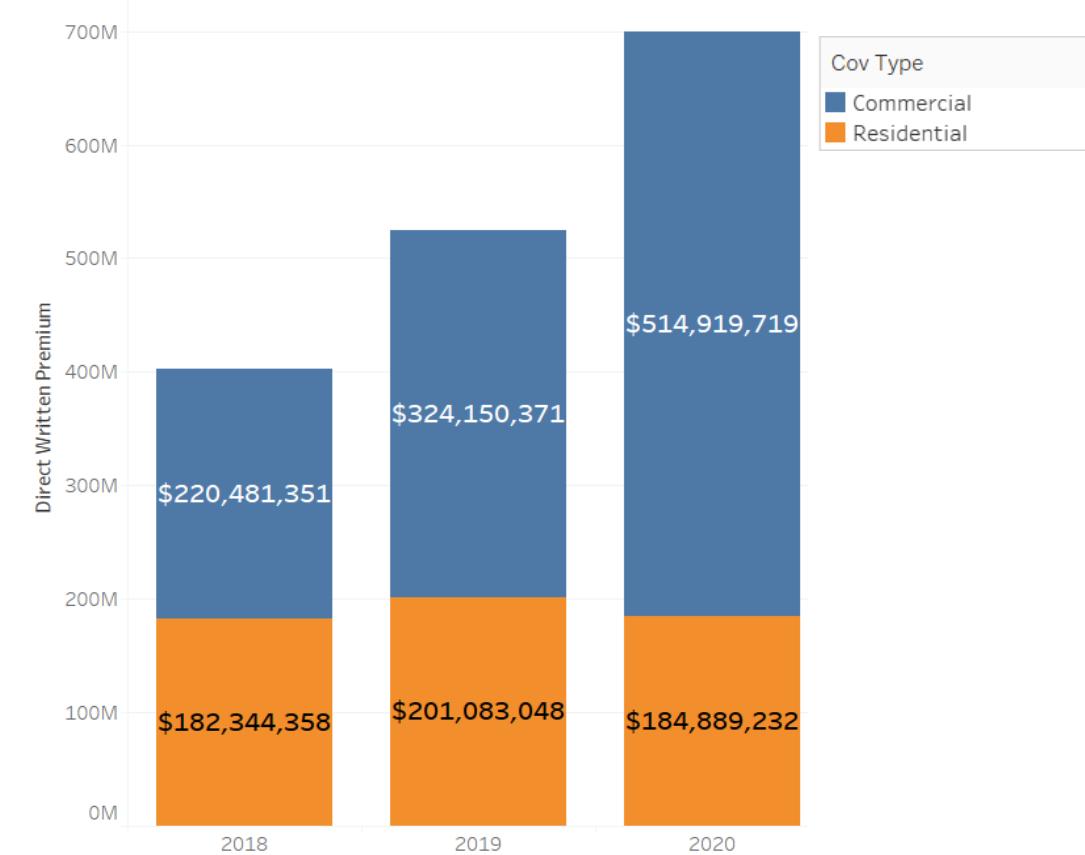
Commercial and Residential Private Flood Totals

- 2020 Totals
 - 386K Policies
 - \$700M DWP

Number of Policies in Force



Direct Written Premium



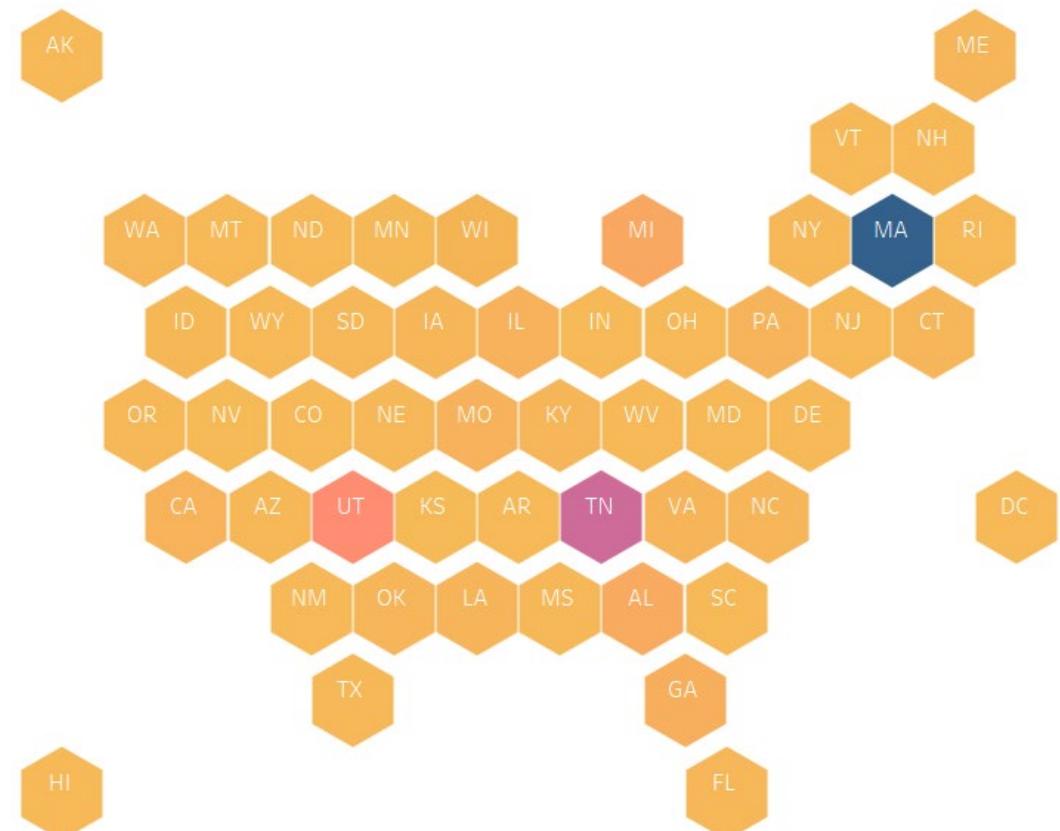
Residential Private Flood

- Number of Companies
 - 55 in 2018
 - 58 in 2019
 - 81 in 2020
- Direct Written Premium
 - \$183M in 2018
 - \$201M in 2019
 - \$185M in 2020
 - 82% Standalone vs. Endorsement
- Direct Losses Incurred
 - \$38M in 2018
 - \$28M in 2019
 - \$50M in 2020
- Claims Closed w/Payment
 - 1,078 in 2018
 - 753 in 2019
 - 337 in 2020
- Policies in Force
 - 294K in 2018
 - 311K in 2019
 - 228K in 2020 (end of CY)
 - 60% Endorsements vs Standalone
- Average Premium
 - \$1,519 Standalone; \$154 endorsement in 2018
 - \$1,571 Standalone; \$189 endorsement in 2019
 - \$1,159 Standalone; \$331 endorsement in 2020

State Comparisons

- States with most premium written (2020): FL, CA, NY, TX, NJ
- Highest Losses (2020): MA, TN, CA, FL, MI
- Highest Loss Ratios (2020): MA, TN, UT, MI, AL (see map)
- 15 insurer groups wrote over \$1M in residential premium in 2020
 - Largest writers wrote \$57M and \$26M

Map of 2020 Loss Ratios



Residential Private Flood

- Top 15 Insurers
 - \$160M in 2020
 - Over 85% DWP

Direct Written Premium Market Share

Naic Company Code	Company Name	
19402	AIG Prop Cas Co	17.50%
36940	Indian Harbor Ins Co	13.20%
29742	Integon Natl Ins Co	9.49%
15885	Typtap Ins Co	8.46%
19437	Lexington Ins Co	7.86%
20281	Federal Ins Co	4.61%
20338	Palomar Specialty Ins Co	4.42%
19380	American Home Assur Co	4.36%
12537	United Specialty Ins Co	3.66%
13142	ASI Preferred Ins Corp	3.62%
23728	National Gen Ins Co	2.52%
20079	National Fire & Marine Ins Co	2.13%
27960	Illinois Union Ins Co	1.93%
10677	The Cincinnati Ins Co	1.55%
10389	Agent Alliance Ins Co	1.42%

Residential Private Flood

**Standalone and
Endorsements Written on a
First-Dollar and Excess Basis**

**2020 Standalone First Dollar Premium:
\$89M**

2020 Standalone Excess Premium: \$64M

**2020 Endorsement First Dollar Premium:
\$30M**

2020 Endorsement Excess Premium: \$2M

Standalone vs. Endorsement
First Dollar and Excess

