

May 7th, 2024

National Association of Insurance Commissioners
Executive Office
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Federal Insurance Office

Re: Property and Casualty Insurance Market Intelligence Data Call

The undersigned organizations appreciate that the National Association of Insurance Commissioners (NAIC), along with the Federal Insurance Office (FIO), has recognized the critical information gap concerning the property insurance market, particularly in this period of insurance crisis that has stung so many residents and communities across the nation. In this letter, we seek clarifications about the Property and Casualty Insurance Market Intelligence Data Call. Additionally, we highlight the critical importance of ensuring full access to the data and we identify certain coverages and data elements that would make the collection more meaningful and should be included in future iterations of this routine and ongoing data collection process.

As Americans try to navigate the insurance market's skyrocketing prices and diminished coverage offerings, and as they face insurer withdrawals from regions in which climate change-driven losses and risk threaten family finances and community economies, policymakers and researchers find very little public data available to help interpret and address this crisis. With your data call, we hope an era of open data has begun. Public safety and trillions of dollars of family assets, as well as the whole of the American economy, have a stake in making sure we get this right.

Questions About the Scope of the Data Call

According to statements by the NAIC and news reports, the data call announced on March 8, 2024¹ will cover the period of 2018 through 2022 and include 80% of the countrywide homeowners insurance market. For reasons that remain unclear, the NAIC has not addressed or been sufficiently transparent about certain basic questions concerning the data call. We hope you will answer these questions in response to this letter.

¹ "Property and Casualty Insurance Market Intelligence Data Call." National Association of Insurance Commissioners. March 8th, 2024. Available at <https://content.naic.org/industry/data-call/property-ho.htm>. See also "States Issue Property & Casualty Market Intelligence Data Call Covering Over 80% of U.S. Market," at <https://content.naic.org/article/states-issue-property-casualty-market-intelligence-data-call-covering-over-80-us-market>.

1. Which states have agreed to collect the data associated with the Market Intelligence Data Call?
2. From which insurance groups and companies will each of these participating states be collecting data?
3. Will each state collect countrywide data for each of the groups and companies from which they collect data? If not, what will be the scope of data collection by state for each company from which it collects data?
4. Will the data collection include policies sold through each state's residual market mechanisms? If some states will collect residual market data and some will not, please provide a list detailing the residual market data collection plan for each state.
5. The template requests data for 2018-2022, but 2023 data are now available – insurers have finalized and filed their 2023 annual statements. Will you update the request to bring in 2023 data? If not, please explain why you are excluding the most recent available data, which includes a critically important period of premium hikes and market withdrawals.

Ensuring Public Access to the Complete Data Set

The NAIC has not detailed its plan to make the data public. It is deeply troubling that the NAIC may even consider allowing this ZIP code level data with no personally identifiable information to be withheld from researchers, public interest organizations, news media, policymakers, and the public generally. Whereas, pursuant to the Home Mortgage Disclosure Act (HMDA), census-tract, transaction level data about every mortgage application in the country are fully public, the property insurance market has operated with no granular data made public whatsoever, and our ability to address the current insurance crisis is significantly worse because of it. But this collection is not remotely granular as compared with HMDA, and we do not understand why the NAIC has not been clear about this issue.

It is essential that the data collected pursuant to this data call be fully public, in the same format and with the same detail as Departments of Insurance collect it. Collection of this data without public access would constitute a failure of this effort. There is no way that an analysis conducted in secret by the NAIC or FIO (with the anonymized subset of data it is given access to) could ensure that the best and most robust analyses of the data are conducted. The urgency of the moment calls for a wide range of experts and perspectives investigating the data. Put simply, the intersecting climate, housing, and insurance crises demand that researchers, advocates, policymakers, and others are afforded the opportunity to assess and analyze the data being collected.

Please let us know if the public will be able to access the complete data set as submitted by insurers and insurance groups.

The Data Call Should be Ongoing and Expanded to Provide “Market Intelligence” about a Broader Swath of Americans Impacted by the Property Insurance Market

Without answers to some of the questions above, it is difficult to assess the accuracy of the NAIC's claim that 80% of homeowners insurance policies will be covered by this data call. But it is clear that nothing close to 80% of Americans impacted by this insurance crisis will be covered. That is because the data call does not contemplate the impact on tenants, especially in affordable housing developments that face an acute tightening of the insurance market, or condo owners or homeowners with force-placed coverages. Nor does it appear to cover an increasing number of homeowners with policies from the surplus lines market, or homeowners who live in manufactured housing. As noted above, it is unclear whether data from the growing residual markets around the country will be captured.

It is our understanding that this data will be collected annually moving forward, but the NAIC should clearly and publicly set that expectation. We urge the NAIC and states to expand the data call in subsequent years, regarding the following types of property insurance:

- Property coverage purchased by affordable housing developers;
- Master policies purchased by condo/co-op associations;
- Force (or lender)-placed insurance that covers homes for which the homeowner/borrower is uninsured;
- Manufactured housing;
- Renters (HO-4) and condo/co-op (HO-6) insurance policies, which will both bring to light issues facing the coverage availability and climate impacts on the risk facing these residents and will help ensure accuracy and completeness in company reporting (by comparing the total premium reported in the special data call to the premium reported on line 4 in the annual statement); and
- Residual market policies – including FAIR Plans, Citizens companies, and wind pools – if not already covered by the current data call.

Additionally, to have a better view into the availability of insurance in different communities, the data call should add a category to count the number of applications that were denied during the underwriting process in each ZIP code.

This data call should mark the beginning of a much more robust information gathering process. The power of data to assist policymakers and regulators in addressing this crisis will be dramatically enhanced if future collections shift from the summary level data required with this year's data call to the transaction level data that is akin to what mortgage lenders provide to comply with HMDA. With summary data, research and analysis are constrained by the issues anticipated by the summary categories, and multiple factors cannot be analyzed simultaneously. With transaction level data, researchers can respond to new issues as they arise and provide far more granular analysis of what is happening in the market.

The NAIC and FIO have initiated a process by which regulators, policymakers, researchers, and the public can gain desperately needed insights into America's property insurance market and

the crisis it is stirring up for communities across the nation. It is critical that the data collected not stay hidden from view and unavailable for independent analysis. As this process moves forward, we invite the NAIC and FIO to engage with us to answer the questions we have posed; discuss the importance of open data; and work together to develop a long-term commitment to data gathering that will help regulators, policymakers, researchers, insurers, and consumer, housing, and environmental advocates foster a more accessible and stable property insurance market.

Please contact us at mdelong@consumerfed.org with any questions.

Sincerely,

Americans for Financial Reform Education Fund
Better Markets
Center for NYC Neighborhoods
Climate and Community Project
Climate Cabinet Action
Consumer Action
Consumer Federation of America
Consumer Watchdog
Greater New Orleans Housing Alliance
Green America
HousingLOUISIANA
HousingNOLA
National Coalition for Asian Pacific American Community Development
National Consumer Law Center (on behalf of its low-income clients)
National Housing Law Project
National Leased Housing Association
Natural Resources Defense Council
Public Citizen
Revolving Door Project
Rise Economy