

**THE CLIMATE-DRIVEN INSURANCE CRISIS
IS HERE—AND GETTING WORSE**

HEARING
BEFORE THE
COMMITTEE ON THE BUDGET
UNITED STATES SENATE
ONE HUNDRED EIGHTEENTH CONGRESS
SECOND SESSION

—————
December 18, 2024
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Printed for the use of the Committee on the Budget



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WEDNESDAY, DECEMBER 18, 2024

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**NEXT TO FALL: THE CLIMATE-DRIVEN
INSURANCE CRISIS
IS HERE—AND GETTING WORSE**

WEDNESDAY, DECEMBER 18, 2024

COMMITTEE ON THE BUDGET,
U.S. SENATE,
Washington, DC.

The hearing was convened, pursuant to notice, at 10:00 a.m., in the Dirksen Senate Office Building, Room SD-608, Hon. Sheldon Whitehouse, Chairman of the Committee, presiding.

Present: Senators Whitehouse, Kaine, Luján, Padilla, Grassley, Braun, Kennedy, and R. Scott.

Also present: Democratic Staff: Dan Dudis, Majority Staff Director; Jonathan Misk, Director of Oversight and Senior Counsel.

Republican Staff: Chris Conlin, Deputy Staff Director; Krisann Pearce, General Counsel; Jordan Pakula, Professional Staff Member; James Layne, Investigative Counsel.

Witnesses:

Dr. Benjamin Keys, Professor of Real Estate and Finance, Wharton School, University of Pennsylvania

Mr. Ernest Shaghalian, Jr., CPCU, AAI, Independent Insurance Agent, Butler & Messier Inc. Insurance, Pawtucket, Rhode Island

Dr. Robert Hartwig, Clinical Associate Professor of Finance, Darla Moore School of Business, University of South Carolina

OPENING STATEMENT OF CHAIRMAN WHITEHOUSE¹

Chairman WHITEHOUSE. Good morning, everyone. I call to order this hearing of the Senate Budget Committee. Today's hearing is entitled "Next to Fall: The Climate-Driven Insurance Crisis is Here—and Getting Worse." I welcome all three witnesses who have come to share their expertise with us today. As far as process, we are familiar with it.

Ranking Member Grassley and I will each have five minutes for opening remarks. Witnesses will then have up to five minutes each to deliver their oral testimony, and Senators will have five minutes each for questions. The complete testimony of each witness will be made a part of the record.

This is our 42nd and final hearing of the Senate Committee on the Budget during this 118th Congress. It has been a pleasure and an honor to lead this Committee for the last two years. I am particularly proud of the work we have done to illuminate risks to the federal budget.

¹Prepared statement of Chairman Whitehouse appears in the appendix on page 26.

In our first hearing in this Committee on February 15th, 2023, I brought with me this binder. I have it again with me today. Nearly seven years ago, I sent a version of this binder to all of my Senate colleagues, in which I compiled some of the most compelling warnings about the economic risks associated with climate change. At the beginning of this Congress, I sent to the Committee this updated version of it.

Today, this binder is even more relevant than ever, and I am continuing to update it with what we have learned over the past two years of hearings. Examining the economic risks and costs of climate change and the economic opportunities from investing in clean energy, we repeatedly heard about the central role that insurance affordability and availability play in our economic system.

When insurance becomes unavailable, it can be impossible to get a mortgage. And when the pool of buyers is limited to those who can pay cash, that is lot fewer buyers and property values suffer. Multiple witnesses drew parallels to the 2008 financial crisis.

So the Committee launched an investigation into homeowners insurance market conditions across the country, to better understand the troubles affecting the market. The Committee focused on non-renewal data, as insurance industry experts had indicating that spiking non-renewal rates, even if still low in absolute terms, are often an early warning sign of market destabilization. Higher non-renewal rates are also correlated with higher premium rates.

Well, today we release that report with brand new information about the key questions of when and how bad this will get. The answers are now and very, and it is only getting worse. I would make one comment on the data that we relied on. I have a letter from the National Association of Insurance Commissioners (NAIC) suggesting that some of the data that we have might have unidentified inconsistencies and inaccuracies.

I will put that letter into the record. We will continue to pursue with the NAIC what they mean by this letter, and if we need to make adjustments to the report we will correct the report accordingly. It is a bit of a mystery to me because they do not identify where those inconsistencies and inaccuracies are, what they might be, and we worked directly with 23 insurance companies to get their data and not one of them indicated that they had any concerns about inconsistencies or inaccuracies in the data they were providing us.

Around half of them submitted their data to us through the Milliman firm, which is perhaps the most respected and well-regarded professional consulting and analytics firm in the insurance industry. And so that data was also compiled and combined together by Milliman, which also indicate—has not indicated that it has any concerns about inconsistencies or inaccuracies in the data.

Now we have been at this for many months now, and this came in just at the last minute. So I have made the decision to just go ahead with the hearing, and I have confidence in the data. If it turns out that there are any inconsistencies or inaccuracies that we need to adjust for, we will then do so.

This report is based on national, county level, non-renewal data from almost two dozen insurers, who together represent approxi-

mately two-thirds of the homeowners insurance market. So it is a big data set. Here are a few highlights:

First, the data confirm that climate change is driving increasing non-renewal rates. The counties that are most exposed to climate-related risks, such as wildfires or hurricanes, are the counties seeing the highest non-renewal rates, especially counties in Florida, my friend Senator Kennedy's home state of Louisiana, and California.

Second, the data reveal that those areas are not the only places experiencing spiking non-renewal rates and increasing premiums. Florida, as we would expect, has the highest average statewide non-renewal rate. But Texas, thought to be at significant risk, is not even in the top ten. Southern New England, the Carolinas, including inland North Carolina, Mississippi, New Mexico, counties in the northern Rockies, Oklahoma and Hawaii all suffer high non-renewal rates, demonstrating that the multiple climate-related effects, hurricanes, wildfires, severe convective storms, extreme precipitation and sea level rise are destabilizing widespread insurance markets.

Third, the data confirms the correlation between rising non-renewal rates and rising premiums. This underscores our evidence that climate change has become a major cost of living issue for families across the country.

Since this data was collected, climate change-driven extreme weather events have wreaked havoc across Florida and the southeastern United States, likely exacerbating the insurance crisis that is building across the country. But that data is not included in this set because it all happened since the set was closed.

One thing is certain. Unless the United States and the world rapidly transitioned to clean energy, climate-related extreme weather events will become both more frequent and more violent, resulting in ever-scarcer insurance and ever higher premiums. This is predicted to cascade into plunging property values in communities where insurance becomes impossible to find or prohibitively expensive.

A collapse in property values with the potential to trigger a full-scale financial crisis similar to what occurred in 2008, according to the Chief Economist of Freddie Mac. Only unlike in 2008, these property values will likely never recover, because the risk is not going to go down, nor will the sea levels.

Climate change is no longer just an environmental problem is our conclusion here. It is an economic threat, and it is an affordability issue that we should not ignore. I will close where I began around two years ago. My granddaughter Vera, who was then one year old is now nearly three.

I said then that I was hopeful that by the end of our series of hearings, if we hear these expert witnesses, if we treat their testimony as our headlights, then our path would be clear. I hope that path has become more clear. I am not sure what I now have to say to my granddaughter, as climate-driven extreme weather events and the economic shocks that come with them continue to worsen.

We really need to get this right for the sake of our planet's natural systems, for the sake of American families and their prosperity, and for the sake of future generations like Vera's.

Let me conclude my remarks on this last of our hearings by turning the mic over to Ranking Member Grassley, and thank him for his many courtesies through these many hearings. He has not always agreed with the point of these hearings. His staff have often disagreed even more with the points of these hearings.

But we have worked through a great number of issues, and Senator Grassley is one of the most courteous members of the Senate, and it has been a pleasure for me to have him as our Ranking Member through these two years. With that, over to you Chuck.

Senator GRASSLEY. I was hoping you wouldn't say that so I could say a few words, but I—

Chairman WHITEHOUSE. I get to go first for a while.

Senator GRASSLEY. I want to say that I associate myself with your remarks from the standpoint of Chuck Grassley appreciating a relationship, even though we have had some differences. But we serve on other committees together—

Chairman WHITEHOUSE. We do.

Senator GRASSLEY. And we do not have those same differences there. So I hope people will understand that even if we have approached this Committee with a little different approach, that we still get along and can work together.

Chairman WHITEHOUSE. And we have done good work across Judiciary, Finance and Budget Committees. So it is a pleasure. To you, sir.

OPENING STATEMENT OF SENATOR GRASSLEY²

Senator GRASSLEY. So, repeating a little bit what I just said, our time at the helm of the Budget Committee is coming to an end. Disappointingly, it is ending in the same way it began, not focusing on our nation's unsustainable debt and deficits. Instead of prioritizing the Committee's core responsibilities, here we are holding the 21st hearing on climate change.

I agree climate change is a serious issue meriting discussion, maybe on other committees as opposed to this Committee. But it is difficult for me to take seriously a report that the Chairman has talked about, that the Majority chooses not to share with all Members of the Committee before the Committee meeting.

So today's hearing is not a discussion on the merits. I remain convinced that the Budget Committee should be focused on the immediate fiscal problems facing our country. The American people evidently feel the same way. The Majority invited left wing film producers, consultants, luxury fishing guides, snow skiers and other non-scientists to give us their opinion in the course of their 21 climate hearings.

Their testimony used studies rooted in extreme climate change modeling that failed to convince anyone of an impending, climate doomsday. Fortunately, over these 21 hearings that we have had the last two years, minority witnesses, those that I choose to put at the table, had gave us actual scientific and economic expertise, testifying to debunk many of the underlying assertions of climate-driven fiscal collapse.

²Prepared statement of Senator Grassley appears in the appendix on page 28.

Moreover, the Majority continues to ignore the nonpartisan Congressional Budget Office (CBO) analysis, finding that negative economic effects of climate change are dwarfed by those posed by our ballooning national debt. I understand why the Majority will not talk about our nation's fiscal trajectory.

After all, that would require acknowledging the past four years of reckless spending, resulting in a 40 year high inflation, and that inflation continues to wreak havoc in the lives of middle class Americans.

That negligent malpractice on the part of the Majority cost them the presidency and both houses of Congress. Instead of addressing the concerns of Americans head on, President Biden and his party attempted a strategy of deception and distraction.

First, Democrats told the American people that inflation was transitory. I hope you remember that. That was in 2021, and that being transitory it was nothing to worry about. Once it became obvious this was not true, they took their far left spending agenda, which sparked inflation in the first place, and repackaged it as if it were some sort of a cure.

Out of this, we got the ill-named Inflation Reduction Act, which even President Biden later admitted was less about fighting inflation than it was enacting their coveted Green New Deal. And of course CBO confirmed that bill actually increased inflation instead of reducing it.

The Inflation Enhancement Act, as I prefer to call it, along with President Biden's expansive executive orders, flooded the economy with trillions of additional deficit spending, hardly a recipe for taming inflation and tamping down the rising cost of living.

Bidenomics, as the President later rebranded it, was a colossal failure. Given this, there was little else to be done other than to change the topic to anything else. Whether that be abortion, trumped up legal charges against a political rival or the existential threat of climate change.

Despite this very loud message, Americans sent in November, today's hearing is more of the same, rather than admitting inflation fueled by reckless spending caused insurance premiums to spike, climate change is used as the main scapegoat. Never mind that historic inflation caused the cost of building materials to rise nearly 40 percent since 2020.

Given the impact of inflation on insurance costs, our time would be better spent exploring options to rein in \$2 trillion annual deficits and a national debt that recently topped 36 trillion. I had a good meeting with the Finance Minister of Sweden last week. Sweden's fiscally sustainable policies have near unanimous support across party lines and enjoy broad-based public support.

Their fiscal framework establishes an annual deficit or surplus target, incorporates an anchor at 35 percent of Gross Domestic Product (GDP), and sets a reasonable expenditure limits. I would have liked to see this Committee spend more time this Congress exploring innovative approaches like this to address our fiscal mess. We barely spent any time.

This Committee needs to move on to 2025 priorities, getting our fiscal house in order. Mr. Chairman, I wish you and your family a Merry Christmas and a Happy Holiday. Same to our witnesses

all here today, and we will join in a new year working together on the Judiciary Committee.

Chairman WHITEHOUSE. I look forward to it, which you will be chairing. I look forward to it, and I guess time will tell who has been right about climate change. So there is no point having that argument here.

Let me introduce our witnesses. Dr. Benjamin Keys is the Rowan Family Foundation Professor of Real Estate and Finance at the University of Pennsylvania's Wharton School, and a faculty research fellow of the National Bureau of Economic Research. Among other things, Dr. Keys' research focuses on climate risk, housing, mortgage markets and the geography of household financial distress. Welcome, Dr. Keys. Good to see you back.

Our second witness is Mr. Ernest Shaghalian, an insurance agent at Butler and Messier Insurance Agency in Pawtucket, Rhode Island, and a past president of the Rhode Island State Association of Independent Insurers. Mr. Shaghalian has been working in the insurance industry as an agent for 40 years, in both the Rhode Island and Massachusetts insurance markets. Ernie, it is wonderful to see you down here today in Washington.

Finally, we have Dr. Robert Hartwig, Clinical Associate Professor of Finance and Director of the Risk and Uncertainty Management Center at the Darla Moore School of Business at the University of South Carolina. His research focuses on insurance markets and structures and risk management, among other things. Previously, he was president and economist for the Insurance Information Institute.

I thank you all for being here today. You each have five minutes for your oral statement, and before I turn it over to Dr. Keys, I am just going to take a Rhode Island moment and go back—gosh, 30 years now, to when the Rhode Island Workers' Compensation system collapsed, which gave me some familiarity with insurance collapses. And I as a young staffer for the then-governor was handed the portfolio of fixing that mess.

And Mr. Shaghalian was one of the leaders of the insurance industry, who helped us work us through to a resolution of that crisis. We basically rebuilt the workers' compensation system. Within the next five to ten years the cost per hour of payroll went down by 55.0 percent, and employees were extremely happy to not take benefit cuts.

It took process improvements to make that happen, and to this day, the workers' compensation system is running smoothly in Rhode Island and other distressed workers' compensation systems around the country turn to us for lessons still. And so it's a particular delight to have Ernest Shaghalian here with us. Dr. Keys, to you.

STATEMENT OF DR. BENJAMIN KEYS, PROFESSOR OF REAL ESTATE AND FINANCE, WHARTON SCHOOL, UNIVERSITY OF PENNSYLVANIA³

DR. KEYS. Chairman Whitehouse, Ranking Member Grassley and Members of the Committee. Thank you for inviting me back to ad-

³Prepared statement of Dr. Keys appears in the appendix on page 31.

dress the turmoil in insurance markets, its connection to climate change, and its effect on housing, mortgages and household well-being.

My name is Ben Keys and I am a Professor of Real Estate and Finance at the University of Pennsylvania's Wharton School. My research agenda examines how households interact with the financial system, and how the financial system manages risk.

I first testified before this Committee in March 2023.

In the last year and a half the situation in the homeowners insurance market has gone from bad to worse. Both affordability and accessibility issues have reached a crisis point in many communities around the country.

In terms of affordability, my new research with Professor Philip Mulder uses mortgage escrow data to build a dataset of 47 million homeowners insurance premiums from 2014 to 2023. Our dataset shows rapidly increasing premiums across the country, but especially in the highest climate risk areas.

We attribute this increase to a combination of inflation and financial frictions associated with the pass-through of rising reinsurance costs to homeowners policies. Insurers are responding to larger realized disaster losses, better data and risk models, and growing reinsurance costs. While raising premiums is one margin of adjustment, insurers also change where they are willing to write policies.

Some of the largest insurance companies have exited markets, deciding that they cannot charge premiums that adequately reflect this growing risk. While many of these high profile departures have been publicly announced, all insurers continually reassess their risks and adjust their portfolios of policies in force.

Turning to the issue of accessibility, the data collected by this Committee provide an unprecedented look at insurers' decisions to not renew an annual policy. To my knowledge there are no available granular data on non-renewal behavior beyond the data collected by this Committee.

This new data covers 249 million policies from 2018 to 2023, and yields a number of striking findings. First, since 2020, the average non-renewal rate has almost exactly doubled. These rates and their increases are highest in those areas with the greatest risk of climate-related disasters.

Next, while Florida and California are seeing the highest rates of non-renewals, they are also prevalent in high-risk coastal areas like the Carolinas and along the New England waterfront. Heightened non-renewal rates are also found elsewhere in the country, such as in areas affected by tornadoes and hail.

Finally, while rate regulation may play a role in insurers' reluctance to do business in some markets, the most striking pattern from the data is that both premiums and non-renewal rates are higher in markets with more disaster risk. In other words, accessibility and affordability issues go hand in hand.

To briefly characterize the accessibility issues, the data show that 1.9 million policies were non-renewed between 2018 and 2023. That amount represents 1.9 million times that a household had to quickly find a new insurer, very likely at a higher premium, while juggling many other expenses and commitments on their time.

If non-renewal rates had stayed at their 2020 level, there would have been 423,000 fewer non-renewals. The cornerstone of the private homeowners insurance market in the United States is healthy and robust competition. When fewer insurers do business in a market, as we see now, this reduces the options available to homeowners and their ability to shop for the best rate.

In the most extreme case where a homeowner cannot find any private insurer, these risks fall on state-backed insurers of last resort, and potentially on taxpayers themselves. The rising cost of coverage and the departure of insurers from property markets has serious implications for home values, the dominant store of wealth for the average household.

It also threatens communities that rely heavily on property taxes to provide basic services and defend against further climate-related damage. In addition, the insurance crisis raises concerns for mortgage giants Fannie Mae, Freddie Mac and the Federal Housing Administration (FHA), especially as the number of outstanding flood insurance policies backed by the National Flood Insurance Program have fallen by 16 percent since 2009.

There is an enormous imbalance between the rich data and sophisticated models that insurers have at their fingertips and the information available to the average American household or city mayor. Without adequate data, households and policymakers cannot develop meaningful solutions to mitigate growing climate-induced disaster risk. A starting point would be a coordinated federal effort to collect and distribute relevant data on insurance costs, physical risks and resiliency investment options. I commend this Committee for taking unprecedented steps to measure accessibility issues, and look forward to further coordinated efforts to provide timely data to decisionmakers.

Property insurance is facing a crisis on two pressing fronts, affordability and accessibility. While the Rolling Stones might say “you can’t always get what you want,” in insurance markets now households cannot even get what they need. Thank you again for the opportunity to testify.

Chairman WHITEHOUSE. Thanks very much. For the record, that may be the first Rolling Stones reference in the history of the Budget Committee. Mr. Shaghalian, welcome. Please proceed with your statement.

STATEMENT OF ERNEST SHAGHALIAN, JR., CPCU, AAI INDEPENDENT INSURANCE AGENT, BUTLER AND MESSIER, INC. INSURANCE, PAWTUCKET, RHODE ISLAND⁴

Mr. SHAGHALIAN. Mr. Chairman, Ranking Member—

Chairman WHITEHOUSE. Microphone on?

Mr. SHAGHALIAN. Mr. Chairman, Ranking Member Grassley and Members of the Committee, my name is Ernest Shaghalian. I am an insurance agent at Butler and Messier Insurance Agency in Pawtucket, Rhode Island. We are members of the Independent Insurance Agents of Rhode Island, and I am a past president of the state association.

⁴Prepared statement of Mr. Shaghalian appears in the appendix on page 33.

Independent insurance agents represent many different insurance companies at once, but are not employees of any insurer. Our customers are your constituents. I am here to testify that the insurance marketplace in Rhode Island, is the worst I have ever seen it in my 40 years as an agent, and getting worse each year.

The increased frequency and severity of weather events has created havoc in the cost and availability of home, business and even auto insurance. During recent years, Rhode Island's coastal communities, which are high wind risk areas, have seen a 562 percent increase in non-renewals.

Two insurers left the Rhode Island market during the last two years. One of them came to Rhode Island about 12 years ago, specializing in homeowners policies for coastal communities at reasonable rates. They are now in receivership, cancelling thousands of policies midterm. A third insurer announced that in 2025 they will be non-renewing all their home and auto policies in Rhode Island and all the other states where they operate.

If I had a professional Christmas wish list, at the top of it would be that states required insurance companies to give more advanced notice before allowing to withdraw from territories, unless they demonstrated actual financial distress. When there are non-renewals, it creates a big problem for consumers because most standard insurers will not accept new customers in coastal communities.

This has increased the population in the Rhode Island Joint Reinsurance Association, the residual market risk pool, whatever you want to call it, by 30 percent during the last two years. Consumers pay between 35 and 50 percent more in the risk pool for a basic homeowners policy that does not offer optional coverages like jewelry riders.

Other consumers have no alternative than buying coverage through the unregulated surplus lines market. Insurers have had large, multi-year premium increases, contributing to the affordability problem for first-time homebuyers and putting a major strain on the budget of existing homeowners. Thousands of Rhode Island consumers have a five percent hurricane damage deductible. A homeowner with a \$500,000 house would have a \$25,000 hurricane damage deductible, more than most people could afford to fix their house.

Massachusetts coastal communities have also had a spike in policy non-renewals. Just in Barnstable County, Cape Cod, there are 51,184 homeowners insured through the Massachusetts Property Insurance Underwriting Association, their residual market or risk pool, unable to get adequate dwelling property limits on large homes.

Businesses that own property in coastal communities have no alternative but to get coverage in the unregulated surplus lines market at a much higher cost. These insurers require non-standard exclusions that would eliminate coverage for potentially devastating property and liability losses.

In recent years, we have seen more frequent incidents of sudden street flooding, causing total losses on dozens of cars each time, adding to the cost of auto insurance. Our highway infrastructure can no longer handle the increased amounts of rain in short time

spans. Homes and businesses that are not in flood zones are getting flooded.

It is not just the big, well-publicized hurricane claims, but more frequent and severe local storms. In Rhode Island since 2018, we have had six tornado strikes. Prior to that, it took 32 years for six tornado strikes. We have new weather hazards like atmospheric rivers, which cause floods to wide sections of the country, and we are seeing wildfires in places that never had them.

When insurance companies do not accept millions of dollars of premiums, even at today's much higher prices, that tells me they think things are going the wrong way. Thank you for the opportunity to testify, and relay the complaints that we get from our customers every single day. The crisis is not with insurance companies; the crisis is with consumers. Thank you.

Chairman WHITEHOUSE. Thanks very much, Mr. Shaghalian. Dr. Hartwig. Over to you.

STATEMENT OF DR. ROBERT HARTWIG, CLINICAL ASSOCIATE PROFESSOR OF FINANCE, DARLA MOORE SCHOOL OF BUSINESS, UNIVERSITY OF SOUTH CAROLINA⁵

Dr. HARTWIG. Thank you, Senator Whitehouse, Ranking Member Grassley and Members of this Committee. Good morning. My name is Robert Hartwig, and I am a Clinical Associate Professor of Risk Management, Insurance and Finance at the University of South Carolina (USC). Prior to joining USC, I spent 23 years in the property casualty insurance and reinsurance industries, during which I had the opportunity to work on a wide variety of issues related to the industry's exposure to catastrophic loss.

Let me get straight to the point. The insurance industry is not in the midst of a climate-driven crisis, nor is it about to fall. Strength and stability are the hallmarks of this industry.

Indeed, a recent report from A.M. Best, the largest insurance rating agency in the U.S., found that the cumulative impairment rate of A.M. Best-rated insurers over any 15 year period from 2001 through 2023 was just 0.3 percent, down significantly from the 3.9 percent over the 1977 to 2001 period.

In other words, there is no evidence that the industry is on the precipice of collapse, despite material increases in insured losses arising from natural disasters over the past quarter century. There are also no insurers designated as systemically important financial institutions or SIFIs, and since 2017 the U.S. Treasury's Financial Stability Oversight Council, FSOC, have effectively ceased relying on non-bank Systemically Important Financial Institution (SIFI) designations for regulatory purposes.

Examining the data collected by this Committee, which I received just yesterday on non-renewal rates for homeowners insurance reveal that a small increase in the non-renewal rate for the U.S. overall is largely driven by two states, Florida and California. The same pattern of increase is not observed in other large, disaster-prone states such as Texas and New York, suggesting that there are idiosyncratic issues that play a major role in determining insurance availability and affordability in both of those states.

⁵Prepared statement of Dr. Hartwig appears in the appendix on page 35.

In the vast majority of states, 99 percent plus of homeowners are able to renew their policies each and every year. Climate risk is an important determinant in the cost of insurance, but there has been a tendency, however, to over-attribute the impact of climate change when describing the state of insurance markets.

The dynamics of insurance markets are far more complex than can be explained by climate change and isolation, with insured losses and ultimately the price and availability of coverage determined by a range of factors including rapid population growth and urbanization, inflation, litigation and fraud. To take population growth as an example, since 1970 the U.S. population has increased by 65 percent. In catastrophe-prone states, it has been far more than that.

The population of hurricane-prone Florida, for example, is up 217 percent since 1970. In the Cape Coral-Fort Myers Metro Area, it's up 620 percent. Why do I bring that up? Because it is unsurprising that when Hurricane Ian made landfall in that area just two years ago, insured losses totaled some \$55 billion, making Ian the second most costly natural disaster in U.S. history.

This example vividly illustrates the dominance of demographics over climate change as a driver of insured loss. Let me move to inflation. Inflation in the U.S. in recent years reached the highest level in 40 years. Inflation directly and immediately impacted the cost of repair and rebuilding structures damaged not only by natural disasters, but property claims of all sizes, by all major perils throughout the country.

Inflation, as experienced by property insurers in recent years, is actually materially higher than that as measured by the Consumer Price Index (CPI). From January 2020 through June of this year, the cost of construction materials increased by 41 percent, nearly double the 21 percent of the CPI over the same period of time. Whereas home insurance premiums rose by approximately 18 percent over that same period.

So again, the economic impact of inflation on property insurance claim costs dominates any impact from climate.

Let me move on to litigation and fraud. Litigiousness and fraud have also contributed to the upward trend in claim costs, driving premiums upward and reducing coverage options for some policyholders. According to the Florida Office of Insurance Regulation, that state accounted for 76 percent of all homeowners insurance-related litigation in 2021 nationwide, despite account for only seven percent of homeowners' claims that year.

Excessive litigation contributed not only to higher premiums in Florida, but a more than doubling in the policy count at Florida Citizens, the state's insurer of last resort. The recent leveling off in the number of policies in Florida Citizens is early evidence that reform legislation passed in 2021 and '22 is beginning to improve insurance availability in that state.

So let me summarize by saying that insured losses from natural disasters across the United States continue to rise, and they will continue to rise for the foreseeable future. Climate change drive incremental system costs. But the dynamic of insurance markets are complex. Many factors have contributed to the record and near-

record losses experienced in recent years, including demographics, inflation and litigation.

Meaningful reforms, coupled with investments in mitigation are proven solutions that can help ensure the stability of insurance markets across the country. Thank you for the opportunity to testify before the Committee today. I will be happy to respond to any questions you may have.

Chairman WHITEHOUSE. Thank you very much. Dr. Keys, let me start with you. I want to show this graph from our report, which compares the non-renewal rates that we found across the country over time, and adjusts—breaks them out into the various climate risk quintiles.

It appears that depending on your quintile, lowest climate risk, lowest non-renewal rate increase, higher climate risk, higher climate renewal increase, and all the way up into the top quintile, where the non-renewal rate really is growing explosively. That is the information that we gathered. How does that correlate with what your work shows?

Dr. KEYS. Well, thank you Senator. I think that this is the most striking chart in the report, and the data that has been shared with me very clearly show an extremely sharp and differential increase in those riskiest, most exposed counties. I think one of the other striking takeaways is how much variation there is within states. And so even in a state that might have the same regulatory regime across the entire state, you see very different patterns say along the Carolina coast.

Chairman WHITEHOUSE. Before you—before you to go that—

Dr. KEYS. Yes.

Chairman WHITEHOUSE. Let me just go back. More climate risk, higher non-renewal rates.

Dr. KEYS. Dramatically—

Chairman WHITEHOUSE. Is that correlation consistent with what you see through your own research?

Dr. KEYS. Yes. Much higher, much higher non-renewal rates here, much higher premiums in the—

Chairman WHITEHOUSE. Well, let's flip to your second point, which coincidentally I want to illustrate with a second graph. So we have graphs in the report that show the state level of non-renewables, and unsurprisingly, Florida and Southern California, where the wildfires are very significant.

But once you actually drill down to the county levels, as you were beginning to describe I believe, which is why I wanted to put this graphic up, then you begin to see things break out that are a little unexpected. I mean obviously every county in Florida is in big trouble, with very high non-renewal rates. But if you look up for instance at New York, New York does not even appear in the top 30 states, I do not believe. It is not particularly troubled from a non-renewal point of view.

But when you drill down to the counties, and you look at say a coastal county on Long Island, suddenly you see the same explosive growth in non-renewal rates and the same high non-renewal rates that you see. Could you comment a little bit on what drilling down to the county level shows us about how this non-renewal crisis is developing?

Dr. KEYS. Yes, thank you. I think it reinforces this, this takeaway along the lines of the last figure you showed, which is that there is differential risk and that especially exposed counties are seeing much sharper changes in the availability of insurance. We are also seeing that that is related to the price of insurance as well.

So certainly related and very much concentrated in the highest climate risk areas, especially along the coasts. But also in areas, as you mentioned at the outset, like in Oklahoma and parts of New Mexico.

Chairman WHITEHOUSE. Which would suggest that insurers are making highly localized risk-based decisions when they are deciding to non-renew, and not just writing off all of New York or something like that. They are really drilling down and looking closely at individual properties and property owners. Mr. Shaghalian, is that what you are seeing in Rhode Island? Do you think the insurers are paying—can differentiate between coastal properties, for instance, and others?

Mr. SHAGHALIAN. So what I see in Rhode Island—

Chairman WHITEHOUSE. If your microphone is not on, please turn it on.

Mr. SHAGHALIAN. It is on, I guess.

Chairman WHITEHOUSE. Okay, good.

Mr. SHAGHALIAN. Yeah. So what I see in Rhode Island is most insurers have like a mileage, you know. If you are within three miles of the coast, then you have got problems. In Rhode Island as you know, you know, if you are in Foster, Rhode Island or you are in ten miles, 12 miles inland, it is not that much of a problem. So it is predominantly the coastal communities.

Chairman WHITEHOUSE. And I understood, Dr. Hartwig's testimony to be basically insurance is sound, insurance is stable, nothing to see here folks, not a problem. How does correlate with your experience with your clients in Rhode Island? Are they seeing that everything's fine and there are no problems?

Mr. SHAGHALIAN. So there is no problem with the insurance companies. The problem is with the consumers that are being forced into risk pools, being forced into the surplus lines markets, being forced to pay more money for the insurance and having, you know, less availability of optional coverages.

Chairman WHITEHOUSE. My time is up. Mr. Chairman.

Senator GRASSLEY. Thank you, thank you. Dr. Hartwig, is there any evidence that over the past quarter century, insurance companies have had an increased failure rate because of climate change?

Dr. HARTWIG. Thank you, Senator. In fact, there is no evidence that over the past quarter century, that there has been any increase in the failure rate, the rate of insolvencies, the rate of impairment as we typically refer to it with respect to property casualty insurance or reinsurance companies as a result of climate change or quite frankly, for any other manner.

The data I cited earlier from A.M. Best, the premier rating organization of insurers in the United States, is quite clear on this, that in fact the insolvency rate, the impairment rate of insurers has actually fallen dramatically over the past quarter century.

So what this shows is that insurers have done a good job of managing this risk. What insurers are doing is try to make insurance available everywhere that they can, but they can only do if they can earn a fair rate of return. Going back to the figures that Professor Keys just showed, as he acknowledged in his testimony that the numbers overall are very, very heavily influenced by Florida and California, okay.

And when we look at those two states, those two states have structural issues. I will take Florida for an example. Absolutely rampant legal abuse in the system that drove up system costs, and was in fact the principle factor associated with the impairment of a number of insurance companies in that state, okay, leading to an explosive growth in the state's market of last resort.

Very fortunately, we have had a series of reforms in recent years, and in fact Chart 2, Exhibit 2 in my testimony, what you see is that the non-renewal rate in Florida in fact seems to have peaked at around three percent, even went down slightly in 2023. Those reforms took place in 2022, at the very end of 2022, so are really bearing fruit just this year.

So I expect to see in fact the non-renewal rates in states like Florida fall. California has been a bit slower. They have been slow to come around to the realization of reform. They finally signed onto that. Some of those reforms will go into place in 2025. Some of them went into place this year.

We would expect to see a turnaround there and in both states, we are seeing insurers signal that they are coming back into the marketplace, as a result of the reforms. They are not talking about climate. They are talking about the obstacles to writing coverage in these states are related to the legal environment associated with those states.

Obviously, there is the explosive population growth, and then of course the pressures associated with the inflation.

Senator GRASSLEY. I think you have answered this question, but I am going to ask it anyway and I want you to decide if you have answered it. Are fraud and litigation major drivers of the insurance prices and what can state governments do to limit the effect of these factors have on insurance costs?

Dr. HARTWIG. Right. So, yes. In my response to the last question, I think I discussed quite a few of these things. But when we think about—let me give you an example in Florida, to be very concrete. And Florida's problem, which again is often ascribed to climate and not to say that climate is not a driver of loss.

But Florida's problems and California's problems are largely man-made disasters. In the state of Florida, for instance, an issue called assignment of benefits, which I did not see reported at all in the report that we received yesterday, not discussed at all.

This is a situation which, to my knowledge, is relatively unique in the country, where a policyholder can say to a roofing company hey, guess what? I am going to turn my policy effectively over to you. You deal with the insurance company. Well, what do you think is going to happen when you have a bunch of roofers that are now in charge of millions of people's insurance policies?

They are going to knock on everyone's door and get every roof in the entire state to try to be replaced, even when it does not need

to be replaced. This results in immense amounts of litigation, for which insurers had not priced into the policies. Their only thing that they could do at that point is essentially impose moratoria on writing new policies until the situation was solved from a regulatory perspective.

And that is exactly what happened in 2022, when Governor DeSantis called two special sessions of the legislature.

Senator GRASSLEY. Dr. Hartwig, my last question. Democrats intentionally withheld their new staff report on the effect of climate change on insurance. As a result, my staff did not have an opportunity to fully review their findings prior to the hearing.

However, they did provide raw data concerning non-renewals. What stuck out to you in your review of this data?

Dr. HARTWIG. Right. So I was in the same boat of course, not receiving the—I received a spreadsheet with absolutely no detail as to actually what it was yesterday. But looking at it quickly, so as I mentioned, the U.S. non-renewal rate is greatly influenced by two states, California and Florida.

If you back those out, and in fact in Exhibit 2 in my analysis, in my testimony, I show a column, the right-most column. It is called “Median State.” The variation in median state from 2018 non-renewal rate to 2023 goes from .79 percent to .86 percent, very little variation.

So across the country, when you look at the individual state experience, again this is why I say 99 percent plus of policyholders across the country are able to renew their policies with—in virtually every year without a problem. I see that Florida’s non-renewal rate has leveled off, and I would expect California within a year or two to see the same pattern.

But again, the fact that large disaster-prone states like Texas and New York do not mirror the pattern we are seeing in states like California and Florida suggests that something else is at work, and that something else is not more climate change-related pressures in Florida than there are in Texas.

Lord knows, we have had a huge number of disasters in Texas. But Texas went through its cathartic moments in terms of problematic regulation of the insurance industry 15 or so years ago. They understand now that they need to create a market that attracts capital, capital in a place that is always going to be risky, and so far so good.

Chairman WHITEHOUSE. We have Senator Padilla, then Senator Kennedy, then Senator Kaine, then Senator Braun.

Senator Padilla.

STATEMENT OF SENATOR PADILLA

Senator PADILLA. Thank you, Mr. Chair. As you have led discussion in this Committee in the past, we, I think, acknowledge that the federal government needs to step up to increase coordination between states and insurance providers, help equip stakeholders with mitigation tools and help identify potential solutions to the clear insurance crisis.

Now California has invested billions of dollars in wildfire risk reduction and implemented a number of programs designed to incentivize homeowners and businesses to make safety improve-

ments. The federal support for such risk mitigation measures, infrastructure and home hardening, and community-wide resilience could better equip states to get creative on how to manage insurance, the insurance markets and affordability challenges.

Dr. Keys, would you agree or disagree that there is space for the federal government to constructively engage on this issue, to help communities, to help states, to help industry better navigate the climate-led changes to the home insurance market?

Dr. KEYS. Thank you, Senator. I completely agree. I think that when we look at the landscape of property insurance, it is a market that is regulated at a state level. And so you have a lot of inconsistencies in terms of—in terms of what data is provided to consumers, what the regulatory landscape looks like for the insurers.

We are operating in almost total darkness when it comes to data in this market, and it is really through the efforts of this Committee to get a glimpse into—into non-renewals. But if you think about all the other margins along which insurers are collecting sophisticated data and acting on that data, there is really no coordinated effort to understand their actions.

So I think there is a very clear role for the federal—at the federal level to coordinate these efforts in terms of collecting data, better communicating risks to communities, and then to your point about mitigation, developing best principles for acting on that data and reducing risk.

I think the risk is really not in the insurance industry per se. The risk is really about managing risk for households and communities.

Senator PADILLA. Thank you. That is actually very helpful. Now as we make progress on the data points that you just made and other tools and solutions, how would you address the concerns of skeptics who would say how is this actually going to translate into lower insurance premiums for families, as opposed to just increasing profits for insurers?

Dr. KEYS. I think this is one of the challenges right now, is understanding a bit more about how pricing works in this space and how much of that is really trying to meet the costs that insurers are facing, versus to your point, towards the profitability of issuing these policies.

What we are seeing in many markets where, you know, the insurers are stepping back is we are seeing now an increased dependence on these state-run entities. They are going to have the data on how much it costs to insure these properties.

And so I think there is a another layer of information that can be communicated there. And then I think just risk mitigation more broadly is actually a win-win, and that it is good for the insurers because they have to pay out less. And it is good for the households and it is also good for the mortgage market.

And so we have to remember the chain here, which is that without good insurance, you cannot get a mortgage. Without a mortgage you cannot buy a house, and the mortgage market is one of the direct beneficiaries of this insurance landscape. And so I think we should think about them as well when we are thinking about who should bear some of the costs going forward to put together

better information for—for households to make these kinds of mitigation choices.

Senator PADILLA. Okay. Thank you very much, and Mr. Chairman, Nevada County in California was highlighted in the Budget Committee's report, and I do have a letter I would like to submit into the record from Nevada County Supervisor Heidi Hall, addressing the local impacts of the climate-driven insurance crisis.⁶

I think it would be—it is helpful perspective to add to this hearing and our—

Chairman WHITEHOUSE. Without objection.

Senator PADILLA. Thank you. Thank you, Mr. Chair.

Chairman WHITEHOUSE. I should note that Senator Dawn Euer from Rhode Island is here. She represents Newport County, which is the county that our data shows has the highest non-renewal rate, highest non-renewal increase rate in Rhode island, consistent with the observations of Mr. Shaghalian, that the insurers are withdrawing from or raising rates dramatically, and/or forcing people into the assigned risk pool along the coastal high risk climate areas.

And that will take us to Senator Kennedy of Louisiana.

STATEMENT OF SENATOR KENNEDY

Senator KENNEDY. Thank you, Mr. Chairman. Dr. Keys, Professor Keys, are you clairvoyant?

Dr. KEYS. Thanks for the question, Senator. No, I am not.

Senator KENNEDY. I am not either. So when you make predictions, these are my words, not yours, when you make predictions that climate change is going to destroy home ownership and the insurance market and otherwise cause the earth to spin off its axis, those predictions are made on the basis of climate models, is that right?

Dr. KEYS. The forward-looking forecasts are based on models. My discussion was retrospective and focused on the data we have collected over the last five years.

Senator KENNEDY. If those models are wrong, then your predictions would be impacted, would they not?

Dr. KEYS. Senator, I would say that the famous quote is that "All models are wrong, but some are useful," and in this case there is a preponderance of evidence that suggests the direction—

Senator KENNEDY. What is meant by methanethiol?

Dr. KEYS. I am not aware of that term, Senator.

Senator KENNEDY. I am surprised. I have read a lot of your writings. You seem to fancy yourself as a climate expert.

Dr. KEYS. Senator, I am an expert on housing markets, mortgage markets and insurance markets. I am not a climate scientist.

Senator KENNEDY. If I told you that methanethiol is a—is a sulfur-based aerosol gas, kind of smells like rotten cabbage that is produced by microscopic plankton in all of our oceans, which covers 75 percent of the earth's surface, would you have reason to disagree with me?

Dr. KEYS. I certainly would not, Senator. I am here to talk about insurance.

⁶Statement submitted by Senator Padilla appears in the appendix on page 163.

Senator KENNEDY. If I told you that this methanethiol, it is an aerosol which escapes into our environment. It oxidizes and produces particles that substantially reflect the sun's radiation and heat, and prevents climate change. Would you have a reason to disagree with me?

Dr. KEYS. I would not, Senator. I am here to talk about the insurance crisis.

Senator KENNEDY. I know you do not want to talk about things that undermine your confident assertions, but this is important. The Institute of Marine Sciences and the Cabrera Institute of Physical Chemistry just a few days ago published a startling study that's being widely reported, and it—and it found that while scientists in these climate change models on which you rely have always known about methanethiol, that now science has discovered ways to better measure it, and that it appears—not appears, it demonstrates that there is 25 percent more methanethiol being released into our atmosphere than any scientist ever thought.

And that is going to have a huge impact on cooling the earth, and we are going to have to—to recalibrate all of our climate change models. I suggest you read it, Doc. I mean I see this essay that you wrote in the New York Times appropriate, New York Times, "Climate Change Should Make You Rethink Home Ownership." Did you write that?

Dr. KEYS. Yes I did, Senator.

Senator KENNEDY. That is pretty bold. Do you own a home?

Dr. KEYS. I do, in a flood zone.

Senator KENNEDY. Have you sold it?

Dr. KEYS. Have I sold my home? I live in my home, sir.

Senator KENNEDY. Well, you are telling everybody else to sell theirs. You are a climate extremist, are not you Professor?

Dr. KEYS. Certainly not, Senator.

Senator KENNEDY. You are a political extremist, are you not?

Dr. KEYS. Certainly not, Senator.

Senator KENNEDY. On July 9th of 2024, did you tweet the following: "Honestly, the biggest long-term political problem the Democrats have is that they do not know how to talk to low information morons"?

Dr. KEYS. I do not believe those are my words, Senator. I would have to be able to see them if you would share that with me.

Senator KENNEDY. Yeah. Here it is, big as Dallas.

Dr. KEYS. I do not believe those are my words, Senator.

Senator KENNEDY. You tweeted them.

Dr. KEYS. I do not believe that I did.

Senator KENNEDY. Yes, you did.

Dr. KEYS. I may have, liked someone else's tweet or retweeted someone else's tweet?

Senator KENNEDY. Oh. Do you often tweets you do not agree with?

Dr. KEYS. Those are not my words, Senator.

Senator KENNEDY. Yeah. But you tweeted them in approval, did you not?

Dr. KEYS. Those are not—

Senator KENNEDY. You can't make this cat walk backwards, Professor.

Dr. KEYS. Those are not my—those are not my words, Senator.
 Senator KENNEDY. On July 16, 2024, did you tweet the following: “A big part of modern right wing culture is this frisson of the illicit. The reading of this or that writer or account that are outré in whatever ways, fascists, race IQ [Intelligence Quotient] obsessives, Holocaust denial-adjacent, people with very weird sexual fixations and pathologies. They turn into their own philosophy, etcetera.”

“A lot of them, and I think this is true of Vance, and definitely true of the creepy Silicon Valley MAGA [Make America Great Again] weirdos have simply pickled their brains.”

Dr. KEYS. Again Senator, those are not my words and I did not—

Senator KENNEDY. You tweeted them, Professor.

Dr. KEYS. I did not tweet that, sir. Those are not my words.

Chairman WHITEHOUSE. Senator Kennedy, you are—

Senator KENNEDY. Let me make this last point.

Chairman WHITEHOUSE. You are more than two minutes over your time. We have other Senators waiting.

Senator KENNEDY. You have got a lot of nerve, Professor.

Chairman WHITEHOUSE. You always go over your time, so I have to call it for you.

Senator KENNEDY [continuing]. In lecturing us about Holocaust denial being from the University of Pennsylvania.

Chairman WHITEHOUSE. But really, you have other Senators who are waiting for their time, and you’re well, well over yours.

Senator KENNEDY. Thank you for your indulgence, Mr. Chairman.

Chairman WHITEHOUSE. Senator Kaine.

STATEMENT OF SENATOR KAINE

Senator KAINE. Thank you, Mr. Chair. You noted that one of the witnesses used a Rolling Stone lyric, so I am going to use one. “Oh a storm is threatening my very life today. If I don’t get some shelter, I’m going to fade away.” So I am going to ask one question about shelter and one question about storms.

So on the shelter question, I would sort of like address Professor Keys and Mr. Shaghalian. I am not thinking about climate models in this hearing. I have certainly thought about them in other hearings. I am just thinking about the experience of Virginians who are trying to get homeowners insurance or flood insurance, and what I hear from them.

And I think that is the data that this hearing really is digging into. Let us talk a little bit about what that means if somebody’s home is uninsurable. For most Americans, middle class Americans, their home is their principal source of wealth. It is their most significant asset.

It is the asset whose appreciation in value also is often the beginning of a family being able to, over generations, amass more and more wealth. So let us—let us focus on that. If you live in an area where suddenly you cannot get insurance or when you are trying to sell your home and realize that wealth, purchasers are reticent to purchase, because they have a hard time getting insurance.

What does that do to families in these areas, and we have them in Virginia too, Portsmouth and the Hampton Roads area. Mr. Shaghalian, if you could go first?

Mr. SHAGHALIAN. Yeah. So, yes. Especially with flood insurance, what you are saying is true, that if you go to sell your house and the buyer finds out that the flood insurance sometimes is 15, 20, 30 thousand dollars for flood insurance that can, you know, it can almost be that you cannot sell the house.

And in the flood insurance, I mean you know, the federal government, you know, they make the rules and basically set the prices, and even though there is some private insurance out there now, the private insurance markets can decline people.

So you know, that can be another problem. It is not a relief valve for everybody.

Senator KAINE. So you either—you might not be able to sell your house, or you may have to sell it at a really significant discount because of the flood insurance.

Mr. SHAGHALIAN. Right. The buyer, you know, is not going to be willing to pay the same price if they know they are going to pay, you know, a lot of money for flood insurance?

Senator KAINE. There are neighborhoods in the Hampton Roads area of Virginia, Portsmouth, for example, beautiful, historic neighborhoods where flooding used to be very rare and it is now quite common. And it is very, very difficult for people to sell their homes for example, what they purchased the homes for.

And so we see this again and again, and then Dr. Keys, talk a little bit about what effect that has then on a family's ability to use this principal asset to have—have wealth?

Dr. KEYS. Well thank you, Senator. That is right. This is a challenge where you are going to be facing rising costs year over year. I think a lot of people think of home ownership as a way to lock in their housing costs. You take out a fixed rate mortgage. You have a predictable payment that you are going to be able to deal with each year, and changes in homeowners insurance is undermining that predictability.

And so now you have this additional uncertainty into what your actual outlays are going to be to live in that home, and that is going to be really challenging.

Senator KAINE. So there is an additional—there is an additional cost in the short term, and then a probable decline in the wealth and the value you get out of the asset in the long term. Let me switch to asking about storms. We are working on a supplemental bill today, to deal with natural emergencies.

Actually, the bill is now what I would call a real disaster supplemental. A lot of it is about the natural disaster, Hurricane Helene and others. But some of it is about a predicted man-made disaster, namely if tariffs are put in place, people will get hit so badly that we have had to put money into the disaster bill to compensate for the predictable man-made disaster of a Trump tariff policy, which I think is interesting.

So this disaster bill has grown in scope to encompass both natural and man-made disasters. But look. Hurricane Helene in particular hit southwest Virginia, Appalachian Virginia very hard. And I have been there to see the damage to homes, to businesses,

to national parks and forests which kind of drive economic activity, to infrastructure like roads washed out.

And what we are seeing in Appalachia, I just looked at some of the data Mr. Chair, is we are seeing some of the highest non-renewal rates. We certainly see them in coastal Virginia. We are starting to also see them in Appalachian Virginia, because even if annualized rainfall is not changing that much, we are seeing rainfall and storms come much more episodically and unpredictably.

And the infrastructure that has been built based on kind of norms and averages in these hollows, whether they be roads or schools or homes, they are not an infrastructure that can withstand abnormal weather patterns. And so we are seeing significant effects, and then that is also, at least there appears to be some correlation.

I do not know that I know enough about the report yet to talk about causation, but we are starting to see non-renewal rates tick up in Appalachia as well. So I appreciate the work that the Committee has done to surface this non-renewal issue. I do think this is an area where we are seeing it. Sure, we are seeing it in Florida and California, and I recognize that they have had some challenges that are severe on the climate side.

We are starting to see it in Rhode Island, we are starting to see it in Virginia, including in places in Virginia where we would not have predicted ten years ago. I appreciate the Committee for holding this hearing.

Chairman WHITEHOUSE. Thanks, Senator Kaine. Senator Luján.

STATEMENT OF SENATOR LUJÁN

Senator LUJÁN. Mr. Chairman, thank you very much and thank you for holding this important hearing. Mr. Chairman, I also want to thank you for the work that this Committee has done throughout this Congress, which has been abundantly clear, about the concern that families all across the country are faced with.

And as we have seen with these most recent natural disasters, our brothers and sisters throughout the United States that live in some of the most rural areas, folks that still do not have running water. It is actually devastating that we are seeing as a result of higher temperatures, drier conditions in the Mountain West, the West with these wildfires, the intensity of hurricanes.

In the end, this is all impacting the cost of living for people all across America, which brings me to this hearing, Mr. Chairman. The climate risks like natural disasters have created a homeowners insurance crisis as well, and with it, real pain and anxiety for communities and states like mine.

We know that the climate crisis is driving higher insurance premiums and non-renewal rates, leaving entire regions vulnerable when another disaster strikes. And based on data collected during this Committee's investigation, it is the communities that are most vulnerable to these risks that need protective insurance policies the most.

What we are seeing in New Mexico and most parts of the country is rural areas experiencing the highest increases in premiums and non-renewals.

In New Mexico, more extreme and frequent wildfires push insurers to refuse renewing or approving policies in areas at high fire risk. It happened after the Hermit's Peak/Calf Canyon fires in 2022, a fire by the way that was started by the federal government, a prescribed burn that was never put out, that resulted in the state's largest fire in our history.

It happened after the South Fork and Salt fires in Ruidoso earlier this year, and I am fearful that it will happen again. So Dr. Keys, yes or no, does refusing to renew home insurance plans after a natural disaster add to the challenges of the recovery process?

Dr. KEYS. Yes, and if insurers are exiting the market in the aftermath of the disaster, that is going to leave fewer options for homeowners as they seek to rebuild and reestablish the community.

Senator LUJÁN. The Ruidoso fires this year destroyed or badly damaged more than 1,100 homes, but only around ten percent had adequate insurances according to estimates. As climate impacts worsen, that number will fall even further. For those that want to rebuild their lost homes, the question now is where? What options do families have if companies refuse to insure their property or choose to cancel their insurance plans years later? The questions that my colleague from Virginia, Mr. Kaine was asking clearly articulate that.

Now to many in my state, picking up and moving elsewhere is not just financially difficult, these are families that have been there for generations, lands that have been held in the family for centuries. And because someone somewhere with some methodology, some actuarial says no, cannot build there. We are not going to insure you there.

I have a real problem with this. This is a pocketbook issue. Now Dr. Keys, yes or no, for those homeowners lucky enough to have their insurance policies renewed, does skyrocketing home insurance premiums make it more difficult to families to recover from natural disasters?

Dr. KEYS. Thank you, Senator. It makes it much more difficult to recovery from a household budget standpoint if they are now spending a significantly larger amount of their annual income towards homeowners insurance.

Senator LUJÁN. I appreciate that response, and Mr. Chairman, I appreciate all the conversations in the hearing today, but you have clearly demonstrated is this is a pocketbook issue. This is something we should all be talking about more. This should not be partisan.

Families in states that are represented by Republican members of this body or Democratic members of this body that voted for the incoming President or the current President, everyone is getting hit with this. And I cannot thank you enough for having this conversation, and especially what the people that I am fortunate to represent have been going through back home.

This is not right. So whether it is through this body or state by state with Superintendents of Insurance, someone has got to do better. And we have got to make sure that we keep families at the center of all of these decisions, and understanding what is hap-

pening to them when they get kicked in the face with these pocket-book issues that are just getting worse and worse.

So thank you very much, Mr. Chairman. I appreciate all of you experts for being here today.

Chairman WHITEHOUSE. I believe Senator Merkley is trying to get here. So I will take just a moment of Chairman time.

I can recall driving along the Gulf coast on some of my climate travels to red states, and as Mr. Shaghalian will know, when a property is up for sale, there is a sign out front that hangs the name of the real estate company that is selling the property, and then underneath that there is another little sign that gives you the name of the individual realtor in the real estate company who is the person to contact if you are interested in buying the home.

And what I saw over and over again was that underneath that plaque with the individual realtor's name, was another little plaque that said what the height above sea level was of the property.

That was such important information along that Gulf coast that they were literally hanging it off the real estate sign of the properties that were for sale, because if it is a—if it is low, then that means the flood risk is huge and the person driving by is just going to keep on driving. But if it has got enough altitude above sea level well, maybe they will be interested.

The other thing that I wanted to say in response to the testimony about the litigation problem. I am not an expert like the panel, but I am not a rookie either. I ran the Rhode Island Attorney General's Office Regulatory Unit, which included insurance rate cases.

I was the insurance regulator for the state of Rhode Island. I came back as attorney general and oversaw the insurance rate work of the Attorney General's Office. I helped lead our rebuild from an epic insurance failure, the Rhode Island Share and Deposit Indemnity Corporation (RISDIC) failure, a deposit insurance failure, which Mr. Shaghalian will remember, and I was the architect, I guess I would say, orchestrator of the workers' comp insurance reform that we had, which has worked after we had a workers' comp failure, in which every single insurer left the state, announced their departure.

So what is happening in Florida has some resonance for me. But I have also been around this conversation in which the insurance industry blames things on litigation, and I just want to offer my own experience in this regard. Which is that litigation goes up when insureds are getting screwed. If you do not want a lot of litigation, pay claims fully and promptly, and that really helps solve the problem.

If you look at Florida, we are seeing Citizens Property Insurance reporting 70 percent claims denial for individual storms. 70 percent of claims filed with that insurer are just denied. You have got a hell of a fraud epidemic if you are telling me that 70 percent of Floridians are fraudsters, and that their claims should be summarily denied.

When your claim is just auto-denied, and by the way there is some logic to this. When claims are denied, it puts people under more and more pressure. They may not be able to stay in their houses if they are not livable.

They may move someplace else, to a cousin out of state, and at that point fighting with the insurance company really does not make any sense any longer. You just wash your hands. You do not pursue the claim.

Dr. HARTWIG. Can I just say something—

Chairman WHITEHOUSE. No, you may not interrupt me, and the problem defaults to the bank that owns the mortgage. They now own the ruined property.

So there is some real logic, unfortunate logic but real logic to running up your claims denial rates. We have also seen long delays in payment, you know. Ultimately, you may get paid, but if you cannot live in the house, if you cannot fix it in time, if mold grows, we saw it in Katrina. People moved to Texas to get away from the disaster, and they got resettled. They found a new job. They did not want to come back and the claims just languished.

We saw 60 Minutes go through the insurance adjusters of Florida, relating stories about how they would go—they are independent insurance adjusters. They would go to the insured's home. They would look around and they would say "Okay, here is the damage. Here is how much it should cost," and then the insurance company would rewrite the adjuster's report and just remove stuff.

Well, if you are the insured and it is your home and you know from your adjuster what he told the insurance company, then the insurance company comes back and says, you know, you get 20,000 on a \$200,000 adjuster. What are you going to get? You are going to get litigation.

So there are two sides to this story. I have been hearing this for as long as I have been around insurance.

The insurance industry loves to blame litigation, but a great deal of the litigation has to do with the way the insurance industry treats its customers.

And that is the experience that I have had. Mr. Hartwig has expertise in this area. He has the view that he expressed, that it is actually the litigation that is driving the insurance costs.

I just wanted to offer back my experience, having been through this argument for decades now, that there is a very strong counter-narrative about that, which is that if you want less litigation, pay the damn claims. Be solvent, pay the claims, pay them quickly, pay them fully and then the litigation abates. So that is my experience. You wanted to say something, Mr. Hartwig?

Dr. HARTWIG. Yes. Thank you very much. So I would say that Florida did have a hell of a fraud problem—

Chairman WHITEHOUSE. 70 percent? 70 percent of Floridians are fraudsters? Is that what you are telling us?

Dr. HARTWIG. I do not think anybody is saying that. But what we are saying—

Chairman WHITEHOUSE. Well, it is the thing you deduce if you look at a 70 percent claims denial rate for a storm, is it not?

(Simultaneous discussion.)

Chairman WHITEHOUSE. You are saying that they are fraudsters.

Dr. HARTWIG. There is three percent. Three percent is the non-renewal rate in that state, and so—and let me speak to some of these other things. And so for instance in a prior role, when I ran the Insurance Information Institute, and was its chief economist, in

the wake of Hurricane Katrina, 1.75 million claims, largest ever and even to this day it is a record.

We did do a study at six months and one year, and found that approximately one percent of those claims were in dispute. By that, I mean they were not fully settled within about six months, and it was about a half of one percent after one year. This is after the largest claiming event ever in United States history. So my experience is that, and even my personal experience, having my first ever homeowners insurance claim with Helene a couple of months ago, is that the claims are settled fairly and expeditiously, and there are fair claims handling in all 50 states—

(Simultaneous discussion.)

Chairman WHITEHOUSE. I am not disputing that from time to time, the insurance industry—in fact perhaps even most of the time, they pay their claims expeditiously. Rhode Island is the home of Amica. They're legendary for their good payments and quick behavior.

But where litigation is the issue, I contend that there is a case to be made that very often, the litigation is the product of the behavior of the insurers, and when you have got 70 percent claim rates, when you have got documented cases of adjuster's reports being whittled away by the insurance company, I mean that is what you then get.

You create a litigation environment that you can then blame for your problems. So we are going to disagree. I am going to call this hearing to an end. I wanted to make sure that both sides were reflected. You have made your statement, I have made mine. People can make their own determinations about it.

I want to thank all of you for appearing before the Committee today. Each of your full written statements will be included in the record. If there are questions for the record, please get them into us by noon tomorrow, any Members who are interested in that, and we will ask the witnesses if you do get questions for the record, to respond within seven days of when we get them to you.

And I will make a final statement, which is that 42 hearings in the Budget Committee is quite a lot. 21 of them took on or 22 of them I guess now, took on a really challenging issue that required a lot of work and required bringing in really renowned expert witnesses.

And I particularly just want to thank my staff director and his team for the enormous amount of work that went into building that body of evidence, which I think has helped people understand that the climate crisis that is coming our way is not just about polar bears and it is not just about green jobs.

It actually is coming through your mail slot in the form of insurance cancellations, insurance non-renewals and dramatic increases in insurance costs, sometimes tripling or quadrupling.

So with much appreciation to the team that helped this happen, again my thanks to the witness and particularly to Mr. Shaghalian for his trip down from Rhode Island. He is a leader in our Rhode Island community, and a wonderful guy. So glad to have you here, sir. And with that, for the last time we are adjourned. (Whereupon, at 11:22 a.m., Wednesday, December 18, 2024, the hearing was adjourned.)

**Opening Statement of Chairman Whitehouse
Senate Budget Committee Hearing: “Next to Fall: The Climate-Driven Insurance Crisis is Here –
And Getting Worse”
December 18, 2024**

Good morning, and welcome to the 42nd—and final—hearing of the Senate Committee on the Budget during this 118th Congress. It has been an honor to lead this Committee for the last two years, and I am proud of the work we have done to shine a light on risks to the federal budget.

In our first hearing in this Committee on February 15, 2023, I brought with me this binder. I have it again with me today. As a reminder, nearly seven years ago, I sent a version of this binder to all of my Senate colleagues, in which I compiled some of the most compelling warnings about the economic risks associated with climate change. At the beginning of this Congress, I sent to the committee this updated version of it. Today, this binder is more relevant than ever, and I am updating it with what we have learned over the past two years of hearings.

Examining the economic risks and costs of climate change – and the economic opportunities from investing in clean energy – we repeatedly heard about the central role that insurance affordability and availability play in our economic system. When insurance becomes unavailable, it is impossible to get a mortgage, and when the pool of buyers is limited to those who can pay cash, property values crash. Multiple witnesses drew parallels to the 2008 Financial Crisis.

So, the Committee launched an investigation into homeowners’ insurance market conditions across the country, to better understand the troubles affecting the market. The Committee focused on non-renewal data, as insurance industry experts had indicated that spiking non-renewal rates, even if still low in absolute terms, are often an early warning sign of market destabilization. Higher non-renewal rates are also correlated with higher premiums.

Well, today, we release that report, with brand new information about the key questions of “when and how bad” this will get. The answer is now, and very—and it’s only getting worse.

This report is based on national, county-level non-renewal data from almost two dozen insurers representing approximately two thirds of the homeowners’ insurance market.

Here are a few highlights.

First, the data confirm that climate change is driving increasing non-renewal rates; the counties that are most exposed to climate-related risks (such as wildfires or hurricanes) are the counties seeing the highest non-renewal rates—especially counties in Florida, Louisiana, and California.

Second, the data reveal that those areas are **not** the only places experiencing spiking non-renewal rates and increasing premiums. Florida has the highest average statewide non-renewal rate; but Texas, thought to be at significant risk, is not even in the top ten. Southern New England, the Carolinas (including inland North Carolina), Mississippi, New Mexico, counties in the Northern Rockies, Oklahoma, and Hawaii all suffer high non-renewal rates, demonstrating that the multiple climate-related effects (hurricanes, wildfires, severe convective storms, extreme precipitation, and sea level rise) are destabilizing widespread insurance markets.

Third, the data confirms a correlation between rising non-renewal rates and rising premiums. This underscores that climate change has become a major cost-of-living issue for families across the country.

Since this data was collected, climate change-driven extreme weather events have wreaked havoc across Florida and the southeastern United States, likely exacerbating the insurance crisis that is building across the country.

One thing is certain: unless the United States and the world rapidly transition to clean energy, climate-related extreme weather events will become both more frequent and more violent, resulting in ever-scarcer insurance and ever-higher premiums. This is predicted to cascade into plunging property values in communities where insurance becomes impossible to find or prohibitively expensive—a collapse in property values with the potential to trigger a full-scale financial crisis similar to what occurred in 2008. Only unlike in 2008, these property values will likely never recover. Climate change is no longer just an environmental problem. It is an economic threat and an affordability issue that we should not ignore.

I will close where I began nearly two years ago. My granddaughter Vera, who was then one year old, is now nearly three. I said then that I was hopeful that, by the end of our series of hearings, if we hear these expert witnesses, if we treat their testimony as our headlights, then our path would be clear. I hope that path has become more clear. I'm not sure what I have to say to my granddaughter, as climate-driven extreme weather events and the economic shocks that come with them continue to get worse. We need to get this right—for the sake of our planet, for the sake of American families and their prosperity, and for the sake of future generations like Vera's.



UNITED STATES SENATE
BUDGET COMMITTEE
RANKING MEMBER CHUCK GRASSLEY

Opening Statement by Senator Chuck Grassley of Iowa
Ranking Member, Senate Budget Committee
Hearing titled, “Next to Fall: The Climate-Driven Insurance Crisis is Here – And Getting Worse”
Wednesday, December 18, 2024

Our time at the helm of the Budget Committee is coming to an end.

Disappointingly, it’s ending the same way it began – not focusing on our nation’s unsustainable debt and deficits.

Instead of prioritizing the committee’s core responsibilities, here we are holding the 21st hearing on climate change.

I agree climate change is a serious issue meriting discussion – maybe in other committees, as opposed to this committee – but it’s difficult for me to take seriously a report that the majority chooses not to share with all members of the committee before the committee meeting.

So, today’s hearing is not a discussion on the merits.

I remain convinced that the Budget Committee should be focused on the immediate fiscal problems facing our country.

The American people evidently feel the same way.

The Majority invited leftwing film producers, consultants, luxury fishing guides, snow skiers and other non-scientists to give us the top opinion in the course of their 21 climate hearings.

Their testimony used studies rooted in extreme climate change modeling that failed to convince anyone of an impending climate doomsday.

Fortunately, over these 21 hearings that we’ve had the last two years, minority witnesses – those that I choose to put at the table – gave us actual scientific and economic expertise, testifying to debunk many of the underlying assertions of climate-driven fiscal collapse.

Moreover, the Majority continues to ignore the non-partisan CBO analysis finding the negative economic effects of climate change are dwarfed by those posed by our ballooning national debt.

I understand why the Majority won’t talk about our nation’s fiscal trajectory.

After all, that would require acknowledging the past four years of reckless spending resulting in 40-year high inflation. And that inflation continues to wreak havoc in the lives of middle-class Americans.

That negligent malpractice on the part of the Majority cost them the presidency and both Houses of Congress.

Instead of addressing the concerns of Americans head on, President Biden and his party attempted a strategy of deception and distraction.

First, Democrats told the American people that inflation was “transitory” – that was in 2021 –and that, being “transitory,” it was nothing to worry about.

Once it became obvious this wasn’t true, they took their far-left spending agenda, which sparked inflation in the first place, and repackaged it as if it were some sort of a cure.

Out of this we got the ill-named Inflation Reduction Act, which even President Biden later admitted was less about fighting inflation than it was enacting their coveted “green new deal.”

And, of course, CBO confirmed that bill actually increased inflation instead of reducing it.

The Inflation Enhancement Act, as I prefer to call it, along with President Biden’s expansive executive orders, flooded the economy with trillions in additional deficit spending.

Hardly a recipe for taming inflation and tamping down the rising cost of living.

“Bidenomics,” as the President later rebranded it, was a colossal failure.

Given this, there was little else to be done other than to change the topic to anything else. Whether that be abortion, trumped up legal charges against a political rival or the “existential” threat of climate change.

Despite this very loud message Americans sent in November, today’s hearing is more of the same.

Rather than admit inflation fueled by reckless spending caused insurance premiums to spike, climate change is used as the main scapegoat.

Never mind that historic inflation caused the cost of building materials to rise nearly 40 percent since 2020.

Given the impact of inflation on insurance costs, our time would be better spent exploring options to rein in \$2 trillion annual deficits and a national debt that recently topped \$36 trillion.

I had a good meeting with the Finance Minister of Sweden last week.

Sweden’s fiscally sustainable policies have near unanimous support across party-lines and enjoy broad-based public support. Their fiscal framework establishes an annual deficit or surplus target, incorporates a debt anchor at 35 percent of GDP and sets reasonable expenditure limits.

I would've liked to see this committee spend more time this Congress exploring innovative approaches like this to address our fiscal mess. We barely spent any.

This committee needs to move on to 2025 priorities – getting our fiscal house in order.

Mr. Chairman, I wish you and your family a merry Christmas and a happy holiday. Same to our witnesses and all here today

And we'll join in a new year working together on the Judiciary Committee.



Testimony of Benjamin J. Keys, Ph.D.
 Rowan Family Foundation Professor,
 Professor of Real Estate and Finance,
 The Wharton School, University of Pennsylvania
 Hearing on “Next to the Fall: The Climate-Driven Insurance Crisis is Here – And Getting Worse”
 United States Senate Committee on the Budget

December 18, 2024

Chairman Whitehouse, Ranking Member Grassley, and Members of the Committee: Thank you for inviting me back to address the turmoil in insurance markets, its connection to climate change, and its effect on housing, mortgages, and household well-being. My name is Ben Keys and I am a Professor of Real Estate and Finance at the University of Pennsylvania’s Wharton School. My research agenda examines how households interact with the financial system and how the financial system manages risk.

I first testified before this committee in March 2023. In the last year and a half, the situation in the homeowners insurance market has gone from bad to worse. Both affordability and accessibility issues have reached a crisis point in many communities across the country.

In terms of affordability, my new research with Professor Philip Mulder uses mortgage escrow data to build a dataset of 47 million homeowners insurance premiums from 2014 to 2023. Our dataset shows rapidly increasing premiums across the country, but especially in the highest-risk areas.¹ We attribute this increase to a combination of inflation and financial frictions associated with the pass-through of rising reinsurance costs to homeowners policies.

Insurers are responding to larger realized disaster losses, better data and risk models, and growing reinsurance costs.² While raising premiums is one margin of adjustment, insurers also change where they are willing to write policies. Some of the largest insurance companies have exited markets, deciding that they cannot charge premiums that adequately reflect this growing risk.³ While many of these high-profile departures have been publicly announced, all insurers continually reassess their risks and adjust their portfolios of policies in force.

Turning to the issue of accessibility, the data collected by this committee provide an unprecedented look at insurers’ decisions to not renew an annual policy. To my knowledge, there are no available granular data on non-renewal behavior beyond the data collected by this committee.

This new data covers 249 million policies from 2018 to 2023 and yields a number of striking findings.

- First, since 2020, average non-renewal rates have almost exactly doubled (from 0.53% to 1.06%). These rates and their increases are highest in those areas with the greatest risk of climate-related disasters.
- Next, while Florida and California are seeing the highest rates of non-renewals, they are also prevalent in high-risk coastal areas like the Carolinas and along the New England waterfront. Heightened non-renewal rates are also found elsewhere in the country, such as in areas affected by tornadoes and hail.

¹Keys and Mulder, “Property Insurance and Disaster Risk: New Evidence from Mortgage Escrow Data,” NBER Working Paper 32579, July 2024.

²See, e.g. AM Best, “Market Segment Outlook: US Personal Lines,” December 2, 2024.

³See, e.g. Flavelle, Cowan, and Penn, “Climate Shocks are Making Parts of America Uninsurable. It Just Got Worse,” New York Times, May 31, 2023.

- Finally, while rate regulation may play a role in insurers' reluctance to do business in some markets, the most striking pattern from the data is that both premiums and non-renewal rates are higher in markets with more disaster risk. In other words, accessibility and affordability issues go hand in hand.

To briefly characterize the accessibility issues, the data show that 1.9 million policies were non-renewed between 2018 and 2023. That amount represents 1.9 million times that a household had to quickly find a new insurer, very likely at a higher premium, while juggling many other expenses and commitments on their time. If non-renewal rates had stayed at their 2020 level, there would have been 423,000 fewer non-renewals.

The cornerstone of the private homeowners insurance market in the United States is healthy and robust competition. When fewer insurers do business in a market, as we see now, this reduces the options available to homeowners and their ability to shop for the best rate. In the most extreme case, where a homeowner cannot find any private insurer, these risks fall on state-backed insurers of last resort, and potentially on taxpayers themselves.⁴

The rising cost of coverage and the departure of insurers from property markets has serious implications for home values, the dominant store of wealth for the average household.⁵ It also threatens communities that rely heavily on property taxes to provide basic services and defend against further climate-related damage. In addition, the insurance crisis raises concerns for mortgage giants Fannie Mae, Freddie Mac, and the FHA, especially as the number of outstanding flood insurance policies backed by the NFIP have fallen by 16% since 2009.⁶

There is an enormous imbalance between the rich data and sophisticated models that insurers have at their fingertips and the information available to the average American household or city mayor. Without adequate data, households and policy makers cannot develop meaningful solutions to mitigate growing climate-induced disaster risk. A starting point would be a coordinated federal effort to collect and distribute relevant data on insurance costs, physical risks, and resiliency investment options.

I commend this committee for taking unprecedented steps to measure accessibility issues and look forward to further coordinated efforts to provide timely data to decision makers. Property insurance is facing a crisis on two pressing fronts, affordability and accessibility. While the Rolling Stones might say "You can't always get what you want," in insurance markets now households can't even get what they need.

Thank you again for the opportunity to testify.

⁴See, e.g. Senate Joint Economic Committee, "Climate Risks Present a Significant Threat to the U.S. Insurance and Housing Markets," December 16, 2024.

⁵Jones and Neelakantan, "Portfolios Across the U.S. Wealth Distribution," Federal Reserve Bank of Richmond *Economic Brief* 23-39, November 2023.

⁶Koller, "The Insurance Crisis Continues to Weigh on Homeowners," Harvard Joint Center for Housing Studies *Housing Perspectives*, December 9, 2024.

ERNEST SHAGHALIAN JR CPCU AAI

AUTO - HOME - BUSINESS INSURANCE

12/16/24

Chairman Sheldon Whitehouse
Senate Budget Committee
Dirksen Senate Building
Washington, D.C.

Hearing- Next to Fall: The Climate-Driven Insurance Crisis
is Here- And Getting Worse

Mr Chairman and members of the committee my name is Ernie Shaghalian. I'm an insurance agent at Butler & Messier Insurance Agency in Pawtucket, Rhode Island. We are members of the Independent Insurance Agents of Rhode Island, I am a past president of the state association. Independent insurance agents represent many different insurance companies at once but are not employees of any insurer. Our customers are your constituents.

I'm here to testify that the insurance marketplace in Rhode Island and Massachusetts is the worst I've ever seen it in my 40 years as an agent, and getting worse each year. The increased frequency and severity of weather events has created havoc in the cost and availability of home, business and even auto insurance.

During recent years Rhode Island's coastal communities (high wind risk areas) have seen a 562% increase in policy non-renewals. Two insurers left the market during the last two years. One came here about 12 years ago, specializing in homeowners policies for coastal communities at reasonable prices. They are now in receivership, canceling thousands of policies mid-term. A third insurer announced that in 2025 they will be non-renewing all their home and auto policies in Rhode Island and all the other states where they operate. If I had a professional Christmas wish list, at the top of it would be that insurance companies were required to give more advanced notice before being allowed to withdraw from territories, unless they demonstrated actual financial distress.

When there are non-renewals it creates a big problem for consumers because most standard insurance companies won't accept new customers in coastal communities. This has increased the population in the Rhode Island Joint Reinsurance Association (state risk pool) by 30% during the last two years. Consumers pay 35%-50% more in the pool for a basic homeowners policy that doesn't offer optional coverages like jewelry riders. Other consumers have no alternative other than buying coverage through the un-regulated "surplus lines" market.

Insurers have had storm claim driven, large, multi-year premium increases, contributing to the affordability problem for first time home buyers and putting a major strain on the budget of existing homeowners. Thousands of Rhode Island consumers have a 5% hurricane damage deductible. A homeowner with a \$500,000 house would have a \$25,000 hurricane damage deductible, more than many people could afford to repair their home.

ERNEST SHAGHALIAN JR CPCU AAI

AUTO - HOME - BUSINESS INSURANCE

Massachusetts coastal communities have also seen a spike in policy non-renewals. Just in Barnstable County (Cape Cod) there are 51,184 homeowners insured through the Massachusetts Property Insurance Underwriting Association (state risk pool) unable to get adequate dwelling property limits on larger homes.

Businesses that own property in coastal communities have no alternative but to get coverage in the un-regulated surplus lines market at a much higher cost and these insurers require non-standard exclusions that would eliminate coverage for potentially devastating property and liability losses.

In recent years we have seen more frequent incidents of sudden street flooding, causing total losses on dozens of cars each time, adding to the cost of auto insurance. Our highway infrastructure can no longer handle the increased amounts of rain in short time spans. Homes and businesses that aren't in flood zones are getting flooded.

It's not just the big, well-publicized hurricane claims but more frequent and severe local storms. In Rhode Island since 2018 we've had six tornado strikes. Prior to that it took 32 years for six tornado strikes. We have new weather hazards like "atmospheric rivers" which cause floods through wide sections of the country. We're also seeing wild fires in places that never had them.

When insurance companies won't accept millions of dollars of premiums, even at today's much higher rates, that tells me they think things are going to get worse.

Testimony of
Robert P. Hartwig, PhD, CPCU
Director, Risk & Uncertainty Management Center and
Clinical Associate Professor of Finance
Darla Moore School of Business
University of South Carolina

To the
United States Senate
Committee on the Budget
For the Hearing Entitled
**“Next to Fall: The Climate-Driven
Insurance Crisis is Here –
And Getting Worse”**

December 18, 2024

Washington, DC



Thank you, Senator Whitehouse, Ranking Member Grassley and members of the Committee.

Good morning. My name is Robert Hartwig and I am a Professor of Risk Management, Insurance and Finance at the University of South Carolina's Darla Moore School of Business. I also serve as Director of the School's Risk and Uncertainty Management Center.¹ Prior to joining USC, I spent 23 years in the in the property/casualty insurance and reinsurance industries, the last decade of that as President and Economist of the Insurance Information Institute, an international property/casualty insurance trade association based in New York City. During that time, I have had the opportunity to work on a wide variety of issues related to the industry's exposure to catastrophic loss and its financial performance during periods of economic uncertainty.

Let me get straight to the point. The insurance industry is not in the midst of a climate-driven crisis nor is it about to "fall." Strength and stability are the hallmarks of the industry. Indeed, a recent report from AM Best, the largest insurance rating agency in the U.S., found that the cumulative impairment rate of AM Best-rated insurers over any 15-year period from 2001-2023 was 0.3%, down significantly from the 3.9% for the 1977-2001 period (see Exhibit 1).² In other words, there is no evidence that the industry is on the precipice of collapse, despite material increases in insured losses arising from natural disasters over the past quarter century. Solvency-focused regulation and sound risk management by insurers are key drivers of these improvements. Furthermore, in the eyes of federal and state regulators, the insurance industry does not pose a systemic risk to the financial system or the broader economy. There are no insurers designated as Systemically Important Financial Institutions (SIFIs) and since 2017 the US Treasury's Financial

¹ Contact information: Tel: (803) 777-6782; Email: robert.hartwig@moore.sc.edu.

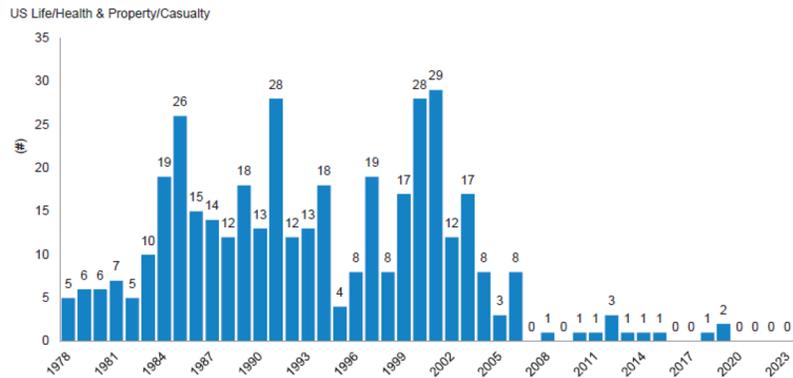
² AM Best. "Impairments of AM Best-Rated Insurers Have Declined Since 2001." (October 16, 2024).

Accessed at: <https://news.ambest.com/newscontent.aspx?refnum=261435&altsrc=23>. Impairment rates are for AM Best-rated companies with a Financial Strength Rating (FSR) of A- or above. Since 2021, natural catastrophes caused or contributed to the impairments of 20 small insurers, 14 of them in Florida and Louisiana. None were rated by AM Best at the time of impairment and 11 of the 20 had never been rated by AM Best. Fraud and litigation were cited as contributing factors in five of the impairments.

Stability Oversight Council (FSOC) has effectively ceased relying on non-bank SIFI designations for regulatory purposes.

Exhibit 1

Number of Insurer Impairments by Year



Lastly, data collected by this Committee on non-renewal rates for homeowners insurance reveal that a small increase in the non-renewal rate for the US overall is largely driven by increases in Florida and California (see Exhibit 2). The same pattern of increase is *not* observed in other large, disaster-prone states such as Texas and New York, suggesting idiosyncratic issues play a major role in determining insurance availability and affordability in both Florida and California. Notably, the median non-renewal rate among the fifty states has varied little over the period from 2018 through 2023. In the vast majority of states, therefore, 99%-plus of homeowners are able to renew their policies each year.

Exhibit 2**Homeowners Insurance Non-Renewal Rates, 2018-2023**

	<u>FL</u>	<u>CA</u>	<u>TX</u>	<u>NY</u>	<u>US</u>	Median State
2023	2.99%	1.72%	0.83%	0.57%	1.06%	0.86%
2022	3.00%	1.33%	0.68%	0.50%	0.83%	0.68%
2021	1.29%	1.12%	0.64%	0.39%	0.68%	0.61%
2020	0.97%	0.85%	0.46%	0.26%	0.53%	0.48%
2019	1.02%	1.03%	0.64%	0.35%	0.68%	0.66%
2018	0.79%	0.94%	0.81%	0.39%	0.80%	0.79%

Source: US Senate Budget Committee.

Crises vs. Dislocations

Climate risk is today—and has always been—and important determinant in the cost of insurance and for that reason climate change is an issue that insurers and reinsurers monitor closely. There has been a tendency, however, to over-attribute the impact of climate change when describing the state of insurance markets. History and research have demonstrated that the impact of climate change on insured losses is incremental and relatively small. The dynamics of insurance markets are far more complex than can be explained by climate change in isolation, with insured losses and ultimately the price and availability of coverage determined by a range of factors, including, according to Swiss Re, the following:³

- population growth and urbanization
- accumulation of asset values in exposed areas;
- inflation
- litigation

³ Swiss Re Institute. "Natural Catastrophes and Inflation in 2022: A Perfect Storm." *sigma* No. 1/2023. Accessed at: <https://www.swissre.com/institute/research/sigma-research/sigma-2023-01.html>.

For the purposes of my testimony, I will address each of these issues in the context of their impacts on insurance markets and the potential for each to produce localized market dislocations.

Population Growth, Urbanization and the Accumulation of Asset Values in Exposed Areas

Since 1970, the US population has increased by 65%. Population in catastrophe-prone states has been far larger. The population of hurricane-prone Florida, for example, is up 217% since 1970—with Texas up 160%. The situation is similar in Western states vulnerable to major wildfire risk. The populations of California, Washington and Colorado are up 98%, 126% and 162%, respectively.⁴ The influence of demographics relative to climate (in the context of hurricane risk) is displayed in Exhibit 3.⁵

Localized population growth trends can further amplify losses. Hurricane Ian in 2022 made landfall in the Cape Coral-Ft. Myers metro area along Florida's west coast—where population is up 620% since 1970 (Exhibit 4). Even though 2022 was a year in which the number of major hurricanes was below both expectations and the historical annual average, Ian nevertheless stands as the second-costliest hurricane in US history with some \$55 billion in insured losses. The example of Hurricane Ian illustrates the dominance of demographics over climate change as a driver of insured loss.

⁴ US Census Bureau. "Historical Population Change Data (1910-2020)." Accessed at: <https://www.census.gov/data/tables/time-series/dec/popchange-data-text.html>.

⁵ Swiss Re Institute. "Ian Revisited: Disentangling the Drivers of US Hurricane Losses." Nov. 2023. Accessed at: <https://www.swissre.com/institute/research/sigma-research/sigma-2023-01.html>.

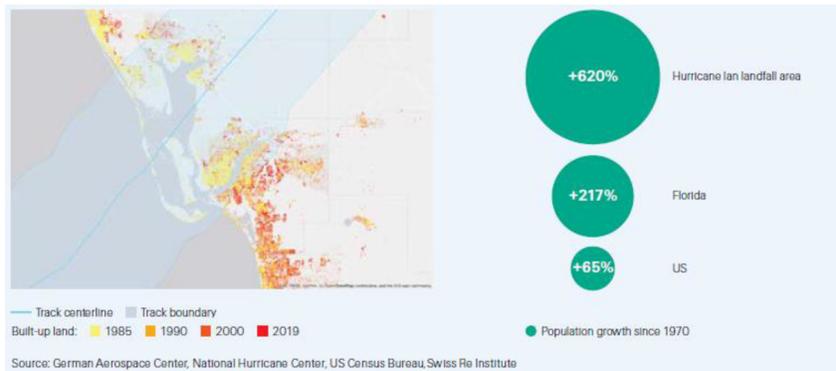
Exhibit 3

Changes in Built-Up Land in the Hurricane Ian Area



Exhibit 4

Changes in Built-Up Land in the Hurricane Ian Area (left) and Population Growth (right)



Source: See footnote 3.

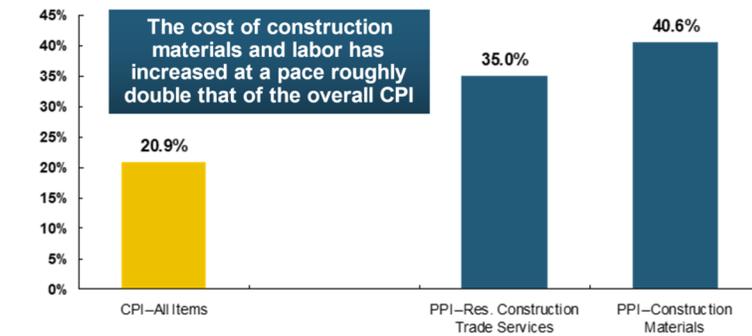
Inflation

Supply chain disruptions and trillions in fiscal stimulus during the Covid-19 pandemic pushed inflation in the United States to its highest level in 40 years.

Rising from 1.2% in 2020 to 4.7% in 2021 before peaking at 8% in 2022⁶, inflation impacted the price of goods and services throughout the economy, including those that directly influence the cost of repairing and rebuilding structures damaged not only by major natural disasters, but property claims of all sizes, from all property perils, throughout the country. Inflation of this magnitude was not anticipated by insurers and led to a sharp and sustained increase in claim costs, compounding the increases associated with near-record catastrophe losses. Insurer loss ratios rose materially, necessitating upward rate adjustments which continue to this day. Inflation as experienced by property insurers in recent years is materially higher than the general level of inflation as measured by the CPI. From January 2020 through June 2024, the cost of construction materials increased by 40.6%, nearly double the 20.9% increase in the overall CPI over the same period. Likewise, the cost of residential construction trade services was up 35% (see Exhibit 5). Again, the impact of economic inflation on property insurance claim costs dominates any impact from climate change.

Exhibit 5

Cost Indicators for Homeowners, Price Index Changes, Jan. 2020 – June 2024

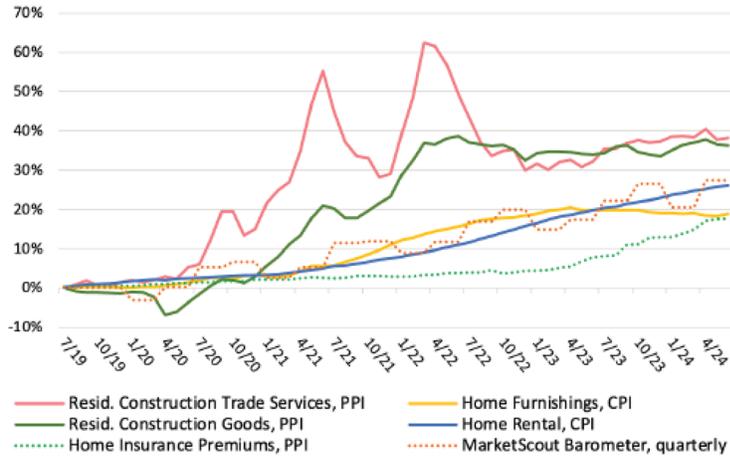


⁶ As measured by the Consumer Price Index (CPI), US Bureau of Labor Statistics.

It is important to note that the increase in home insurance premiums has lagged far behind increases in the price of construction goods and services as well as home furnishings and rents. In other words, home insurance premiums as a share of the total cost of homeownership has actually fallen. As displayed in Exhibit 6, home insurance premiums rose by approximately 18% between mid-2019 and mid-2024 while rents and the median home price rose by approximately 30%.

Exhibit 6

Cost Indicators: Home Insurance
Cumulative Percent Change over Five Years



Source: APCIA from US Bureau of Labor Statistics and MarketScout Corp.

Litigation and Fraud

Litigiousness and fraud have also contributed to the upward trend in claim costs—driving premiums upward and reducing coverage options for some policyholders. In recent years, Florida has become the undisputed epicenter for insurance litigation. According to the Florida Office of Insurance Regulation, the state accounted for 76% of all homeowners insurance-related litigation nationwide in

2021 despite accounting for only 7% of homeowners claims that year.⁷ In 2022 (latest available), Florida's share of homeowners insurance litigation had dropped to 71%, even though the state that year accounted for 15% of all open claims nationally. From 2018 through 2023, Homeowners Defense and Cost Containment Expenses increased by nearly 75%.⁸ Excessive litigation contributed not only to higher premiums but a more-than-doubling in the policy count at Citizens Property Insurance Corp., the state's insurer of last resort. The recent leveling-off in the number of personal policies in force at Citizens is early evidence that reform legislation passed in 2021 and 2022 is beginning to improve insurance availability in the state.

Summary

Insured losses from natural disasters across the United States continue to rise and will continue rise for the foreseeable future. Climate change drives incremental system costs. But the dynamics of insurance markets are complex. Indeed, many factors have contributed to the record and near-record losses experienced in recent years. Foremost among these factors has been the rapid increase in population and property exposures in areas that have always been vulnerable to variability and volatility in the climate. These demographic pressures have been amplified by the highest rate of inflation since the 1980s, which has pushed up the cost of building materials and labor. Litigation, too, has added billions to the cost of providing insurance.

Pressure on insurance markets associated with all these factors has pushed up premiums and resulted in availability issues in a number of states. Meaningful reforms, coupled with investments in mitigation, are proven solutions that can help ensure the stability of insurance markets across the country.

⁷ Florida Office of Insurance Regulation. "Property Insurance Stability Report." January 1, 2023. Accessed at: <https://foir.com/docs-sf/default-source/property-and-casualty/stability-unit-reports/january-2023-isu-report.pdf>.

⁸ Florida Office of Insurance Regulation. "Property Insurance Stability Report." July 1, 2024. Accessed at: <https://foir.com/docs-sf/default-source/property-and-casualty/stability-unit-reports/july-2024-isu-report.pdf>.

Thank you for you for the opportunity to testify before the Committee today. I would be happy to respond to any questions you may have.

Question for the Record
for
Dr. Benjamin Keys
from Chairman Sheldon Whitehouse

In the written and oral testimony of Dr. Robert Hartwig, he appeared to minimize the growth in non-renewal rates over the last six years, writing that it “is largely driven by increases in Florida and California” and man-made factors like litigation and fraud. But the data obtained by the Committee appears to show otherwise. While Florida led the nation with a nearly 300 percent increase in non-renewals, California was only in seventh place, with an approximately 80 percent increase. Louisiana, Hawaii, South Carolina, Oklahoma, and Rhode Island all saw larger increases than California. And in addition to the above states, New Jersey, Montana, Wyoming, West Virginia, Washington, Connecticut, Mississippi, and Maine all saw increases of greater than 50 percent. Based on your analysis of the data obtained and released by the Committee, please comment on whether non-renewals are an increasingly common problem in many parts of the country and highlight any relevant examples.

Response for the Record

From: Dr. Benjamin Keys

To: Chairman Sheldon Whitehouse

Based on my analysis of the novel data obtained and released by the Committee, it is abundantly clear that non-renewals are a growing problem in many parts of the country beyond Florida and California. In addition, the patterns in the data cannot be narrowly attributed to man-made factors.

Instead, the data are consistent with a tight connection between non-renewals and climate-related disaster risk. The national map shows rising non-renewal rates across the country, within dramatic increases in Louisiana (267% increase), Hawaii (216%), South Carolina (136%), and Oklahoma (103%) from 2018-2023 (see Table 7 of the Committee report). These states (#2-#5 behind #1 Florida) cannot simply be classified as states with “man-made” concerns around litigation or fraud; they have very different regulatory regimes across each state, but each face climate-related challenges from storm-related damage to hailstorms and tornadoes.

Examining the county-level data, the increase in non-renewals is most acute in those counties most exposed to climate risk, especially in coastal areas along the Gulf Coast, the Carolinas, and Southern New England. These patterns are most consistent with insurers exiting risky markets. Insurers are publicly describing the ways in which they are reducing the risk in their portfolios of policies in force, after several years of aggregate losses to the industry. These adjustments include raising premiums, reducing coverage, carving out specific perils, and exiting markets and non-renewing policies.

The granular data allows for two additional analyses that further confirm the role of climate risk in the patterns of insurer non-renewals. The first is to correlate county-level non-renewals with measures of climate-related disaster risk. The non-renewal rate in the riskiest quintile of counties is more than double the rate in the safest counties (see Graph 1 in the Committee report). The second analysis compares county-level non-renewals with county-level average insurance premiums (see Graphs 2 and 3 in the Committee report). The positive relationship suggests that insurers are both raising rates and dropping policyholders in response to the costs of rising disaster risk.


Charles E. Grassley
United States Senator

Questions for the Record
from Senator Charles E. Grassley
for Dr. Robert Hartwig
“Next to Fall: The Climate-Driven Insurance Crisis is Here –
And Getting Worse”
December 18, 2024
Senate Budget Committee

Question #1

Dr. Hartwig,

At the end of the hearing, you were cut off when attempting to explain the significant role litigation plays in the rise of insurance costs, which Democrats dismissed. And, you were given a simplistic explanation from the Majority that lawsuits only happen when claims aren't paid.

Would you please finish your statement for the record?

Legal system abuse is a major driver of rising home insurance premiums in several states, most notably Florida and Louisiana. According to the Florida Office of Insurance Regulation, home insurers in 2023 paid approximately \$3.46 billion in defense, litigation and medical containment expenses. In every year since 2018, that sum has exceeded \$2 billion and was generally increasing. These costs derived from unique features of Florida—such as Assignment of Benefits (AOB) and one-way attorney fees—that increased not only the absolute number of claims but also those that contained elements of fraud and abuse. After experiencing billions in losses, insurers raised home insurance rates to reflect these costs and in some cases slowed or halted sales of new policies. Gov. DeSantis in 2022 recognized that these abuses were reducing the affordability and availability of insurance and Florida and put through a series of reforms which are now reducing these costs. Early indications are that these reforms are helping to contain these costs.

Question #2

In conjunction with the Committee hearing, The Majority released two staff reports: “Uncovering the Economic Costs of Climate Change,” summarizing its prior hearings and testimony over the course of this Congress, and an insurance-specific report, “Next to Fall: The Climate-Driven Insurance Crisis Is Here – And Getting Worse.” The flawed insurance-specific

report was central to the hearing, yet the Democrats refused to share it with Republicans in advance, making any discussion on the merits or critique of its findings and methodology impossible. Instead, they shared raw non-renewal data with my office the day before the hearing, with no indication of how they interpreted it.

Do you believe these reports give an accurate and complete accounting of the reasons for increased losses to insurers? If not, what did the reports miss?

I do not believe that the two aforementioned Majority reports provide an accurate and complete accounting of the reasons for increasing losses experiences by insurers. First, both reports completely ignore the fact that legal system abuse and fraud can introduce billions of dollars in litigation expenses that must necessarily be passed along to policyholders. As noted in my response to Question 1, in Florida alone, legal costs added between \$2 billion and \$3.5 billion annually from 2018 – 2023. Antiquated regulation—not allowing insurers to incorporate reinsurance costs or use state-of-the art wildfire models as is the case in California—is likewise not an issue addressed in the Majority’s reports. Abuse of the legal system, fraud and archaic regulation (or any combination thereof) can cause enormous dislocations in insurance markets. Experience also reveals (as is currently the case in Florida) that addressing these issues can restore market stability in terms of the availability and affordability of insurance.

Do you have any criticisms of how the data cited by the Majority was compiled or interpreted?

Question #3

The Majority staff report, “Uncovering the Economic Costs of Climate Change,” claims that, “[n]ationally, the average homeowners’ insurance premium increased 33 percent between 2020 and 2023. In Florida, it more than doubled, with average premiums now costing more than \$6,000 per year.”

What factors may have led to such sharp increases in insurance premiums in Florida and similar states, and to what extent was climate change a factor in those increases?

As noted in my testimony, rising insurance premiums nationally and in disaster-prone states are the result of many factors. Among the most important factors pressuring premiums in recent years is inflation. Peaking in 2022, the United States has experienced its highest rate of inflation in some 40 years. Importantly (and as documented in my testimony), the cost of residential construction goods and services (i.e., the cost of materials and labor necessary to repair and rebuild homes) increased by 50% to 100% more than the overall CPI in recent years. Legal system abuse was a major driver of cost in states such as Florida and Louisiana. The largest of factors driving aggregate losses is the sharp increase

in population in disaster-prone regions of the United States. Climate change is a factor, but is small and incremental relative to rapid increases inflation, legal system abuse and demographic shifts. The Majority's report cites faulty data. The source of the \$6,000 figure—the Insurance Information Institute—retracted this estimate in June 2024. The revised estimate is \$3,340. In other words, the increase in Florida homeowners insurance premiums is 44% less than cited by the Majority.

Questions for the Record
from Senator John Kennedy

Dr. Robert Hartwig

“Next to Fall: The Climate-Driven Insurance Crisis is Here – And Getting Worse.”

December 18, 2024

Senate Budget Committee

Question #1:

Insurance is highly regulated industry at the state level. According to Swiss Re, climate change is resulting in a small annual increase in insured losses, but the key factors are economic growth, accumulation of asset values in exposed areas, urbanization and rising populations, and man-made factors such as legal system abuse and regulatory challenges. In fact, over the last year, property insurance markets in severely challenged states like California, Florida, and Louisiana are beginning to show some promising signs of reform.

- Hasn't the regulatory systems in place further exacerbated the time that it takes insurers premiums to reflect the increased costs mentioned earlier?

Insurance regulation generally requires that insurers place a heavy emphasis on rates that are based on historical trends. While to some extent this is reasonable, the effect is that insurers can only reflect sudden and unanticipated costs in their rates with a substantial lag. The best recent example of this is the high inflation of the past few years. Inflation peaked in 2022 but only began to be reflected in rates in 2023 and 2024. California places restrictions on insurers' use of state-of-the-art catastrophe models used for modeling wildfire risks and historically has not allowed insurers to factor the current (and rising) cost of reinsurance into rates. The net effect has been for insurers to experience large losses because the rates they are allowed to charge do not fully reflect the risks they are being asked to insure. In order to maintain their financial strength, avoid downgrades and minimize the risk of insolvency, insurers in some cases have had to pause offering insurance in some areas. As such regulatory systems that are not responsive to a changing risk landscape can contribute to dislocations in insurance markets.

Question #2:

Legal system abuse is further exacerbating insurance affordability pressures, while fraud specifically related to property insurance claims also represents a significant portion of the growing amount of insurance fraud in the United States—issues that cost everyone. Lawsuits have become increasingly likely to result in “nuclear” verdicts (verdicts over \$10 million dollars), and these exceptionally high jury verdicts can threaten a company's viability. According to a recent study, the median nuclear verdict increased 27.5 percent over the ten-year study period, far outpacing inflation. In 2010, average personal injury verdicts were \$39,300, and by

2020 they were \$125,366. This represents a 319 percent increase in these judgments even accounting for a dip at the beginning of the pandemic.

- Would you agree that such abuses in our legal system are also contributing to the growing costs of insurance?

Legal system abuse is a major driver of higher insurance costs in general and of rising home insurance premiums in several states, most notably Florida and Louisiana. According to the Florida Office of Insurance Regulation, home insurers in 2023 paid approximately \$3.46 billion in defense, litigation and medical containment expenses. In every year since 2018, that sum has exceeded \$2 billion and was generally increasing. These costs derived from unique features of Florida—such as Assignment of Benefits (AOB) and one-way attorney fees—that increased not only the absolute number of claims but also those that contained elements of fraud and abuse. After experiencing billions in losses, insurers raised home insurance rates to reflect these costs and in some cases slowed or halted sales of new policies. Gov. DeSantis in 2022 recognized that these abuses were reducing the affordability and availability of insurance and Florida and put through a series of reforms which are now reducing these costs. Early indications are that these reforms are helping to contain these costs.

- Does outright insurance fraud also contribute to premium costs? How much does that impact premiums and what does that cost individual consumers?

Fraud is an important cost driver in insurance. According to the FBI, non-health insurance fraud is estimated to cost more than \$40 billion per year. This translates into higher premiums of \$400 to \$700 per year, per family in the US.* Across all types of insurance, the Coalition Against Insurance Fraud in 2022 estimated the annual cost of insurance fraud at \$308.6 billion.**

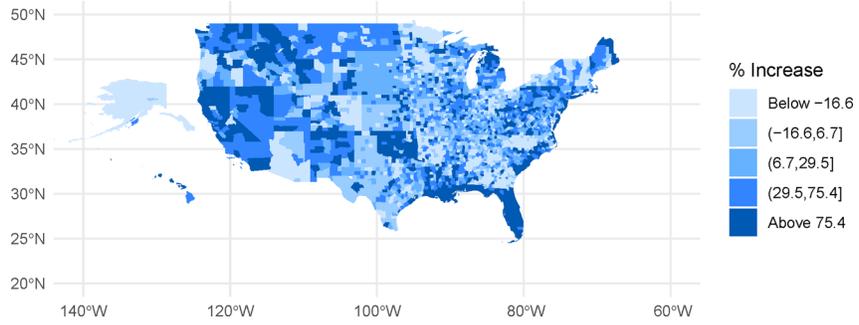
* Source: Federal Bureau of Investigation at: <https://www.fbi.gov/stats-services/publications/insurance-fraud>

**Source: Coalition Against Insurance Fraud (2022) at: <https://insurancefraud.org/wp-content/uploads/The-Impact-of-Insurance-Fraud-on-the-U.S.-Economy-Report-2022-8.26.2022-1.pdf>

Map 5: Non-Renewal % Rate Increase 2018 – 2023 (County Level)

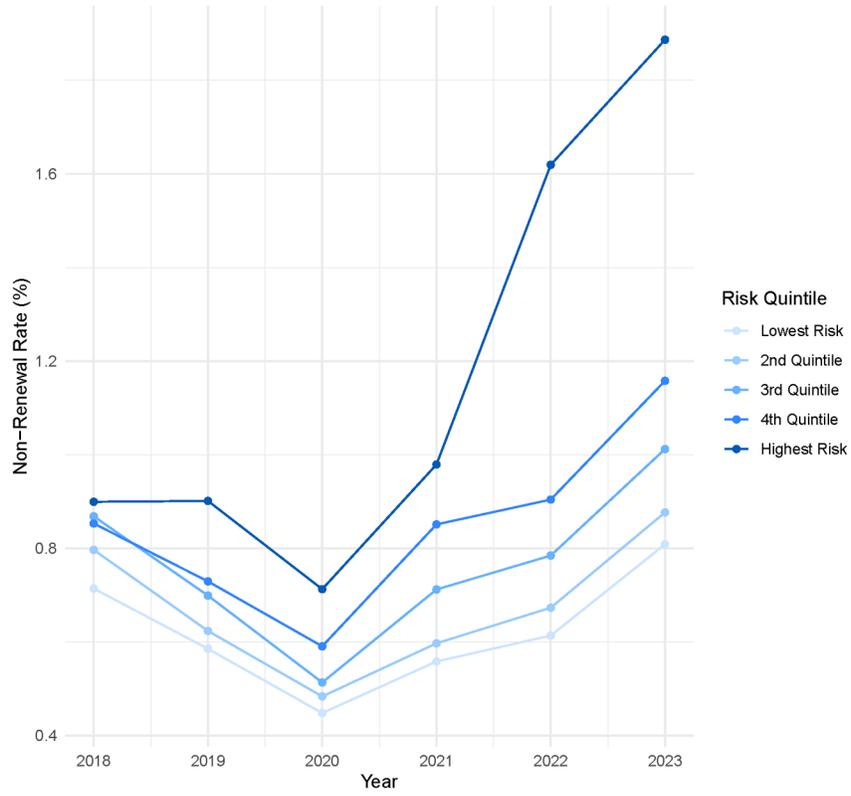
Non-Renewal % Rate Increase 2018 – 2023

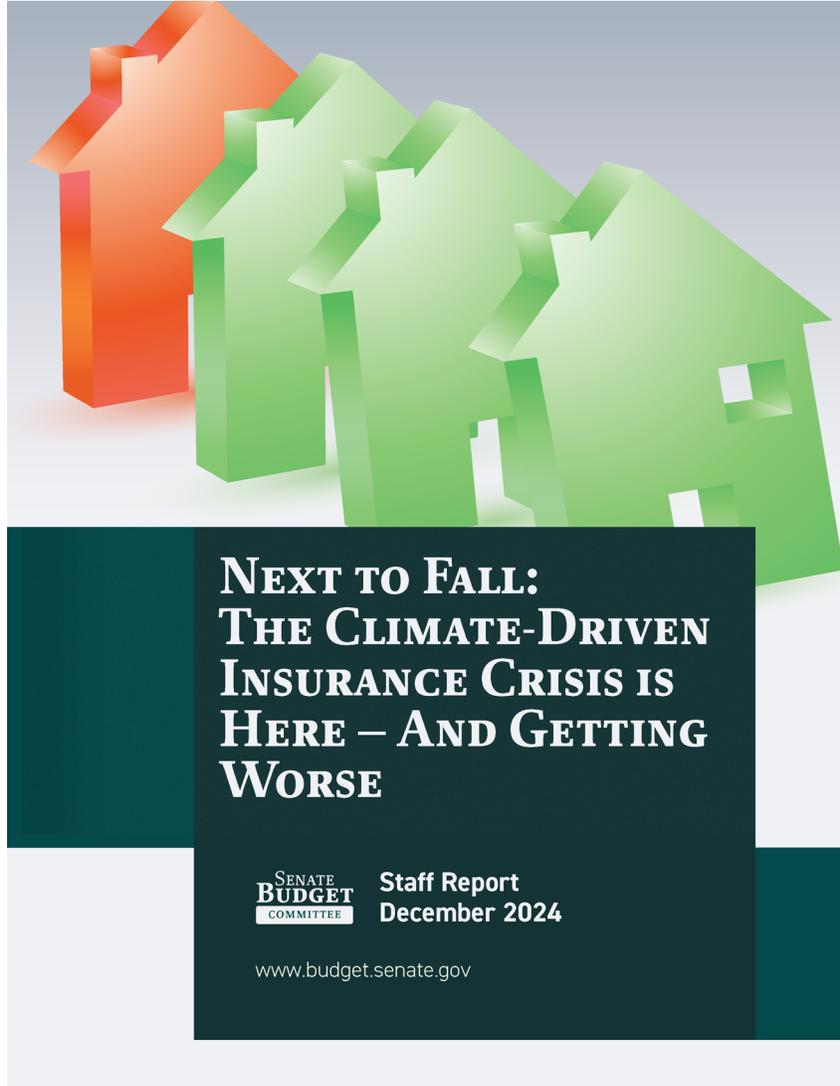
County-Level. Counties with < 1k policies are filled with the state average (23%).



Graph 1: Non-Renewal Rate (%) by Climate Risk Quintile

Non-Renewal Rate (%) by Climate Risk Quintile
Mean County Rate, Weighted by # of Policies





**NEXT TO FALL:
THE CLIMATE-DRIVEN
INSURANCE CRISIS IS
HERE – AND GETTING
WORSE**

SENATE
BUDGET
COMMITTEE

Staff Report
December 2024

www.budget.senate.gov

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EXECUTIVE SUMMARY

In early 2023, the Senate Budget Committee began a series of hearings examining the risks that climate change poses to insurance, mortgage, and property markets in coastal and wildfire-exposed communities. The Committee organized these hearings in response to growing reports of turbulence in insurance markets in Florida, Louisiana, California, and Texas. Since these first hearings, reports have continued to mount about rising premiums and fleeing insurers in these states.

In November 2023, the Committee launched an investigation into homeowners' insurance market conditions across the country to better understand the geographic scope of the troubles affecting the market. The Committee focused on non-renewal data, as insurance industry experts had indicated that spiking non-renewal rates, even if still low in absolute terms, are often an early warning sign of market destabilization. Higher non-renewal rates are also correlated with higher premiums.

The Committee ultimately obtained national, county-level non-renewal data from 23 of the 41 companies from which it requested this data. The data cover the years 2018 through 2023, and the companies responding collectively account for approximately 65 percent of the homeowners' insurance market nationwide. The data released with this Report demonstrate climate change beginning to upend insurance markets around the country.

First, the data confirm that it is climate change that is driving increasing non-renewal rates, as the counties that are most exposed to climate-related risks such as wildfires or hurricanes are the counties seeing the highest non-renewal rates.

Second, the data reveal that Florida, Louisiana, California, and Texas are not the only places experiencing spiking non-renewal rates and increasing premiums. Florida has the highest average statewide non-renewal rate; Texas is not even in the top ten. Southern New England, the Carolinas, New Mexico and counties in the Northern Rockies, Oklahoma, and Hawaii all suffer from high non-renewal rates, demonstrating that the full panoply of climate-related effects (hurricanes, wildfires, severe convective storms, hail, extreme precipitation, and sea level rise) are all destabilizing insurance markets.

EXECUTIVE SUMMARY

Third, the non-renewal data we obtained confirm a correlation between rising non-renewal rates and rising premiums. This underscores that climate change has become a major cost-of-living issue for families across the country.

In the past few months, climate change-driven extreme weather events have wreaked new havoc across Florida and the southeastern United States. Events such as these will only exacerbate the insurance crisis that is building across the country.

One thing is certain: unless the United States and the world rapidly transition to clean energy, climate-related extreme weather events will become both more frequent and more violent, resulting in ever-scarcer insurance and ever-higher premiums. This is predicted to cascade into plunging property values in communities where insurance becomes impossible to find or prohibitively expensive — a collapse in property values with the potential to trigger a full-scale financial crisis similar to what occurred in 2008. To avoid such a devastating fate, we must speed the transition to clean energy and eliminate carbon pollution. Climate change is no longer just an environmental problem. It is a looming economic threat.

I. INTRODUCTION: THE ECONOMIC COSTS OF CLIMATE CHANGE

A. Climate Change Poses a Destabilizing Threat to the U.S. Economy and Global Financial Systems.

Public discourse on climate change often focuses on environmental degradation — for good reason. But climate change also poses one of the greatest *economic* risks currently facing the United States. Over the last three decades, more than \$10 trillion — about 35 percent — of our national debt can be traced to two massive economic shocks: the 2008 financial crisis and the Covid pandemic.¹ The Great Recession eviscerated the financial security of families and businesses across the country and reduced federal revenues for a decade. The nonpartisan Congressional Budget Office (CBO) found that it added \$5 trillion to the national debt.² CBO also estimated that the pandemic added *another* \$5 trillion to the federal deficit while increasing borrowing costs, lowering economic output, and reducing national income.³

The economic shocks from climate change may be even worse. Central bankers, financial experts, economists, insurance executives, elected officials, and other thought leaders have argued that, in addition to the immediate costs of emissions-driven natural disasters, climate change poses new systemic risks to the U.S. economy; systemic risks that can cascade beyond immediately-affected sectors and inflict widespread economic damage. The primary risks are collapse in the insurance sector impacting mortgage and property markets, and a bursting of the “carbon bubble” leading to a sudden devaluation of fossil fuel assets severe enough to cascade into the broader economy.

The U.S. government has recently released comprehensive reports examining the destabilizing risks to the U.S. economy, and climate change features prominently. In 2020, for example, the Commodity Futures Trading Commission published a first-of-its-kind report on climate risks to the financial system and long-term economic growth. It concluded that “[c]limate change is already impacting or anticipated to impact nearly every facet of the economy” and that, “if significant action is not taken to check rising global average

¹ See, e.g., Congressional Budget Office, *The Budget Outlook: 2024 to 2034*, at 13 (Feb. 2024), <https://www.cbo.gov/system/files/2024-02/59710-Outlook-2024.pdf> (CBO’s correlating Historical Budget Data online at <https://www.cbo.gov/data/budget-economic-data>); The Growing National Debt, U.S. Department of the Treasury, <https://fiscaldata.treasury.gov/americas-finance-guide/national-debt/#the-growing-national-debt> (last visited Dec. 17, 2024); Press Release, U.S. Senate Committee on the Budget, *Whitehouse Statement at Hearing on CBO’s Budget and Economic Outlook* (July 10, 2024), <https://www.budget.senate.gov/chairman/newsroom/press/whitehouse-statement-at-hearing-on-cbos-budget-and-economic-outlook>.

² See, e.g., Congressional Budget Office, *The Budget Outlook: 2024 to 2034*, at 13 (Feb. 2024), <https://www.cbo.gov/system/files/2024-02/59710-Outlook-2024.pdf>; Congressional Budget Office, *The Budgetary Impact and Subsidy Costs of the Federal Reserve’s Actions During the Financial Crisis* (May 2010), <https://www.cbo.gov/sites/default/files/111th-congress-2009-2010/reports/05-24-federalreserve.pdf>.

³ Committee for a Responsible Federal Budget, *Updated Budget Projections Show Fiscal Toll of COVID-19 Pandemic* (June 24, 2020), https://www.crfb.org/sites/default/files/managed/media-documents/2022-02/Updated%20Budget%20Projections%20Show%20Fiscal%20Toll%20of%20COVID-19%20Pandemic_0.pdf.

temperatures, climate change impacts could impair the productive capacity of the economy and undermine its ability to generate employment, income, and opportunity.”⁴

In 2021, the Treasury Department’s Financial Stability Oversight Council identified climate change as an emerging and growing threat to the entire economy.⁵ In early 2023, the Economic Report of the President warned that “[r]apid changes in asset prices or reassessments of the risks in response to a shifting climate could produce volatility and cascading instability in financial markets.”⁶ The report echoed similar comments by U.S. Secretary of the Treasury Janet Yellen, who declared that “climate change will likely become a source of shocks to the financial system in the coming years. As climate change intensifies, natural disasters and warming temperatures can lead to declines in asset values that could cascade through the financial system.”⁷

Earlier this month, the Senate Budget Committee released its own report⁸ summarizing the nearly 20 hearings it held during the 118th Congress examining the economic costs and risks associated with climate change. It explored the way that climate change is driving price increases (climate-flation), harming a variety of industries, damaging infrastructure, destabilizing municipal bond markets, threatening asset values, and roiling insurance, mortgage, and property markets.

B. Chief Among the Economic Threats Posed by Climate Change are Risks to Homeowners’ Insurance Markets and Property Values.

Homeowners’ insurance is particularly exposed to climate risk, and destabilization in insurance markets could trigger cascading economy-wide financial upheaval. As the Economic Report of the President stated, “property insurance against catastrophic natural hazards is at the forefront of climate change risk exposure and is already showing signs of strain.”⁹ Similarly, Treasury Secretary Yellen warned that, “[i]n response to rising insured losses, some insurers are

⁴ U.S. Commodity Futures Trading Commission, Market Risk Advisory Committee, Managing Climate Risk in the U.S. Financial System (2020), <https://www.cftc.gov/sites/default/files/2020-09/9-9-20%20Report%20of%20the%20Subcommittee%20on%20Climate-Related%20Market%20Risk%20-%20Managing%20Climate%20Risk%20in%20the%20U.S.%20Financial%20System%20for%20posting.pdf>.

⁵ Press Release, U.S. Department of the Treasury, Financial Stability Oversight Council Identifies Climate Change as an Emerging and Increasing Threat to Financial Stability (Oct. 21, 2021), <https://home.treasury.gov/news/press-releases/jy0426>.

⁶ Executive Office of the President, Economic Report of the President, Together with the Annual Report of the Council of Economic Advisers (Mar. 2023) [hereinafter Economic Report of the President], <https://www.whitehouse.gov/wp-content/uploads/2023/03/ERP-2023.pdf>.

⁷ Press Release, U.S. Department of the Treasury, Remarks by Secretary of the Treasury Janet L. Yellen at the First Meeting of the FSO Climate-related Financial Risk Advisory Committee (Mar. 7, 2023), [hereinafter Remarks by Secretary of the Treasury Janet L. Yellen] <https://home.treasury.gov/news/press-releases/jy1325>.

⁸ Staff Report, U.S. Senate Committee on the Budget, Uncovering the Economic Costs of Climate Change (Dec. 2024), https://www.budget.senate.gov/imo/media/doc/uncovering_the_economic_costs_of_climate_change.pdf.

⁹ Economic Report of the President, *supra* note 6.

raising rates or even pulling back from high-risk areas. This has potentially devastating consequences for homeowners and their property values. Developments like these can spill over to other parts of our interconnected financial system.”¹⁰ Indeed, Federal Reserve Bank Chairman Jerome Powell testified to the Senate Committee on Banking in March 2024 that “[i]nsurance of various different kinds — housing insurance, but also automobile insurance, and things like that — [have] been a significant source of inflation over the last few years.”¹¹ He further noted that, “[i]n the longer term, companies are withdrawing from writing insurance in some coastal areas. . . . [I]t’s a significant issue.”¹²

In communities across the United States, homeowners are already facing a climate-driven insurance affordability crisis. As climate-related risks have increased, so, too, have climate losses. Some estimates suggest that “[i]nsured losses from natural disasters in the U.S. now routinely approach \$100 billion a year, compared to \$4.6 billion in 2000.”¹³ This has, in turn, translated to an accompanying increase in insurance premiums. Between 2020 and 2023, insurance premiums in the top 20 percent of counties for climate risk increased by 22 percent,¹⁴ and studies have found that insurance premiums have increased 40 percent faster than inflation.¹⁵ Homeowners have, on average, “seen their premiums spike 21 percent since 2015. . . . That means ever more people are forgoing coverage, leaving them vulnerable and driving prices even higher as the number of people paying premiums and sharing risk shrinks.”¹⁶ Staggeringly, around 67 percent of homes in the United States are now underinsured.¹⁷

Some insurers, unable to justify doing business in communities on the frontlines of climate change, have, as Federal Reserve Chair Powell observed, pulled out of markets entirely.¹⁸ Citing “rapidly growing catastrophe exposure, and a challenging reinsurance

¹⁰ Remarks by Secretary of the Treasury Janet L. Yellen, *supra* note 7.

¹¹ Jeanna Smialek, *Insurance Costs Are Pushing Up Overall Inflation*, N.Y. Times (Mar. 12, 2024), <https://www.nytimes.com/2024/03/12/business/insurance-inflation.html>.

¹² *The Semiannual Monetary Policy Report to the Congress: Hearing Before the Sen. Comm. on Banking, Hous., and Urban Aff.*, 118th Cong. (Mar. 7, 2024) (statement of Jerome H. Powell, Chair, Board of Governors of the Federal Reserve System), https://www.banking.senate.gov/imo/media/doc/powell_testimony_3-7-231.pdf.

¹³ Lois Parshley, *As climate risks mount, the insurance safety net is collapsing*, Grist (Oct. 10, 2023), <https://grist.org/economics/as-climate-risks-mount-the-insurance-safety-net-is-collapsing/>.

¹⁴ Oliver Milman, *How climate risks are driving up insurance premiums around the US – visualized*, The Guardian (Dec. 5, 2024), <https://www.theguardian.com/environment/2024/dec/05/climate-crisis-insurance-premiums>.

¹⁵ Li Cohen et al., *Climate change is making home insurance costs more expensive. These maps show prices and weather risks in your state*, CBS News (Sept. 17, 2024), <https://www.cbsnews.com/news/maps-home-insurance-costs-state-extreme-weather-risks/>; Emma Waters, *Rising Insurance Costs and the Impact on Housing Affordability*, Bipartisan Policy Center (June 25, 2024), <https://bipartisanpolicy.org/blog/rising-insurance-costs-and-the-impact-on-housing-affordability/>.

¹⁶ Parshley, *supra* note 13.

¹⁷ *Id.*

¹⁸ Lindsey Jacobson, *Insurers such as State Farm and Allstate are leaving fire- and flood-prone areas. Home values could take a hit*, CNBC (Feb. 5, 2024), <https://www.cnbc.com/2024/02/05/what-homeowners-need-to-know-as->

market,” major companies have stopped writing new policies in particularly high-risk regions.¹⁹ For example, in Louisiana, nearly 20 companies pulled out of the state’s market in the last two years.²⁰

Unfortunately, problems in the insurance market are unlikely to remain confined to the insurance market. Insurance is essential to obtaining a mortgage, so as insurance becomes less available, more and more affected properties will become unmortgageable.²¹ And as more and more properties become unmortgageable, property values in affected markets will decline, as most buyers need a mortgage.

According to one estimate, “climate change and the fight against it could wipe out 9% of the value of the world’s housing by 2050—which amounts to \$25 [trillion].”²² Because the greatest source of wealth for most Americans is their homes, declining property values will erode household wealth.²³ Any widescale decline in property values would thus present a systemic risk to the U.S. economy similar to what occurred during the 2007-2008 mortgage meltdown and ensuing global financial crisis. Indeed, the former chief economist for Freddie Mac has written with respect to a climate change-driven decline in coastal property values that “[t]he economic losses and social disruption may happen gradually, but they are likely to be greater in total than those experienced in the housing crisis and Great Recession.”²⁴ The difference from 2008 is that the financial system and asset values could and did recover. The physical risks of climate change make a similar recovery unlikely: a home too endangered to insure will only become more endangered.

[insurers-leave-high-risk-climate-areas.html](#); *Transcript: Why Insurers Are Pulling Out of High-Risk Areas*, Bloomberg (Sept. 26, 2023), <https://www.bloomberg.com/news/articles/2023-09-26/transcript-why-insurers-are-pulling-out-of-high-risk-areas?embedded-checkout=true>; Arthur Fliegelman, *Wind, Fire, Water, Hail: What Is Going on In the Property Insurance Market and Why Does It Matter?*, Office of Financial Research (Dec. 14, 2023), <https://www.financialresearch.gov/the-ofr-blog/2023/12/14/property-insurance-market/>; Diane P. Horn & Baird Webel, Congressional Research Service, IN12375, *Natural Disasters and the Homeowners Insurance Market* (June 12, 2024), <https://crsreports.congress.gov/product/pdf/IN/IN12375>.

¹⁹ Parshley, *supra* note 13.

²⁰ *Id.*

²¹ See, e.g., Lindsay Fenlock et al., *Climate Crisis Triggers Dangerous Domino Effect: Insurance, Housing, Financial Crises*, Center for International Environmental Law (July 23, 2024), <https://www.ciel.org/climate-crisis-domino-effect/>.

²² *Global warming is coming for your home*, The Economist (Apr. 11, 2024), <https://www.economist.com/leaders/2024/04/11/global-warming-is-coming-for-your-home>.

²³ Parshley, *supra* note 13; see, e.g., *id.*, Board of Governors of the Federal Reserve System, *Changes in U.S. Family Finances from 2019 to 2022 Evidence from the Survey of Consumer Finances* (Oct. 2023), <https://www.federalreserve.gov/publications/files/scf23.pdf>.

²⁴ *Life’s a Beach: The Impact of Sea Level Rise on Coastal Housing*, Freddie Mac (Apr. 26, 2016), <https://www.freddiemac.com/research/insight/20160426-lifes-a-beach>.

In the event that such a large-scale climate-driven decline in property values were to occur, the economic damage would not be confined to affected coastal communities. Across the United States, people would lose jobs, economic activity would contract, and retirement investments would lose value.²⁵ It would be 2008 all over again, with the difference that — this time — the affected properties would never regain their value.

A multipart exposé in *The Economist* recently summarized all these concerns bluntly: “As the climate worsens and natural disasters become more frequent, home insurance is therefore getting more expensive. In places, it could become so dear as to cause house prices to fall; some experts warn of a ‘climate-insurance’ bubble affecting a third of American homes. ... Housing is too important an asset to be mispriced across the economy — not least because it is so vital to the financial system.”²⁶ Citing an MSCI study, the article continued: “[O]ver the next 25 years the costs of climate change, in terms both of damage to property and of investments to reduce emissions, may amount to almost a tenth of the value of the housing in institutional investors’ portfolios. If the same holds true of housing in general, the world is facing roughly a \$25 [trillion] hit. The impending bill is so huge, in fact, that it will have grim implications not just for personal prosperity, but also for the financial system.”²⁷

C. New Committee Data Reveals Nationwide Insurance Risks.

Climate change is creating an insurance crisis that could trigger a crash in property values and other cascading economic shocks, yet consumers and policymakers lack nationwide databases capturing trends in insurance non-renewals and premiums. Groups like the National Association of Insurance Commissioners have recognized the need for “more insight into the health of property markets at both the state and national level in order to inform regulator insights [...and] help assess market concentrations and competitiveness,” but also have recognized that “not all states gather granular data [about] availability and affordability of coverage for consumers in some areas.”²⁸

With the release of this Report and accompanying data, that information gap begins to close.

II. SUMMARY OF THE INVESTIGATION AND METHODOLOGY

On November 1, 2023, the Senate Budget Committee launched an investigation into how insurance companies are navigating the mounting risks from climate change. In letters to 41 insurance companies, the Committee requested information and data to better understand trends

²⁵ *The Coming Financial Hurricane*, Lever News (Oct. 9, 2023), <https://www.levernews.com/the-coming-financial-hurricane/>.

²⁶ *Global warming is coming for your home*, *supra* note 22.

²⁷ *Id.*

²⁸ Press Release, National Association of Insurance Commissioners, States Issue Property & Casualty Market Intelligence Data Call Covering Over 80% of U.S. Market (Mar. 8, 2024), <https://content.naic.org/article/states-issue-property-casualty-market-intelligence-data-call-covering-over-80-us-market>.

in insurance availability and help predict future risks of non-renewal or market withdrawal.²⁹ The letters to the companies cited growing concerns related to (i) insurers having ceased writing new policies in California due in part to increased losses associated with wildfires; (ii) the acceleration of the insurance industry exodus from Florida due in part to increased losses from hurricanes; (iii) projections that premiums in Florida could increase by 40 percent or more in 2023; (iv) increased premiums and decreased availability beginning to disrupt the Florida real estate market; (v) insurers continuing to exit or reduce exposure to the Louisiana market due in part to increased losses from hurricanes; (vi) reinsurers in Iowa exiting the state after a string of extreme weather events; and (vii) the announcement by the National Oceanic and Atmospheric Administration that, as of October 10, 2023, there had already been 24 extreme weather disasters in the United States with costs of \$1 billion or more — the most in recorded history.

Among other inquiries, the letter posed the following request to all 41 insurance companies:

Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Following nearly a year of negotiations with the companies, the Committee received substantive data from 23 companies whose collective share of the “Homeowners Multiple Peril” market in the United States, as defined by the National Association of Insurance Commissioners (NAIC), totals nearly 65 percent.³⁰ More specifically, the data was provided to the Committee as follows:

²⁹ The full list of companies receiving the letter is: American International Group, Allied Trust, American Integrity, Allstate, American Family, AmTrust, Applied Underwriters, Auto Club Enterprises, AXA, Berkshire Hathaway, Chubb, CNA, CSAA, Fairfax, Farmers, Florida Peninsula, First Protective, Gulf States, Hartford, Heritage, Homeowners of America, Homeowners Choice, Kemper, Louisiana Farm Bureau, Liberty Mutual, Mercury General, Nationwide, Olympus, People’s Trust, Progressive, Security First, Shelter Mutual, Slide, State Farm, SURE, Tokio Marine, Tower Hill, Travelers, Universal Insurance Holdings, USAA, and Zurich. These companies are the 20 largest non-state-backed underwriters of homeowners’ insurance in Florida, Louisiana, Texas, and California. *See* Press Release, U.S. Senate Committee on the Budget, Budget Committee Launches Investigation into Climate Change-Fueled Insurance Crisis (Nov. 2, 2023), <https://www.budget.senate.gov/chairman/newsroom/press/budget-committee-launches-investigation-into-climate-change-fueled-insurance-crisis>.

³⁰ National Association of Insurance Commissioners, 2023 Market Share Reports For Property/Casualty Groups and Companies by State and Countrywide (Aug. 2024), <https://content.naic.org/sites/default/files/publication-msr-pb-property-casualty.pdf>.

- In timely compliance with the Committee’s request, 8 companies provided the requested data directly to the Committee;
- Following negotiations with the Committee to address various concerns, 3 companies provided data directly to the Committee;
- Following negotiations with the Committee to address various concerns, 12 companies provided data to Milliman, the independent insurance consultancy and analytical firm, which then aggregated and anonymized the data and provided it to the Committee.³¹

The Committee then standardized the companies’ data into an easy-to-understand, sortable table, which can be found [here](#).³²

III. FINDINGS OF THE INVESTIGATION

A. Coastal and Wildfire-Prone Areas Already Suffer from An Insurance Availability Crisis.

Analysis of the Committee’s data sheds new light on the state of homeowners’ insurance nationwide. It is clear from this data that homeowners’ insurance in coastal and high-risk areas is already in the throes of crisis.

In 2023 alone, all 10 of the top 10 states ranked by insurance non-renewal rate were either coastal states, which are naturally more prone to climate-related extreme weather events like hurricanes and slower-moving climate-related effects such as coastal erosion; states with counties that experienced an average annual loss of \$10 million or more from wildfire damage,

³¹ The Committee understands that much of the data collected by Milliman was data that the companies had also provided to the National Association of Insurance Commissioners (NAIC) in connection with a similar data call.

³² The vast majority of the data the Committee received was aggregated and anonymized by Milliman. This data was organized into columns representing the number of non-renewals each year and number of policies in force at the end of the relevant year (for years 2018 through 2023). Many of the companies that provided the Committee with data directly, however, provided the number of non-renewals and the percentage of non-renewals represented by that number. In these cases, the Committee calculated—by dividing the number of non-renewals by the provided percentage (as a decimal)—the number of policies in force; because the vast majority of the other data provided for policies in force reflected the number of policies in force at *end of year*, the Committee treated the calculated policy number as number of policies in force at *end of year*. Accordingly, in the table released, the data is organized into four columns, as follows: the “# of non-renewals” column reflects exact numbers provided to the Committee; the “Total End of Year Policies” column reflects the sum of exact numbers provided to us and the calculated policy numbers; the “Calculated Policies in Force” represents the sum of the “# of Non-Renewals” and “Total End of Year Policies”; and the “Calculated Non-Renewal Rate” shows the percentage derived from dividing “# of non-renewals” (numerator) by “Calculated Policies in Force” (denominator), as recommended by Milliman. Because some of the data provided to Milliman and to the Committee was data that companies had also provided to NAIC in connection with a similar data call, such data does not include insurance policies covering condominiums and cooperatives, which were excluded from the NAIC request.

as determined by the non-partisan risk advisor First Street; or both (Florida and California).³³ Extended to the top 25 states ranked by insurance non-renewal rate, the number of such states jumped to 17, with several outside the top 10 — New Mexico, Utah, Montana, Idaho, Colorado, and even Virginia and South Carolina — suffering major wildfire losses.³⁴

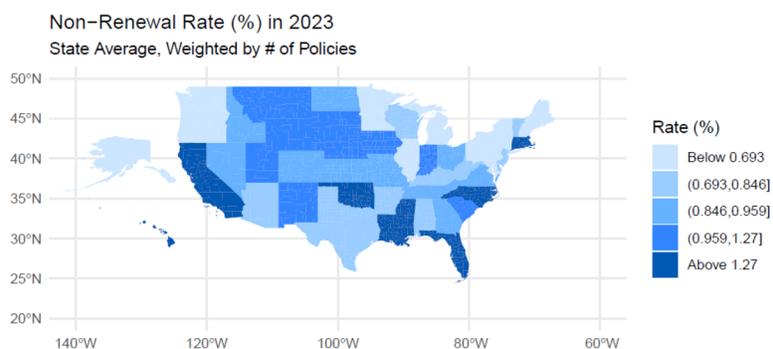
Table 5: States by Non-Renewal Rate 2023

	State	Non-Renewal % 2018	Non-Renewal % 2023	Non-Renewal Change 2018 - 2023
1	FL	0.79	2.99	2.2
2	LA	0.49	1.8	1.31
3	NC	2.07	1.79	-0.28
4	CA	0.94	1.72	0.77
5	MA	1.18	1.51	0.34
6	MS	0.96	1.49	0.53
7	OK	0.72	1.45	0.74
8	RI	0.69	1.37	0.68
9	CT	0.86	1.34	0.48
10	HI	0.42	1.32	0.9
11	NM	0.97	1.27	0.3
12	DC	0.98	1.24	0.26
13	SC	0.52	1.24	0.71
14	SD	0.88	1.12	0.24
15	IA	0.96	1.06	0.1
16	UT	0.72	1.06	0.34
17	NE	0.88	1.05	0.17
18	MT	0.61	1.02	0.41
19	IN	1	0.98	-0.02
20	TN	0.98	0.96	-0.02
21	VA	0.7	0.95	0.25
22	MO	0.99	0.94	-0.06
23	OH	1.03	0.89	-0.14
24	ID	0.77	0.87	0.1
25	CO	1.1	0.86	-0.24
26	GA	1.16	0.86	-0.3
27	ND	0.64	0.86	0.22
28	KS	0.81	0.85	0.04
29	NV	0.63	0.85	0.21
30	VT	0.7	0.85	0.14
31	WY	0.51	0.84	0.34
32	TX	0.81	0.83	0.02
33	AL	1.01	0.82	-0.19
34	AZ	1.16	0.8	-0.36
35	NJ	0.47	0.8	0.33
36	KY	0.6	0.77	0.17
37	WI	0.81	0.77	-0.04
38	DE	0.62	0.74	0.11
39	WV	0.45	0.74	0.29
40	AR	0.94	0.73	-0.2
41	WA	0.42	0.69	0.27
42	OR	0.83	0.68	-0.15
43	IL	0.54	0.66	0.12
44	MD	0.5	0.65	0.15
45	NH	1.25	0.63	-0.62
46	ME	0.4	0.61	0.2
47	MI	0.46	0.58	0.12
48	NY	0.39	0.57	0.18
49	AK	0.95	0.42	-0.53
50	PA	0.29	0.37	0.09
51	MN	0.58	0.32	-0.26

Table 5. States by Non-Renewal Rate 2023

³³ First Street Foundation, The 9th National Risk Assessment, The Insurance Issue (Sept. 20, 2023), <https://assets.riskfactor.com/media/National-Risk-Assessment-The-Insurance-Issue.pdf>.

³⁴ *Id.*



Map 1. Non-Renewal Rate (%) in 2023 (State Level)

The data tell a similar story at the county level: in 2023, among counties nationwide with at least 10,000 policies in force, 48 of the top 50 counties — and 82 of the top 100 counties — ranked by highest insurance non-renewal rates were coastal or low-lying delta counties, very high or relatively high-risk wildfire counties (as measured by FEMA’s National Risk Index (NRI)),³⁵ or both. Coastal and low-lying delta counties alone accounted for 16 of the top 25, 35 of the top 50, and 58 of the top 100 counties nationwide ranked by 2023 non-renewal rate.

³⁵ Federal Emergency Management Agency, National Risk Index, Data Resources, [hereinafter FEMA National Risk Index], <https://hazards.fema.gov/nri/data-resources> (last visited Dec. 17, 2024).

Table 1: 100 counties with the highest non-renewal rate in 2023 and > 10,000 policies

County	State	Non-Renewal % 2018	Non-Renewal % 2023	Annual Prem. 2023	Prem. Change 2018-2023	
1	LAMAR	CA	1.31	7,56	2707	1041
2	NEVADA	CA	1.24	7,51	2001	2188
3	BAKERSFIELD	MA	0.78	6,39	3702	880
4	TYGALONG	CA	7.83	6.1	N/A	N/A
5	JACKSON	MS	0.72	5.55	4265	1795
6	TERAMA	CA	0.69	5.29	N/A	N/A
7	HARRISON	MS	0.35	5.11	3045	911
8	GLADWIN	CA	2.28	5.05	N/A	N/A
9	SHARLA	CA	1.01	4.6	220	210
10	COLLER	FL	0.53	4.02	5056	2047
11	INDIANWELL	FL	0.41	3.79	3067	1515
12	CHARLOTTE	FL	0.33	3.71	3754	1454
13	BREWARD	FL	0.64	3.48	3592	1052
14	POPLAR	FL	0.58	3.32	N/A	N/A
15	MANLEDADE	FL	1.24	3.29	4228	1028
16	OSKOW	NC	2.01	3.2	2621	828
17	PUTT	NC	2.01	3.19	2149	431
18	NEWKING	CA	0.67	3.18	261	814
19	FLAGLER	FL	0.55	3.12	2861	1342
20	NEWYORK	NY	1.25	3.12	12256	6052
21	BEAUFORT	SC	0.22	3.11	1453	752
22	CHARLESTON	SC	0.45	3.07	3979	908
23	OSCEOLA	FL	1.03	3.06	3090	1250
24	ORLANDO	FL	0.44	3.79	4338	1883
25	PIVLA	FL	0.1	3.7	403	403
26	MARTIN	FL	0.33	3.08	1403	1403
27	LAFAYETTE	LA	0.81	3.08	403	1152
28	JEFFERSON	LA	0.38	3.03	4715	1724
29	SARASOTA	FL	0.4	3.5	1403	1372
30	PALMER	FL	0.8	3.44	3709	2750
31	TERREBONNE	LA	0.28	3.39	3926	1322
32	BROWARD	FL	2.07	3.3	6057	2464
33	BUTTE	CA	1.09	3.24	1922	N/A
34	LAN	AL	0.6	3.14	3558	948
35	NEWHAMPSHIRE	NC	1.02	3.14	3558	948
36	WALTON	FL	0.58	2.94	2545	1019
37	BERNARD	CA	0.69	2.93	1447	463
38	MADISON	FL	0.59	2.94	3207	1316
39	PASCO	FL	0.59	2.94	2869	1406
40	SUMNER	FL	0.59	2.94	2869	1406
41	BAY	FL	0.54	2.52	3176	1400
42	LEE	FL	0.29	2.53	4009	1400
43	HILLSBOROUGH	FL	0.6	2.52	3711	1400
44	COVINGTON	OK	1.09	2.47	2511	724
45	NEW	LA	0.18	2.4	2576	603
46	TANGIPARUA	LA	0.11	2.4	2576	603
47	ORANGE	LA	0.18	2.4	1748	465
48	ST. JEROME	NC	0.19	2.30	1248	1248
49	WYMA	NC	0.14	2.32	1748	465
50	BIRMSWICK	NC	1.39	2.32	3749	705
51	BROCKLEY	NC	0.51	2.31	N/A	N/A
52	ORANGE	FL	0.91	2.3	3407	1478

Table 1. 100 counties with the highest non-renewal rate in 2023 and > 10,000 policies

Non-renewal rates in 2023 in counties with 1,000 or more policies in force were similar. Coastal and high-risk wildfire counties accounted for 68 of the top 100 counties nationwide and 39 of the top 50, or both. For coastal counties alone, the numbers were 26 of the top 50 and 50 of the top 100 counties.

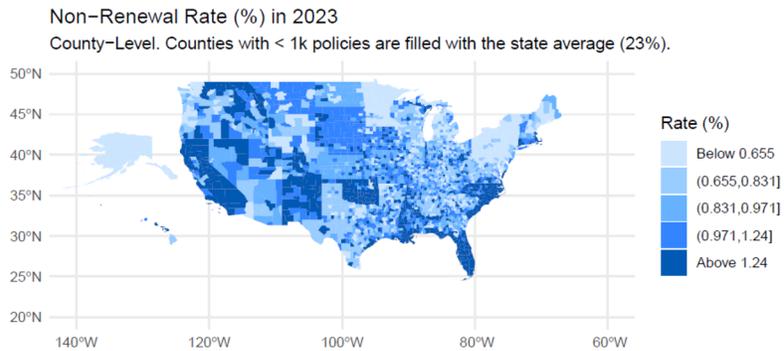
Table 3: 100 counties with the highest non-renewal rate in 2023 and > 1,000 policies

County	State	Non-Renewal % 2018	Non-Renewal % 2023	Annual Prem. 2023	Prem. Change 2018-2023	
1	GLADYS	FL	0.46	10.21	3617	1057
2	DALLES	MA	1.03	12.92	4500	1009
3	DREWS	MA	1.49	11.6	4654	1067
4	HEWEN	NC	1.81	10.8	3598	1144
5	REGHARDS	FL	0.41	9.14	2744	1102
6	HELAN	NC	2.11	9.16	2449	1100
7	LAMB	CA	1.24	7.56	2707	1041
8	CHERRYBROOK	NC	0.43	7.51	2001	1154
9	WYCK	MA	0.22	7.29	3067	883
10	SANCTUARY	NC	0.67	7.29	1922	1032
11	TRINITY	NC	0.97	7.27	2747	2228
12	PANORAMA	FL	0.27	7.06	3447	1174
13	HENRY	FL	0.69	6.88	3649	1208
14	MADISON	CA	2.08	6.87	3544	1788
15	BEAUFORT	NC	1.54	6.82	2430	980
16	CALAVERAS	CA	2.86	6.77	3435	1780
17	PELHAM	CA	1.08	6.6	2422	903
18	NEVADA	CA	2.3	6.51	3068	1888
19	HANSTABLE	MA	0.78	6.29	3027	984
20	LEWIS	FL	0.18	6.28	3160	1068
21	TYGALONG	CA	1.23	6.2	N/A	N/A
22	LEWIS	FL	0.04	6.06	403	1748
23	LENOIR	NC	1.76	5.77	2126	614
24	JACKSON	MS	0.92	5.54	4265	1365
25	IRVING	FL	0.2	5.44	3439	1258
26	AMADOR	CA	2.31	5.42	2800	1002
27	ST. BERNARD	LA	0.42	5.36	3412	1490
28	TERAMA	CA	1.09	5.29	N/A	N/A
29	HARRISON	MS	0.35	5.11	3045	911
30	BOISE	NC	0.41	5.06	3494	111
31	ELDERSON	CA	2.28	5.01	344	N/A
32	DI PLIN	NC	1.05	4.99	2143	450
33	SHARLA	CA	1.01	4.9	220	984
34	COLLER	FL	0.53	4.02	5056	2047
35	INDIANWELL	FL	0.41	3.79	3067	1515
36	CHARLOTTE	FL	0.33	3.71	3754	1454
37	BREWARD	FL	0.64	3.48	3592	1052
38	POPLAR	FL	0.58	3.32	N/A	N/A
39	MANLEDADE	FL	1.24	3.29	4228	1028
40	OSKOW	NC	2.01	3.2	2621	828
41	PUTT	NC	2.01	3.19	2149	431
42	NEWKING	CA	0.67	3.18	261	814
43	FLAGLER	FL	0.55	3.12	2861	1342
44	NEWYORK	NY	1.25	3.12	12256	6052

Table 3. 100 counties with the highest non-renewal rate in 2023 and > 1,000 policies

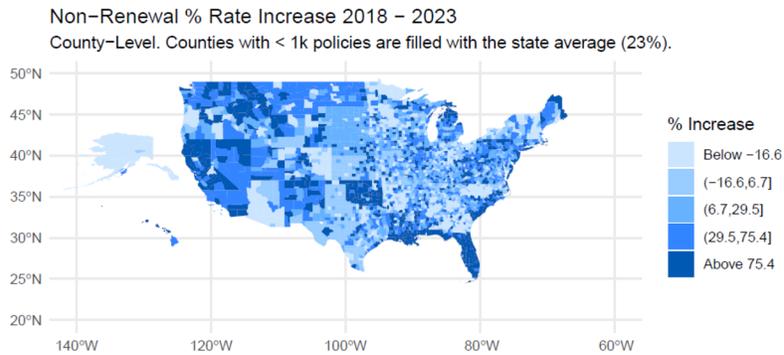
Within individual states, coastal counties and those with greater wildfire risk typically experienced higher rates of non-renewal relative to those counties that were not as exposed to

those climate risks. This trend was observed for each of the six years of data collected and it became more pronounced over time. For example, nationwide county-level data from 2023 shows higher levels of non-renewals in coastal counties in states such as Louisiana, South Carolina, Virginia, New Jersey, Massachusetts, New York, and Alabama as compared to other counties in those states. Similarly, that same map demonstrates higher rates of non-renewals in counties deemed to be at very high or relatively high wildfire risk by the NRI in, for example, inland California, eastern New Mexico, and Mountain West states.³⁶



Map 4. Non-Renewal Rate (%) in 2023 (County-Level)

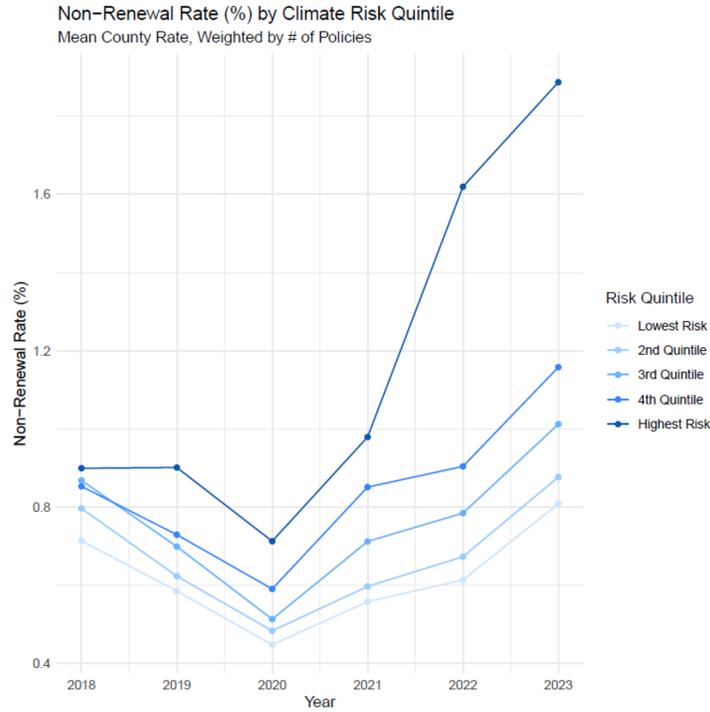
Viewed over the span of time covered by the data collection, the intrastate variation in non-renewal rates is even more pronounced, especially along the Atlantic coast:



Map 5. Non-Renewal % Rate Increase 2018 – 2023 (County Level)

³⁶ See FEMA National Risk Index, *supra* note 35.

No matter how the data is analyzed, the bottom line is unequivocal: across the United States, there is a clear correlation between non-renewal rate and climate risk. Additionally, areas with the highest climate risk also saw the largest increases in non-renewals from 2018 through 2023. In other words, states and counties with greater climate risk also have higher non-renewal rates.



Graph 1. Non-Renewal Rate (%) by Climate Risk Quintile

B. Insurance Availability Concerns Are Already Beginning to Spread Nationwide — And It’s Getting Worse.

Experts estimate that approximately “a tenth of the world’s residential property by value is under threat from global warming — including many houses that are nowhere near the coast.”³⁷ As the Committee’s data show (see Tables 5 & 6), high rates of non-renewals are

³⁷ *The next housing disaster*, The Economist (Apr. 13, 2024), <https://www.economist.com/weeklyedition/2024-04-13>.

already occurring in places such as inland North Carolina, New Mexico, several counties in the Mountain West, the Sierra Nevada, and Oklahoma. Several of these deserve specific mention.

North Carolina has significant coastline. In 2023, it had the third highest non-renewal rate of any state, and in 2018 it was the highest by a significant margin. Indeed, it remained in the top 10 of all states during all six years of the data the Committee collected. North Carolina is not, however, considered a high-risk wildfire state. And yet, in 2023, 13 *inland* North Carolina counties ranked in the top 100 nationwide for highest non-renewal rates among counties with at least 10,000 policies in force. Cumberland, Mecklenburg, Guilford, Union, Alamance, Nash, Bladen, Lenoir, Duplin, Columbus, Robeson, Sampson, and Martin counties — none of which are coastal — saw some of the highest non-renewal rates in the country. These high rates of non-renewals for inland North Carolina counties demonstrate that landfalling hurricanes do damage beyond the immediate coast and can destabilize insurance markets even hundreds of miles inland.

Table 1. 100 counties with the highest non-renewal rate in 2023 and > 10,000 policies

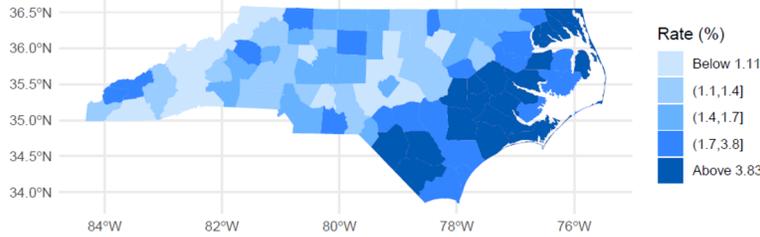
County	State	Non-Renewal % 2018	Non-Renewal % 2023	Annual Prem. 2023	Prem. Change 2018-2023	
1	LAKE	CA	1.94	7,26	2707	1841
2	NEVADA	CA	2.1	6.21	3066	1808
3	BAINSBLE	MA	0.78	6.39	3057	800
4	TULSA	OK	2.23	6.1	3026	1786
5	JACKSON	MS	0.22	5.26	2990	1395
6	TERAMA	CA	0.89	5.29	NA	NA
7	HARRISON	MO	0.25	5.11	2965	911
8	ELDORADO	CA	2.28	5.01	NA	NA
9	SHERIDA	CA	1.65	4.95	2928	984
10	COLLIER	FL	0.53	4.92	2926	2047
11	INDIANWATER	FL	0.41	4.79	2927	1515
12	CHARLOTTE	FL	0.33	4.71	2784	1454
13	BEVARD	FL	0.64	4.28	2927	1427
14	FLORA	CA	1.58	4.22	NA	NA
15	MIAMIDADE	FL	1.6	4.29	6228	1076
16	PIFF	NC	1.47	4.25	2942	826
17	PIFF	NC	1.94	4.2	2139	434
18	MENARD	CA	0.87	4.12	2523	974
19	FLAGLER	FL	0.55	4.12	2965	1342
20	NEWYORK	CA	1.25	4.11	2523	862
21	BEAUFORT	NC	0.27	4.11	3483	752
22	CHALLENGER	FL	0.43	3.97	3076	1220
23	ORLEANS	LA	0.44	3.78	6188	1883
24	PIELAS	FL	0.4	3.7	4070	1461
25	MARTIN	FL	0.33	3.68	5403	2589
26	LAFORCHE	LA	0.24	3.64	2522	1182
27	JEFFERSON	LA	0.38	3.61	4715	1724
28	SARASOTA	FL	0.4	3.5	2493	1272
29	PALMBEACH	FL	0.8	3.44	5709	2720
30	TERREBONE	LA	0.28	3.39	2926	1342
31	BRIDGEM	FL	2.07	3.3	4607	2464
32	BUYER	CA	1.69	3.24	1992	NA
33	MANNING	NC	0.4	3.16	2513	NA
34	NEWLANOVER	NC	1.82	3.14	3298	948
35	WALTON	FL	0.29	2.89	4383	1862
36	BERNANDO	FL	0.58	2.94	2545	1030
37	MADISON	CA	0.99	2.82	1847	862
38	PACU	FL	0.59	2.81	3207	1126
39	SUMMIT	UT	0.59	2.69	1922	1096
40	BAI	FL	0.58	2.57	2176	1491
41	LEE	FL	0.29	2.53	4086	1699
42	HELMSBOROUGH	VT	0.7	2.52	2714	1444
43	COLMANCHE	OK	1.09	2.42	2973	731
44	STEELE	FL	0.57	2.41	2734	1786
45	TANGIPAHIA	LA	0.31	2.4	2776	991
46	JENSEN	OR	1.18	2.32	1544	865
47	ST JOHNS	FL	0.39	2.36	3479	1748
48	YUBA	CA	1.14	2.32	2136	929
49	BRUNSWICK	NC	1.29	2.3	2109	906
50	BERKELEY	NC	0.51	2.31	NA	NA
51	ORANGE	FL	0.94	2.3	3067	1078
52						
53	RIVERSIDE	CA	1.3	2.29	1997	243
54	MECKLENBURG	NC	2.08	2.29	2929	2000
55	PLASTER	CA	1.16	2.19	2113	523
56	CITRUS	FL	0.45	2.17	2792	1173
57	HAMPTON	VA	1.36	2.17	2497	634
58	SANBAGO	CA	1.11	2.16	2436	728
59	GEORGETOWN	SC	0.43	2.16	2711	1248
60	SWAIN	NC	0.79	2.12	2113	1022
61	WYCHE	VA	1.13	2.11	2513	420
62	SANTACRUZ	CA	0.47	2.03	2796	714
63	NEWPORT	RI	0.37	2.03	2286	832
64	SANBERNARDINO	CA	1.31	2.01	2101	NA
65	LAKE	FL	0.41	2.01	NA	NA
66	KERN	CA	1.3	2	1543	394
67	ANSENISON	LA	0.39	2	2531	710
68	DORCHESTER	SC	0.54	2	2007	797
69	ORANGE	FL	0.52	1.98	2527	1197
70	SARASOTA	FL	1	1.98	3542	1107
71	ST TAMMANY	LA	0.32	1.94	4586	2322
72	VENTURA	CA	0.9	1.92	2134	490
73	VALUNIA	FL	0.78	1.93	2961	1207
74	SANTABARBA	FL	0.83	1.91	3620	1614
75	HUMBOLDT	CA	0.61	1.9	1673	414
76	BEVIL	FL	0.72	1.9	2969	1334
77	EAGLE	CO	0.7	1.84	3007	1120
78	SANTAFELICIA	LA	0.56	1.84	2576	908
79	CHILABAMA	OK	0.59	1.81	1818	710
80	GUILFORD	NC	2.53	1.87	2817	702
81	WINDLEBACH	VA	0.69	1.75	2537	202
82	MADISON	FL	0.49	1.71	2445	1123
83	MECKLENBURG	NC	1.82	1.69	1483	288
84	MECKLENBURG	NC	2.02	1.69	1884	496
85	ROCKLAND	GA	1.49	1.67	2926	524
86	ALACHUA	FL	0.54	1.65	2062	1096
87	FRANKLIN	MA	1.32	1.63	2996	NA
88	LAYTONSTON	LA	0.42	1.62	251	754
89	FAYETTE	GA	0.41	1.59	1487	1183
90	LAURENS	SC	1.14	1.59	245	539
91	HORRY	SC	0.46	1.59	2817	883
92	MUNCKLEE	GA	1.8	1.58	2137	573
93	UNION	NC	2.18	1.58	1995	390
94	NEWLEVEN	CT	0.83	1.57	2175	661
95	ESSEX	MA	1.19	1.56	2439	528
96	FREDERICK	CA	0.75	1.54	NA	NA
97	HENRI	MS	1.49	1.54	2783	517
98	MONTELEONE	FL	0.39	1.53	3296	1110
99	SANANDREW	CA	0.8	1.52	NA	NA
100	NASH	NC	1.77	1.52	2300	488

Table 1. 100 counties with the highest non-renewal rate in 2023 and > 10,000 policies

Table 3. 100 counties with the highest non-renewal rate in 2023 and > 1,000 policies

County	State	Non-Renewal % 2018	Non-Renewal % 2023	Annual Prem. 2023	Prem. Change 2018-2023	
1	GLADES	FL	0.46	16,21	2017	1627
2	DARL	NC	1.91	12,91	4561	1009
3	DEKINS	MA	0.43	11.4	4631	1967
4	CROWAN	NC	1.5	9.31	2556	1121
5	BRIDLANDS	FL	0.41	8.14	2744	1892
6	BRADSHAW	NC	2.81	8.08	2988	100
7	LALF	CA	1.21	7.56	2707	1041
8	CURRITUCK	NC	2.43	7.51	2911	151
9	WAYNE	NC	2.42	7.29	2971	145
10	NANTUCKET	MA	0.22	7.3	5622	2322
11	TRENTY	CA	0.97	7.22	2731	2298
12	PASQUOTANK	NC	1.37	7.06	2447	277
13	HENDRY	FL	0.49	6.89	2606	1296
14	MARIPOSA	CA	2.68	6.87	3144	126
15	BEAUFORT	NC	1.54	6.52	2439	286
16	CALAVARAS	CA	2.86	6.7	3111	176
17	PLUMAS	CA	1.88	6.6	2422	903
18	NEVADA	CA	2.3	6.51	2868	1888
19	BAUNSTABLE	MA	0.78	6.39	3027	890
20	LEVY	FL	1.18	6.25	3164	1329
21	TIOGAMIN	CA	5.33	6.1	NA	NA
22	LEWIS	MS	6.06	6.05	4245	474
23	LEWIS	MS	1.96	5.97	4226	644
24	JACKSON	MS	0.92	5.55	4905	185
25	DANFORTH	FL	0.7	5.41	2109	1556
26	AMADOR	CA	3.31	5.42	2800	1992
27	STEVENS	LA	0.42	5.26	2412	1909
28	TEHAMA	CA	0.89	5.29	NA	NA
29	HARRISON	MS	0.35	5.11	2465	911
30	BRIDGEMAN	NC	2.41	5.09	2794	215
31	BRIDGEMAN	NC	2.79	5.0	2438	468
32	BRIDGEMAN	NC	2.79	5.0	2438	468
33	SILASTA	CA	1.05	4.92	2326	981
34	CULLER	FL	0.53	4.92	2656	2967
35	CHAYNE	NC	1.35	4.86	2511	629
36	INDIANWATER	FL	0.41	4.79	2667	1115
37	CHARLOTTE	FL	0.33	4.71	3794	1454
38	HARRIS	FL	0.32	4.65	3426	1268
39	BRADFORD	FL	0.48	4.48	2922	1452
40	OKMULGEE	NC	2.94	4.43	2719	189
41	PLACEMINES	LA	0.35	4.39	5287	1929
42	VERMILION	LA	0.27	4.36	3463	1171
43	PIKER	LA	0.38	4.29	2451	NA
44	MADDADE	FL	1.6	4.29	6228	3976
45	MONROE	FL	0.13	4.29	8658	2808
46	OSWEGO	FL	0.17	4.25	2608	148
47	PUTT	FL	1.84	4.2	2139	431
48	CAMBERT	NC	1.42	4.18	4208	1286
49	LASSER	CA	1.11	4.14	2608	641
50	MENSCINDO	CA	1.07	4.12	2523	651
51	FLAGLER	FL	0.35	4.12	2965	1342
52	NEWYORK	NY	1.25	4.11	1256	662
53	BEAUFORT	NC	0.22	4.11	3483	752
54	CADDIS	OK	0.55	4.01	3062	861
55	ACONYACK	VA	0.8	3.99	2146	434
56	CHARLESTON	SC	0.45	3.97	3976	936
57	OKTALIA	FL	1.02	3.96	2869	1259
58	ST. JOHN-THERAPIST	LA	0.42	3.96	4381	2184
59	ORLEANS	LA	0.41	3.78	6188	1888
60	JACKSON	OK	1.11	3.77	2909	752
61	SAMPSON	NC	3.79	3.74	2148	569
62	TETON	WY	0.25	3.74	4766	2628
63	PELLEAS	FL	0.4	3.7	4070	1461
64	MARTIN	FL	0.28	3.68	5493	2599
65	LAFORCHIE	LA	0.24	3.64	2522	1182
66	JEFFERSON	LA	0.38	3.61	4713	1724
67	ST CHARLES	LA	0.26	3.58	4583	1917
68	SARASOTA	FL	0.4	3.51	3823	1252
69	FALGOUTH	FL	0.8	3.44	3188	2739
70	SEMINOLE	OK	0.67	3.41	2843	774
71	TERREBOUNE	LA	0.28	3.39	3928	1522
72	PENDER	NC	1.58	3.37	2621	913
73	CHAMBERS	TX	0.88	3.35	3589	980
74	CHAMBERS	TX	0.32	3.34	2327	401
75	BROWARD	FL	2.07	3.3	6627	2464
76	BOURBON	KY	0.4	3.26	NA	NA
77	WELLS	CA	1.69	3.24	1962	NA
78	ATLINS	OH	0.92	3.24	1886	NA
79	SEAVYUO	CA	1.4	3.18	2372	903
80	BLANCKE	FL	0.4	3.16	2112	NA
81	NEWHANOVER	NC	1.62	3.14	3598	948
82	INYO	CA	0.67	3.11	1609	254
83	WALTON	FL	1.39	2.99	4363	1802
84	BERNARDO	FL	0.58	2.94	2545	1910
85	CHOCTAW	OK	1.07	2.94	3001	1230
86	BERNARDO	FL	0.78	2.93	2511	631
87	BOISE	ID	0.98	2.87	1851	627
88	ST. MARY	LA	0.41	2.87	NA	NA
89	BLANCKE	OK	1.14	2.87	2353	799
90	MADERA	CA	0.99	2.85	1847	463
91	MORGAN	OH	0.67	2.83	1941	369
92	SANMIGUEL	NM	1.56	2.81	2360	610
93	MORGAN	ID	0.8	2.8	2290	929
94	BOONVILLE	NE	1.14	2.8	3455	1304
95	MARION	SC	0.67	2.77	2341	649
96	MARTIN	NC	2.43	2.76	2390	527
97	MARTIN	NC	2.43	2.76	2390	527
98	NASSAU	FL	0.39	2.76	3180	1103
99	MONTGOMERY	OK	0.37	2.76	3825	1500
100	TAYLOR	FL	0.76	2.65	2257	1304

Table 3. 100 counties with the highest non-renewal rate in 2023 and > 1,000 policies
 Non-Renewal Rate (%) in 2023, NC
 County Level. Counties with < 500 policies are filled with the state average (2%).



Map 8.G. Select County-Level State Maps: North Carolina

This finding is of particular concern for two reasons. First, these counties are home to metropolitan areas such as Charlotte, Greensboro, and Fayetteville. An insurance availability crisis that spreads inland will necessarily affect more people than one that remains confined to the immediate coast. Second, Hurricane Helene made landfall nearly a full year after the data covered by the Committee’s investigation, so the destructive potential far inland in a warming world was being recognized even before that storm. With the experience of Hurricane Helene, non-renewal rates in these inland counties will likely continue to rise.

Land-locked Oklahoma has not typically been on the radar of most analyses as a state at high risk of insurance collapse — but it ranked 7 of 10 by non-renewal rate in 2023 and 5th among states with the highest growth in non-renewal rate from 2018 through 2023. High rates of non-renewal in Oklahoma are likely explained by increasing winds and hail from severe convective storms. Although the relationship between a warming planet and the frequency and

intensity of severe convective storms is not fully established, these storms are becoming more violent and widespread in the central United States.³⁸ Oklahoma is also on the frontline of rapidly increasing wildfire risk.³⁹

Table 5: States by Non-Renewal Rate 2023

	State	Non-Renewal % 2018	Non-Renewal % 2023	Non-Renewal Change 2018 - 2023
1	FL	0.79	2.99	2.2
2	LA	0.49	1.8	1.31
3	NC	2.07	1.79	-0.28
4	CA	0.94	1.72	0.77
5	MA	1.18	1.51	0.34
6	MS	0.96	1.49	0.53
7	OK	0.72	1.45	0.74
8	RI	0.69	1.37	0.68
9	CT	0.86	1.34	0.48
10	HI	0.42	1.32	0.9
11	NM	0.97	1.27	0.3
12	DC	0.98	1.24	0.26
13	SC	0.52	1.24	0.71
14	SD	0.88	1.12	0.24
15	IA	0.96	1.06	0.1
16	UT	0.72	1.06	0.34
17	NE	0.88	1.05	0.17
18	MT	0.61	1.02	0.41
19	IN	1	0.98	-0.02
20	TN	0.98	0.96	-0.02
21	VA	0.7	0.95	0.25
22	MO	0.99	0.94	-0.06
23	OH	1.03	0.89	-0.14
24	ID	0.77	0.87	0.1
25	CO	1.1	0.86	-0.24
26	GA	1.16	0.86	-0.3
27	ND	0.64	0.86	0.22
28	KS	0.81	0.85	0.04
29	NV	0.63	0.85	0.21
30	VT	0.7	0.85	0.14
31	WY	0.51	0.84	0.34
32	TX	0.81	0.83	0.02
33	AL	1.01	0.82	-0.19
34	AZ	1.16	0.8	-0.36
35	NJ	0.47	0.8	0.33
36	KY	0.6	0.77	0.17
37	WI	0.81	0.77	-0.04
38	DE	0.62	0.74	0.11
39	WV	0.45	0.74	0.29
40	AR	0.94	0.73	-0.2
41	WA	0.42	0.69	0.27
42	OR	0.83	0.68	-0.15
43	IL	0.54	0.66	0.12
44	MD	0.5	0.65	0.15
45	NH	1.25	0.63	-0.62
46	ME	0.4	0.61	0.2
47	MI	0.46	0.58	0.12
48	NY	0.39	0.57	0.18
49	AK	0.95	0.42	-0.53
50	PA	0.29	0.37	0.09
51	MN	0.58	0.32	-0.26

Table 5. States by Non-Renewal Rate 2023

In 2023, seven Oklahoma counties had some of the highest non-renewal rates nationwide among counties with at least 1,000 policies in force. Two additional counties were also among the top

³⁸ See, e.g., Andreas F. Prein, *Thunderstorm straight line winds intensify with climate change*, NATURE CLIMATE CHANGE 13, 1353–59 (2023), <https://www.nature.com/articles/s41558-023-01852-9>; Evan Bush, *Hailstones may get bigger as the climate warms — bringing higher insurance costs*, NBC News (Sept. 2, 2024), <https://www.nbcnews.com/science/environment/hail-bigger-climate-change-higher-insurance-costs-rcna168526>.

³⁹ Celia Llopis-Jepsen, *Oklahoma may face 30 more days yearly of high wildfire risk as its climate changes*, KOSU NRP (Jan. 8, 2024), <https://www.kosu.org/energy-environment/2024-01-08/oklahoma-may-face-30-more-days-yearly-of-high-wildfire-risk-as-its-climate-changes>.

100 counties nationwide with at least 10,000 policies in force. Among them, Oklahoma County and its nearby counties — all of which were among those with the highest non-renewals nationwide — are home to the Oklahoma City metropolitan area, where over 35% of the state’s population lives.⁴⁰

Table 3. 100 counties with the highest non-renewal rate in 2023 and > 1,000 policies

County	State	Non-Renewal % 2015	Non-Renewal % 2023	Annual Prem. 2023	Prev. Change 2015 - 2023	
1	CLALLAS	FL	0.66	16.21	2617	857
2	DADE	NC	1.93	12.59	4560	1909
3	BURKES	MA	0.43	11.6	4631	1967
4	CROWAN	NC	1.7	9.31	3356	1124
5	HIGHLANDS	FL	0.41	9.14	2744	1322
6	BLADEN	NC	2.11	8.16	2488	530
7	LAMAR	CA	2.4	7.66	2207	1041
8	CHATHAM	NC	2.43	7.5	2011	114
9	WAYNE	NC	2.43	7.39	2011	483
10	SANTOYUKET	MA	0.22	7.3	1922	232
11	TRINITY	CA	0.97	7.27	1710	228
12	WASKYUWANSK	NC	1.37	7.06	1447	377
13	HENDRY	FL	0.49	6.88	3006	1208
14	MADISON	CA	2.68	6.87	3544	1768
15	BEAUFORT	NC	1.54	6.82	2430	290
16	CALVERTAS	CA	2.86	6.77	3335	1765
17	WILKINS	CA	1.68	6.6	2422	963
18	NEVADA	CA	2	6.51	2869	1888
19	HAINESVILLE	MA	0.78	6.39	3012	980
20	LEVY	FL	1.18	6.25	3163	1529
21	FOXDAMSE	FL	7.23	6.1	NA	NA
22	GULF	FL	3.04	6.06	4245	1774
23	JACKSON	NC	1.76	5.77	2126	414
24	JACKSON	MS	0.32	5.55	4265	1395
25	LENOIR	FL	0.2	5.44	2439	1226
26	AMADOR	CA	2.31	5.42	2900	1092
27	STERLING	LA	0.42	5.36	1412	1498
28	TERRELLA	NC	0.89	5.29	NA	NA
29	HARRISON	MS	0.35	5.17	3445	911
30	HARRISON	NC	2.11	5.08	2494	415
31	ELDORADO	CA	2.28	5.01	NA	NA
32	PUTNEY	NC	2	4.9	2183	450
33	SIESTA	CA	1.65	4.92	2126	994
34	COLUMER	FL	0.53	4.92	5656	2047
35	CRAVEN	NC	1.45	4.86	2511	629
36	INDIANRIVER	FL	0.41	4.79	2867	1115
37	CHARLOTTE	FL	0.33	4.71	3794	1454
38	HARDEE	FL	0.52	4.64	3426	1258
39	HINSHAW	FL	0.64	4.48	3592	1428
40	COLUMBUS	NC	2.54	4.43	2719	120
41	FLAGLER	FL	0.25	4.39	5587	2029
42	VERMILION	LA	0.27	4.36	3463	1171
43	WEEKS	FL	0.58	4.32	NA	NA
44	MIAMI-DADE	FL	1.6	4.29	6228	1976
45	MONROE	FL	0.13	4.28	4658	2028
46	OSNELOW	NC	2.47	4.25	2645	838
47	PUTN	FL	1.04	4.2	7129	1414
48	CARBERT	NC	2.42	4.18	4026	1236
49	LANSEN	CA	1.11	4.14	2938	941
50	HENCKEND	CA	0.7	4.12	2511	314
51	FLAGLER	FL	0.55	4.12	2865	1342
52	NEWYORK	NY	1.25	4.11	12256	6652
53	BEAUFORT	NC	0.79	4.09	2423	750
54	CADD	OK	0.59	4.03	2062	861
55	ACCOMACK	VA	0.8	3.99	2146	431
56	CHARLESTON	NC	0.45	3.97	3076	938
57	OSCEOLA	FL	1.03	3.96	3080	1250
58	ST. JOHN	LA	0.42	3.86	4393	2164
59	ORFELANS	LA	0.44	3.78	4784	1943
60	JACKSON	OK	0.31	3.77	2909	793
61	SALINAS	CA	0.4	3.74	2148	669
62	TETON	WY	0.25	3.74	4766	2028
63	PERMILLAS	FL	0.4	3.7	4629	1461
64	MARIN	FL	0.31	3.68	4461	2208
65	LAFOURCHE	LA	0.24	3.64	3252	1182
66	JEFFERSON	LA	0.28	3.61	4711	1724
67	ST. CHARLES	LA	0.28	3.58	4543	1917
68	SARASOTA	FL	0.4	3.5	3193	1272
69	PALMER	FL	0.8	3.44	3769	2750
70	SEMINOLE	OK	0.02	3.41	2843	274
71	TERREBONNE	LA	0.28	3.39	3926	1322
72	FRONIER	NC	1.48	3.37	3621	913
73	SANMIGUEL	CO	0.65	3.35	3500	980
74	CHAMBERS	TX	0.32	3.34	3227	864
75	BROWARD	FL	2.07	3.3	4652	2464
76	BOURBON	KY	0.4	3.26	NA	NA
77	BUTTE	CA	1.69	3.24	1992	NA
78	ATHENS	OH	0.92	3.24	1886	NA
79	SPRINGFIELD	CA	1.31	3.16	2272	901
80	MANATEE	FL	0.4	3.16	3513	NA
81	NEWBURN	NC	1.42	3.14	3568	948
82	INYO	CA	0.67	3.1	1809	354
83	WALTON	FL	1.39	2.99	4263	1902
84	HERNANDO	FL	0.56	2.94	2545	1010
85	CHICKAW	OK	0.07	2.94	3081	2200
86	HUGHES	OK	0.79	2.93	2511	691
87	ST. LOUIS	LA	0.41	2.87	1421	57
88	ST. LOUIS	LA	0.41	2.87	NA	NA
89	BUCKHAM	OK	1.34	2.87	3303	200
90	MADISON	CA	0.99	2.82	1442	65
91	BURMAN	OH	1.54	2.83	1941	369
92	SANMIGUEL	NM	1.54	2.81	2260	610
93	BLAINE	MD	0.54	2.8	2289	929
94	BRADLETTE	NE	1.41	2.8	2423	1304
95	MARION	SC	0.57	2.77	2344	649
96	MARIN	CA	2.43	2.75	2780	122
97	MINGO	CA	0.68	2.72	3929	2058
98	NASSAU	FL	0.82	2.66	3180	1137
99	MCKERNAN	OK	0.02	2.66	3491	1440
100	TAYLOR	FL	0.76	2.65	3227	1504

Table 3. 100 counties with the highest non-renewal rate in 2023 and > 1,000 policies

⁴⁰ Oklahoma City, OK Metro Area, Census Reporter, <https://censusreporter.org/profiles/31000US36420-oklahoma-city-ok-metro-area/> (last visited Dec. 17, 2024); Oklahoma, Census Reporter, <https://censusreporter.org/profiles/04000US40-oklahoma/> (last visited Dec. 17, 2024).

Table 1. 100 counties with the highest non-renewal rate in 2023 and > 10,000 policies

County	State	Non-Renewal % 2018	Non-Renewal % 2023	Annual Prem. 2023	2018 - 2023 Prem. Change
1 LAKE	CA	1.34	1.56	2707	1014
2 NAVAJO	CA	1.31	1.51	2665	1008
3 HAINSTABLE	MA	0.78	0.39	3057	880
4 TROY/DAVE	CA	7.33	6.1	NA	NA
5 JACKSON	MS	0.32	0.55	4265	1395
6 TREMA	CA	0.89	0.29	NA	NA
7 HARRISON	MS	0.35	0.11	3485	911
8 HEDDOROO	CA	2.28	0.01	NA	NA
9 SHASTA	CA	1.05	4.92	2326	984
10 COLLEGE	FL	0.53	4.92	5656	2057
11 INDIANVER	FL	0.41	4.79	3867	1515
12 CHARLOTTE	FL	0.53	4.71	3784	1453
13 BURNARD	FL	0.61	4.8	3992	1493
14 POLK	FL	0.58	4.82	NA	NA
15 HAMILDEDE	FL	1.6	4.29	6228	3078
16 ONSLOW	NC	2.47	4.25	2645	838
17 FITZ	NC	1.84	4.2	7139	634
18 MENDOCINO	CA	0.87	4.12	2523	924
19 FLAGLER	FL	0.55	4.12	2965	1342
20 NEWYORK	NY	1.25	4.11	12256	6052
21 BRADFORD	SC	0.22	4.11	2483	752
22 CHARLESTON	SC	0.45	3.97	3076	938
23 OCEOLA	FL	1.03	3.96	3080	1250
24 OGLETHORPE	GA	0.44	3.78	4148	1853
25 PINELLAS	FL	0.44	3.7	4070	1813
26 MADISON	FL	0.33	3.68	4010	2080
27 LAFOURCHE	LA	0.34	3.64	3252	1182
28 SARASOTA	FL	0.4	3.5	3493	1372
29 PALMERBACH	FL	0.8	3.44	3209	1724
30 BERKELEY	CA	0.28	3.39	3926	1522
31 BERNARD	FL	2.07	3.3	6057	1944
32 BUTTE	CA	1.69	3.24	1992	NA
33 MANATEE	FL	0.4	3.16	3313	NA
34 NEWHANOVER	NC	1.62	3.14	4398	948
35 WILSON	NC	0.9	2.99	4303	1802
36 HENNING	FL	0.58	2.96	2267	1010
37 MADISON	CA	0.99	2.85	1847	463
38 PEARSON	FL	0.59	2.84	2267	205
39 SUMMIT	UT	0.89	2.59	3406	1822
40 HAY	FL	0.54	2.54	3476	1490
41 LEE	FL	0.39	2.53	4098	1489
42 HILLSBOROUGH	FL	0.7	2.52	3216	1444
43 COMANCHE	OK	1.09	2.42	2673	731
44 ST. LAZARE	LA	0.17	2.41	1734	1706
45 TANGIPAHOLA	LA	0.11	2.4	2576	991
46 WASHINGTON	OR	1.18	2.4	1564	465
47 ST. JOHN	FL	0.39	2.36	3179	1348
48 YUBA	CA	1.14	2.32	1718	502
49 HUNSWICK	NC	1.39	2.32	2130	74
50 BERKELEY	SC	0.51	2.31	NA	NA
51 ORANGE	FL	0.91	2.3	3467	1478

53 RIVERSIDE	CA	1.3	2.29	1997	243
54 CUMBERLAND	NC	2.35	2.29	2099	548
55 PLACER	CA	1.16	2.19	2113	553
56 CHESTER	FL	0.45	2.17	2792	1278
57 HAMPTON	VA	1.36	2.17	2497	614
58 SANGUOZO	CA	1.11	2.16	2446	728
59 GEORGETOWN	SC	0.43	2.16	3741	1248
60 ESCAMBA	FL	0.76	2.12	3775	1652
61 NORFOLK	VA	1.15	2.11	2313	429
62 SANTA CRUZ	CA	0.47	2.03	2706	714
63 NEWSPRIT	RI	0.37	2.03	3288	832
64 SANTA BARBARA	CA	1.31	2.01	NA	NA
65 LAKE	FL	0.31	2.01	NA	NA
66 KEENE	CA	1.31	2	1343	394
67 ASHTON	FL	0.39	2	2531	710
68 DOUGHERTER	SC	0.52	2.08	2825	787
69 OKLAHOMA	FL	0.52	2.08	201	1792
70 SEMINOLE	FL	1	1.94	3542	1097
71 ST. TAMMANY	LA	0.32	1.94	456	406
72 VENTURA	CA	0.9	1.93	2134	486
73 SANTA ROSA	FL	0.93	1.91	3620	1651
74 BUNDELD	CA	0.61	1.9	1673	414
75 DUVAL	FL	0.73	1.9	2869	1334
76 EAGLE	CO	0.74	1.84	3667	1120
77 EASTTAYLORBOURGE	LA	0.66	1.84	2576	606
78 OKLAHOMA	OK	0.99	1.83	3488	118
79 GULFORD	NC	2.53	1.77	2017	762
80 VIRGINIANBEACH	VA	0.69	1.73	2337	642
81 MADISON	FL	0.69	1.71	2485	1123
82 ALABAMA	NC	2.37	1.69	1443	268
83 MID-ALLENBURG	NC	2.37	1.69	186	406
84 ALACHUA	GA	1.49	1.67	3026	534
85 ALACHUA	FL	0.54	1.65	2662	1066
86 PLYMOUTH	MA	1.33	1.63	2996	NA
87 FAIRFIELD	CT	0.81	1.59	3467	1183
88 LAURENS	MS	1.14	1.59	2425	559
89 BOURBON	SC	0.46	1.59	2817	885
90 MORGAN	NC	2.18	1.58	1995	306
91 UNION	NC	1.8	1.58	2127	573
92 NEWBVEN	CT	0.93	1.57	2475	641
93 ESSEX	MA	1.19	1.56	2439	528
94 FRENCH	MA	0.75	1.54	NA	NA
95 HINDS	MS	1.49	1.54	2763	517
96 HONOLULU	HI	0.38	1.53	3236	1110
97 SAN MATEO	CA	0.8	1.52	NA	NA
98 NASH	NC	1.77	1.52	2300	488

Table 1. 100 counties with the highest non-renewal rate in 2023 and > 10,000 policies

Comparing non-renewal rate data in 2023 to growth in non-renewals from 2018 through 2023 reveals areas where insurance unavailability has skyrocketed rapidly and recently. In Rhode Island, which has more than 400 miles of coastline, coastal Newport County is among those with the highest non-renewals in 2023 for counties with 10,000 policies or more and those with the highest growth in non-renewal rates over the six-year period on which the Committee collected data. It ranks 36th overall by non-renewal rate change from 2018 through 2023, bringing it to the 63rd spot overall on the 2023 list.

Notably, this story rings true in many geographies throughout the United States (10,000 policies or more). New York County (Manhattan), NY, ranked 19th in rate change and 20th overall; Berkeley County, SC ranked 33rd in rate change and 51st in 2023; Summit County, UT ranked 35th in rate change and 40th in 2023; Oklahoma, OK, ranked 48th in rate change and 79th in 2023; Eagle County, CO, ranked 56th in rate change and 77th in 2023; and Fairfield County, CT, ranked 77th in rate change and 89th in 2023.

Table 2. 100 counties with the highest non-renewal rate change 2018 - 2023 and > 10,000 policies

County	State	Non-Renewal Change 2018 - % 2018	Non-Renewal % 2018	Non-Renewal % 2023	Perc. Change 2018 - 2023
1	LAKE	CA	6.32	7.56	1941
2	HARRISON	LA	2.23	3.52	1556
3	HARRISON	MS	4.77	6.31	91
4	COLLIER	FL	4.29	4.92	90
5	MADRID	CA	4.22	4.25	188
6	BEAUFORT	SC	3.89	4.11	752
7	SMYTH	CA	3.88	1.55	984
8	BREVARD	FL	3.84	0.64	1482
9	DELA	FL	3.74	0.28	432
10	FLAGLER	FL	3.57	0.55	1312
11	CHARLESTON	SC	3.52	0.45	928
12	ORLEANS	LA	3.34	0.44	3.78
13	PINELLAS	FL	3.3	0.4	3.7
14	MENDOCINO	CA	3.25	0.87	4.12
15	JEFFERSON	LA	3.23	0.28	3.95
16	BERKSHIRE	MA	3.11	0.28	3.29
17	SARASOTA	FL	3.1	0.27	3.5
18	OSHOTA	FL	2.98	1.83	3.96
19	NEW YORK	NY	2.87	4.31	6092
20	MANATEE	FL	2.77	0.4	3.16
21	ELDORADO	CA	2.75	2.28	5.01
22	MONROE	FL	2.69	1.8	4.29
23	PALMBACH	FL	2.64	0.8	3.44
24	BERNARD	FL	2.56	0.58	3.94
25	PUTT	NC	2.26	1.94	4.2
26	LEE	FL	2.15	0.29	2.54
27	TANGIPAHOA	LA	2.09	0.31	2.4
28	PANOLA	GA	2.05	0.59	2.64
29	ST. JAMES	FL	1.97	0.39	2.36
30	SAFAYIA	FL	1.86	0.29	2.41
31	ST. LOUIS	FL	1.84	0.57	2.41
32	HILLSBOROUGH	FL	1.82	0.27	2.05
33	BERKLEY	MO	1.8	0.58	2.08
34	LAKE	FL	1.71	0.31	2.03
35	SEMIPT	MO	1.71	0.89	1929
36	NEWPORT	RI	1.66	0.37	2.03
37	ST. TAMMANY	LA	1.62	0.32	1.94
38	ASCENSION	LA	1.61	0.49	2.1
39	SANTA CRUZ	CA	1.56	0.47	2.03
40	BETTE	CA	1.55	1.49	3.24
41	NEWMASSOVER	NC	1.52	1.62	3.14
42	DORCHESTER	SC	1.46	0.54	2.1
43	ORANGE	FL	1.42	0.51	1.51
44	SACRAMENTO	FL	1.39	0.91	2.3
45	OSCEOLA	FL	1.26	0.79	2.12
46	DEARBOLT	CA	1.29	0.61	4.14
47	BROWARD	FL	1.23	2.07	3.3
48	OKLAHOMA	OK	1.22	6.09	1.84
49	JOSEPHINE	OR	1.22	1.18	4.05
50	WADSWORTH	FL	1.21	0.49	1.71
51	LIVINGSTON	LA	1.21	0.42	1.62
52	EASTTATONBOUGE	LA	1.18	0.66	1.84
53	DIVAL	FL	1.17	0.73	1.9
54	VOLUNTA	FL	1.15	0.78	1.93
55	BONHUELE	HI	1.15	0.39	1.53
56	EAGLE	CO	1.14	0.7	1.84
57	BERRY	SC	1.14	0.46	1.59
58	ALACHUA	FL	1.11	0.54	1.65
59	SANDRIGO	CA	1.05	1.11	2.16
60	WASHINGTON	RI	1.05	0.37	1.42
61	PLACER	CA	1.04	1.16	2.18
62	VIRGINIA BEACH	VA	1.04	0.69	1.73
63	VENTURA	CA	1.03	0.9	1.93
64	RIVERSIDE	CA	0.99	1.3	2.29
65	CAPE MAY	NJ	0.97	0.48	1.45
66	NORFOLK	VA	0.96	1.15	2.11
67	SEMOGEE	FL	0.95	1.1	1.94
68	BRUNSWICK	NC	0.94	1.29	2.32
69	MAUI	HI	0.93	0.5	1.43
70	NAPA	CA	0.92	0.51	1.43
71	KINGS	CA	0.9	0.6	1.49
72	CANADIAN	OK	0.89	0.47	1.36
73	HAMPTON	VA	0.84	1.36	2.17
74	CLAY	FL	0.8	0.48	1.28
75	PLATEAU	MT	0.79	0.71	1.51
76	FRESNO	CA	0.78	0.75	1.54
77	FARRIS	TX	0.77	0.81	1.59
78	LAFAVETTE	LA	0.77	0.42	1.19
79	SAN JAVIER	CA	0.71	0.8	1.52
80	SONOMA	CA	0.71	0.68	1.39
81	KERS	CA	0.7	1.3	2
82	SAN BERNARDINO	CA	0.7	1.31	2.01
83	LAFAYETTE	CO	0.68	0.82	1.5
84	SUFFOLK	NY	0.68	0.36	1.04
85	GALVESTON	TX	0.67	0.79	1.47
86	SOLANO	CA	0.67	0.58	1.24
87	CLEVELAND	OK	0.66	0.61	1.27
88	PITTSBURGH	VA	0.66	0.79	1.46
89	NEW HAVEN	CT	0.65	0.93	1.57
90	CHELAN	WA	0.65	0.59	1.24
91	STANISLAUS	CA	0.64	0.69	1.33
92	LITCHFIELD	CT	0.64	0.64	1.29
93	LEWIS AND CLARK	MT	0.64	0.7	1.33
94	BRAZORIA	TX	0.64	0.63	1.27
95	LEWIS	MT	0.63	0.29	0.93
96	MISSOULA	MT	0.63	0.46	1.09
97	SALINAS	CA	0.62	0.76	1.38
98	ATLANTA	GA	0.58	0.55	1.13
99	HUDSON	NJ	0.58	0.45	1.04
100	ALAMEDA	CA	0.57	0.59	1.16

Table 2. 100 counties with the highest non-renewal rate change 2018 – 2023 and > 10,000 policies

This is also true for many states at the state level. Florida and Louisiana — the top two states by non-renewal rate in 2023 — also experienced 280% and 267% increases, respectively, in non-renewal rate percent change from 2018 – 2023. Hawaii, which rounded out the top 10 in 2023, experienced a 216% rate percent change over that same period; South Carolina, just outside the top 10 for 2023 non-renewal rate, jumped 136%; and Oklahoma, which ranked 7th by 2023 non-renewal rate, experienced a 102% increase.

Table 7: States by Non-Renewal Rate Percent Change 2018 - 2023

	State	Non-Renewal % 2018	Non-Renewal % 2023	Non-Renewal Change 2018 - 2023	Percent
1	FL	0.79	2.99	279.97	
2	LA	0.49	1.8	267.17	
3	HI	0.42	1.32	215.83	
4	SC	0.52	1.24	136	
5	OK	0.72	1.45	102.82	
6	RI	0.69	1.37	99.79	
7	CA	0.94	1.72	81.99	
8	NJ	0.47	0.8	69.54	
9	MT	0.61	1.02	67.42	
10	WY	0.51	0.84	66.67	
11	WV	0.45	0.74	65.06	
12	WA	0.42	0.69	64.56	
13	CT	0.86	1.34	55.67	
14	MS	0.96	1.49	55.63	
15	ME	0.4	0.61	51.05	
16	UT	0.72	1.06	46.87	
17	NY	0.39	0.57	46.84	
18	VA	0.7	0.95	35.81	
19	ND	0.64	0.86	34.16	
20	NV	0.63	0.85	33.77	
21	NM	0.97	1.27	31.38	
22	PA	0.29	0.37	29.77	
23	MD	0.5	0.65	29.7	
24	KY	0.6	0.77	29.26	
25	MA	1.18	1.51	28.73	
26	SD	0.88	1.12	26.74	
27	DC	0.98	1.24	26.45	
28	MI	0.46	0.58	26.25	
29	IL	0.54	0.66	22.91	
30	VT	0.7	0.85	20.59	
31	NE	0.88	1.05	19.51	
32	DE	0.62	0.74	18.13	
33	ID	0.77	0.87	13.22	
34	IA	0.96	1.06	10.24	
35	KS	0.81	0.85	5.42	
36	TX	0.81	0.83	1.96	
37	IN	1	0.98	-1.81	
38	TN	0.98	0.96	-2.48	
39	WI	0.81	0.77	-5.13	
40	MO	0.99	0.94	-5.76	
41	NC	2.07	1.79	-13.6	
42	OH	1.03	0.89	-13.77	
43	OR	0.83	0.68	-18.13	
44	AL	1.01	0.82	-18.98	
45	CO	1.1	0.86	-21.5	
46	AR	0.94	0.73	-21.86	
47	GA	1.16	0.86	-25.5	
48	AZ	1.16	0.8	-31.06	
49	MN	0.58	0.32	-44.1	
50	NH	1.25	0.63	-49.56	
51	AK	0.95	0.42	-55.76	

Table 7. States by Non-Renewal Rate Change 2018 – 2023 (Percentage Rate Increase)

Another interesting data point demonstrates that, within states, non-renewals can spill over beyond known high-risk counties. The top 100 counties with the highest growth in non-renewal rates from 2018 to 2023 (10,000 policies or more in force) include a number of such counties. California has known high-risk coastal and wildfire counties, but several counties that are neither on the coast, nor on NRI's list of high or relatively high-risk wildfire counties, nevertheless appear in the top 100 major counties (10,000 policies or more) with the highest 2018-2023 growth in non-renewal rates. These include Napa, Kings, San Joaquin, and Stanislaus counties.

Table 2: 100 counties with the highest non-renewal rate change 2018 - 2023 and > 10,000 policies

County	State	Change 2018 - 2023	Non-Renewal % 2018	Non-Renewal % 2023	Prim. Change 2018 - 2023
1 LAKE	CA	6.32	1.24	7.56	1041
2 JACKSON	MS	4.27	0.25	5.55	1011
3 COLLIERE	FL	4.49	0.53	4.92	2047
4 TAYLOR	CA	4.22	2.9	6.21	1004
5 BEAUFORT	NC	3.89	0.22	4.11	2047
6 SIERRA	CA	3.88	1.05	4.92	984
7 BRIVARD	FL	3.84	0.64	4.48	182
8 POLK	FL	3.74	0.58	4.32	NA
9 FLAGLER	FL	3.57	0.55	4.12	1342
10 CHARLESTON	SC	3.52	0.44	3.97	1083
11 ORLEANS	LA	3.31	0.44	3.75	1883
12 PINELLAS	FL	3.3	0.4	3.7	1801
13 HENRY	GA	3.25	0.47	3.72	94
14 JEFFERSON	LA	3.23	0.38	3.61	1724
15 TERREBONNE	LA	3.11	0.28	3.39	1522
16 SARASOTA	FL	3.1	0.4	3.5	1372
17 OCEOLA	FL	2.93	1.03	3.96	1259
18 NEWYORK	NY	2.87	1.25	4.11	6052
19 MANATEE	FL	2.77	0.4	3.16	NA
20 MIAMI	CA	2.73	2.28	5.01	1075
21 PALMDALE	FL	2.69	1.6	4.29	279
22 PALMER	FL	2.64	0.8	3.44	1010
23 HERNANDO	FL	2.36	0.58	2.94	1010
24 PITT	NC	2.36	1.94	4.3	414
25 LEE	FL	2.15	0.39	2.53	1089
26 TANGIPAHOLA	LA	2.09	0.31	2.4	961
27 PASCO	FL	2.05	0.59	2.64	1316
28 ST. JOHNS	FL	1.97	0.39	2.36	1248
29 MADRID	CA	1.96	0.99	2.95	493
30 HILLSDALE	FL	1.84	0.27	2.11	1796
31 HILLSBOROUGH	FL	1.82	0.7	2.52	1444
32 BERKLEY	NC	1.8	0.51	2.31	NA
33 LAKE	FL	1.71	0.31	2.02	NA
34 SUMMIT	UT	1.71	0.89	2.59	1022
35 NEWPORT	RI	1.66	0.32	2.03	932
36 ST. TAMMANY	LA	1.62	0.32	1.94	2322
37 ASCENSION	LA	1.61	0.29	2	719
38 SANTIAGO	CA	1.56	0.47	2.03	714
39 BUTTE	CA	1.55	1.69	3.24	NA
40 NEWHANOVER	NC	1.52	1.62	3.14	949
41 DORCHESTER	SC	1.46	0.54	2	707
42 H. HARRISON	FL	1.42	0.1	1.5	NA
43 ORANGE	FL	1.39	0.91	2.3	1478
44 ESCAMBIA	FL	1.36	0.76	2.12	1022
45 HUMBOLDT	CA	1.29	0.61	1.9	414
46 BROWARD	FL	1.23	0.97	3.2	2044
47 OKLAHOMA	OK	1.22	0.59	1.81	719
48 JOSEPHINE	OR	1.22	1.18	2.4	405
49 HARRIS	TX	1.21	0.49	1.71	1123
50 LIVINGSTON	LA			1.62	781

51	DEVAL	FL	1.17	0.73	1.9	1321
52	EASTBAYONBOURGE	LA	1.18	0.66	1.84	606
53	VOLUNIA	FL	1.15	0.76	1.93	1207
54	BENOLLETT	IL	1.15	0.39	1.53	1110
55	LAGLE	CO	1.14	0.7	1.84	1129
56	HAWTHORN	FL	1.11	0.86	1.97	869
57	HAWTHORN	FL	1.11	0.54	1.65	1066
58	SANDEGON	CA	1.05	1.11	2.16	728
59	WASHINGTON	DE	1.05	0.27	1.32	535
60	VERMONT	VA	1.04	0.69	1.73	562
61	PLACER	CA	1.04	1.16	2.19	553
62	WINDFORD	VA	1.04	0.69	1.73	562
63	VENTURA	CA	1.03	0.9	1.93	486
64	WINDFORD	VA	0.99	1.3	2.29	243
65	CAMPBELL	NJ	0.97	0.48	1.45	251
66	NOBLE	VA	0.96	1.15	2.11	453
67	SEABOARD	VA	0.95	1	1.94	359
68	BRUNSWICK	NC	0.94	1.39	2.32	795
69	MARY	HI	0.92	0.5	1.42	366
70	NAPA	CA	0.92	0.51	1.43	736
71	KNOX	GA	0.89	0.6	1.49	289
72	CANADIAN	OK	0.89	0.47	1.36	371
73	HANFORD	VA	0.84	1.26	2.17	634
74	CLAY	FL	0.8	0.48	1.28	1030
75	PLANT	FL	0.79	0.72	1.51	388
76	FRENCH	CA	0.78	0.7	1.44	NA
77	FAYETTE	LA	0.77	0.81	1.58	1153
78	LAFAYETTE	LA	0.77	0.42	1.19	289
79	SANMATEO	CA	0.71	0.8	1.52	NA
80	SONOMA	CA	0.71	0.68	1.39	NA
81	KERN	CA	0.7	1.3	2.01	194
82	SANBENARDINO	CA	0.7	1.31	2.01	NA
83	LAPLATA	CO	0.68	0.83	1.5	929
84	SUTTER	CA	0.68	0.26	1.04	772
85	CALVERTON	TX	0.68	0.79	1.47	346
86	SQLAND	CA	0.67	0.58	1.24	427
87	CLAYTON	OK	0.66	0.63	1.27	511
88	PITTSBURGH	VA	0.66	0.79	1.46	494
89	NEWRYN	CT	0.65	0.83	1.57	561
90	CHELSEA	WA	0.65	0.59	1.24	510
91	SPRINGFIELD	MA	0.64	0.69	1.33	409
92	LITCHFIELD	CT	0.64	0.64	1.29	NA
93	LEWIS AND CLARK	MT	0.64	0.7	1.33	619
94	BRADDOCK	TX	0.64	0.61	1.27	401
95	BALDWIN	AL	0.63	0.29	0.93	1117
96	MISSOULA	MT	0.63	0.46	1.09	507
97	SALAHAN	NM	0.62	0.76	1.38	166
98	ATLANTIC	NJ	0.58	0.55	1.13	566
99	HELDON	NJ	0.58	0.45	1.04	1249
100	ALABAMA	CA	0.57	0.59	1.16	629

Table 2. 100 counties with the highest non-renewal rate change 2018 – 2023 and > 10,000 policies

Even counties not yet considered to be at significant climate risk are beginning to experience significant insurance non-renewal risk, likely because insurance availability is at risk in proximate counties.

Across the country, growth in non-renewal rates—even where absolute non-renewals are relatively low—may indicate areas where the next dominoes are beginning to fall. For example, counties in coastal New Jersey and counties in Montana, where wildfire risk is increasing, were not among the counties ranked in the top 100 by non-renewal rate in 2023. But on the list of 100 counties with the highest non-renewal rate change from 2018 to 2023 (10,000 policies or more in force), there appear several major counties with alarming growth in non-renewal rates, ranking them among the top 100 nationwide for non-renewal rate increase. Furthermore, these county-level changes appear to have helped propel the two states themselves, with New Jersey ranking 8th by non-renewal rate percent change (compared to 35th by non-renewal percentage in 2023) and Montana ranking 9th by non-renewal rate change (compared to 18th by non-renewal percentage in 2023).

Table 2. 100 counties with the highest non-renewal rate change 2018 - 2023 and > 10,000 policies

County	State	Non-Renewal Change 2018 - 2023	Non-Renewal % 2018	Non-Renewal % 2023	Prim. Change 2018 - 2023	
1	LAKE	CA	6.32	1.21	-7.66	1041
2	JACKSON	MS	5.21	0.21	5.05	1045
3	HARRISON	MS	4.77	0.31	4.41	911
4	COLLIER	FL	4.39	0.53	4.02	2047
5	NEWTON	CA	4.22	2.3	4.11	1888
6	BEAUFORT	NC	3.89	0.22	4.11	752
7	SIESTA	CA	3.88	1.05	4.02	961
8	BREVARD	FL	3.84	0.64	4.48	1492
9	POKA	FL	3.74	0.58	4.32	NA
10	FLAGLER	FL	3.57	0.55	4.12	1342
11	CHARLESTON	SC	3.52	0.45	3.97	928
12	ORLEANS	LA	3.34	0.44	3.28	1883
13	PINELLAS	FL	3.3	0.41	3.1	1491
14	BELLEVILLE	LA	3.25	0.87	4.12	971
15	JEFFERSON	LA	3.23	0.38	3.61	1724
16	TERREBONNE	LA	3.11	0.28	3.39	1221
17	SARASOTA	FL	3.1	0.4	3.3	1372
18	OSCEOLA	FL	2.93	1.03	3.96	1250
19	NEWYORK	NY	2.87	1.25	4.11	6952
20	MAKATEE	FL	2.77	0.41	3.16	NA
21	ELDORADO	CA	2.73	2.28	5.01	NA
22	MIAMIDADE	FL	2.69	1.6	4.29	1976
23	PALMBLACH	FL	2.64	0.8	3.44	2750
24	HERNANDO	FL	2.36	0.38	2.94	1010
25	PUTNAM	NC	2.36	1.31	3.2	431
26	LEE	FL	2.26	0.39	2.33	1690
27	JANAGUASHA	LA	2.09	0.31	2.4	991
28	PANCO	FL	2.05	0.59	2.04	1316
29	ST JOHN	FL	1.97	0.26	2.36	1218
30	MADERA	CA	1.86	0.99	2.85	463
31	STURGE	FL	1.84	0.57	2.41	1706
32	HILLSBOROUGH	FL	1.82	0.7	2.52	1444
33	BREVARD	NC	1.8	0.51	2.31	NA
34	LAKE	FL	1.71	0.31	2.05	NA
35	SUMMIT	RI	1.71	0.89	2.59	1052
36	NEWPORT	RI	1.66	0.37	2.03	822
37	STAMFORD	LA	1.62	0.32	1.94	702
38	ACKERLYN	CA	1.57	1.69	3.14	714
39	SANTACRUZ	CA	1.56	0.47	2.03	NA
40	BYTTE	NC	1.55	1.89	3.41	948
41	NEWMANSPER	NC	1.52	1.62	3.14	767
42	SOUTHWESTER	NC	1.46	0.54	2.1	921
43	SUTTER	FL	1.42	0.1	1.51	NA
44	ORANGE	FL	1.39	0.61	2.3	1178
45	ENCLAMBA	FL	1.36	0.76	2.12	1072
46	HUMBOLDT	CA	1.29	0.61	1.9	411
47	BROWARD	FL	1.23	2.07	3.3	2944
48	OKLAHOMA	OK	1.22	0.59	1.91	719
49	JOHNSON	OR	1.22	1.8	2.4	461
50	MARION	FL	1.21	0.49	1.71	1123
51	LIVINGSTON	LA	1.21	0.42	1.62	782
52	EASTTATONBOUGE	LA	1.18	0.66	1.84	604
53	DUVAL	FL	1.17	0.73	1.9	1314
54	VALUNIA	FL	1.15	0.78	1.93	1267
55	HOAOKULU	HI	1.15	0.39	1.33	1110
56	EAGLE	CO	1.14	0.7	1.84	1129
57	ROBBY	SC	1.14	0.46	1.59	885
58	ALACHUA	FL	1.11	0.54	1.65	1066
59	SANDEGGO	CA	1.05	1.11	2.16	718
60	WASHINGTON	HI	1.05	0.87	1.42	582
61	PLACER	CA	1.04	1.16	2.19	533
62	VIRGINIABEACH	VA	1.04	0.69	1.71	562
63	VENTURA	CA	1.03	0.9	1.93	486
64	VIRGINIA	CA	0.99	1.3	2.29	243
65	CAPEMAY	NJ	0.96	0.88	1.43	251
66	WALTON	FL	0.95	1.19	2.11	429
67	SEANONLE	FL	0.86	0.86	1.84	1097
68	BRUNSWICK	NC	0.94	1.39	2.32	795
69	MACT	HI	0.88	0.5	1.43	595
70	NAPA	CA	0.92	0.14	1.43	736
71	KENOS	CA	0.8	0.6	1.49	288
72	CANAHAAN	OK	0.89	0.47	1.36	771
73	HAMPTON	VA	0.81	1.36	2.17	634
74	CLAY	FL	0.8	0.48	1.28	1030
75	FRUITEAD	MT	0.79	0.82	1.81	889
76	PRESSO	CA	0.78	0.75	1.54	NA
77	FAIRFIELD	CA	0.77	0.81	1.59	1183
78	LAFAYETTE	LA	0.77	0.42	1.19	209
79	SANJUAN	CA	0.71	0.8	1.52	NA
80	SONOMIA	CA	0.71	0.68	1.39	NA
81	KEVIN	CA	0.7	1.3	2.41	194
82	SANBARNARDINO	CA	0.7	1.1	2.01	NA
83	LAPLATA	CO	0.68	0.83	1.51	906
84	SENFOLK	NY	0.68	0.36	1.04	772
85	GAYVESTON	TX	0.68	0.79	1.47	346
86	SELANO	CA	0.67	0.58	1.21	477
87	CLEVELAND	OK	0.66	0.61	1.27	511
88	PUTTENYANNA	VA	0.66	0.79	1.46	696
89	NEWHAVEN	CT	0.65	0.93	1.37	561
90	NEWTON	MA	0.65	0.59	1.24	510
91	STANISLAIS	CA	0.64	0.69	1.33	209
92	LEITCHFIELD	CA	0.64	0.64	1.29	NA
93	LEWISANDCLARK	MT	0.64	0.7	1.23	609
94	BALDWIN	TN	0.61	0.63	1.27	491
95	SALINAS	CA	0.61	0.76	1.38	140
96	MISSOULA	MT	0.63	0.46	1.09	507
97	BALDWIN	NY	0.62	0.56	1.06	617
98	ATLANTIM	NJ	0.58	0.55	1.13	486
99	HIDCOG	NY	0.58	0.65	1.03	1308
100	ALAMEDA	CA	0.57	0.59	1.16	619

Table 2. 100 counties with the highest non-renewal rate change 2018 – 2023 and > 10,000 policies

Finally, there are several indications in the data, when viewed at a state level, that there is significant risk of insurance upheaval in states that are not viewed as among the riskiest states when considering only 2023 data. In addition to New Jersey and Montana, mentioned above, several other states that currently fall outside the top 15 ranked by 2023 non-renewal rate experienced significant jumps in non-renewal rate, as evidenced by non-renewal rate percent change data. New York, for example, ranked 48 of 51 (including the District of Columbia) on the 2023 list, but 17 of 51 when ranked by rate percent change (a 47% increase in its non-renewal rate); Maine was 46 overall in 2023, but 15 by rate percent change (a 51% increase); Washington was 41 overall in 2023, but 12 by rate percent change (a 65% increase); West Virginia was 39 overall in 2023, but 11 by rate percent increase (a 65% increase); and Wyoming was 31 overall in 2023, but 10 by rate percent change (a 67% increase).

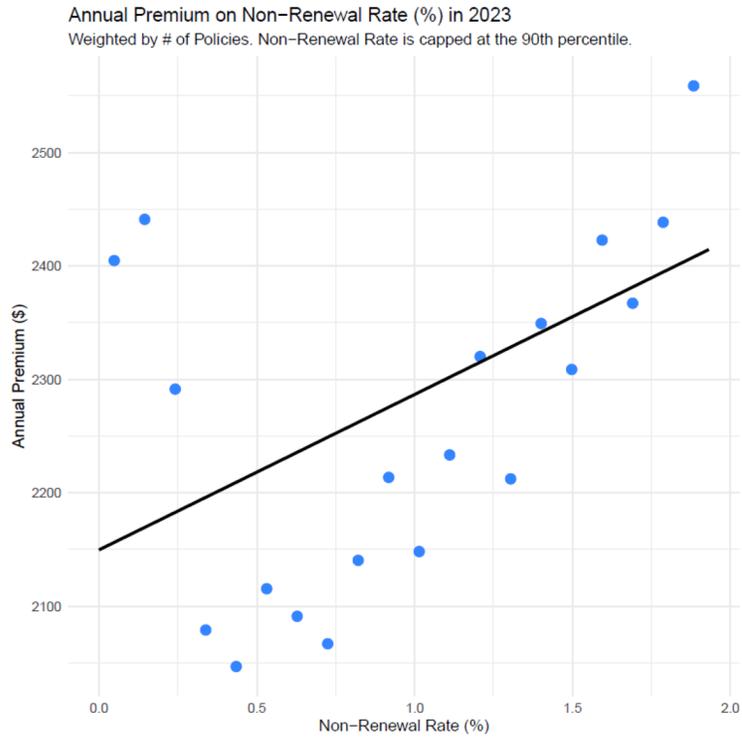
All of these states are either coastal states or states with increasing risk of wildfire, as determined by First Street — or both.⁴¹

C. There is a Strong Correlation Between Increasing Premiums and Increasing Non-Renewal Rates.

In July 2024, the *New York Times* published an exposé on how climate change is driving up home insurance premiums.⁴² An analysis of the Committee’s non-renewal data and the previously public premiums data shows a clear positive correlation between higher premiums and higher non-renewal rates.

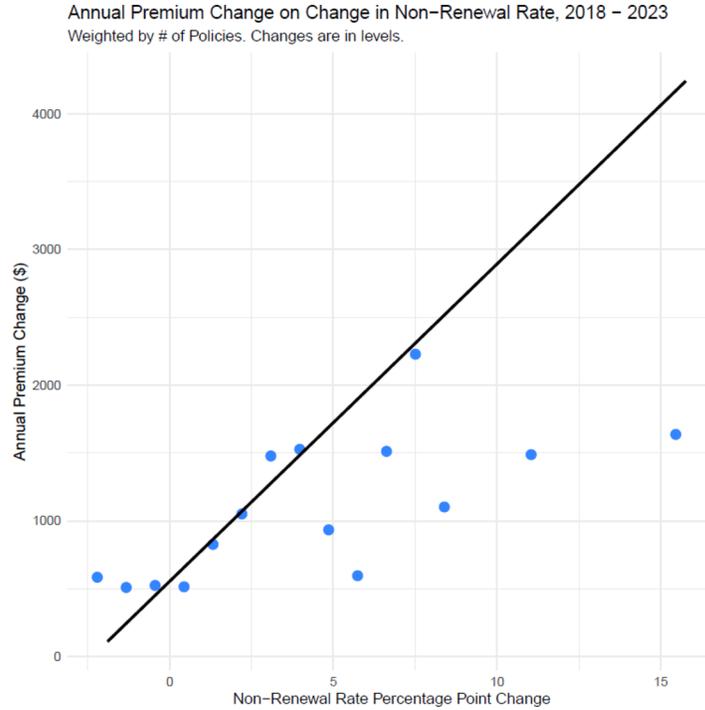
⁴¹ The 9th National Risk Assessment, *The Insurance Issue*, *supra* note 33, at 15.

⁴² Christopher Flavell, *Home Insurance Rates in America Are Wildly Distorted. Here’s Why*, *N.Y. Times* (July 8, 2024), <https://www.nytimes.com/interactive/2024/07/08/climate/home-insurance-climate-change.html>.



Graph 2. Annual Premium on Non-Renewal Rate (%) in 2023

Areas with higher premiums are also more likely to have higher non-renewal rates. Similarly, there is a positive correlation between annual premium rate *change* and non-renewal rate percentage point *change* from 2018 through 2023.



Graph 3. Annual Premium Change on Change in Non-Renewal Rate, 2018 – 2023

Growth in insurance rate premiums closely tracking growth in non-renewal rates makes intuitive sense: with riskier properties, insurance companies can raise rates or refuse to underwrite altogether. As climate risk grows, the option to pull out altogether can become a necessary business decision. It is well-reported around the country that premiums are skyrocketing, insurers are non-renewing customers or pulling out of risky markets altogether; as climate change gets worse, insurance availability and affordability will also get worse.

IV. CONCLUSION

The data obtained by the Senate Budget Committee provides a first-of-its-kind look into the perils that homeowners face as insurers, responding to climate risk, are increasingly declining to renew policies. It provides a new window into understanding the upheaval in insurance markets around the country: the current state and geography of non-renewals, the link between increasing premiums and non-renewals, and insight into which states and markets are likely to see serious trouble next.

Notably, the data make clear that insurance non-renewals are not only a problem for communities typically seen as being on the front lines of climate change. Florida, California, and Louisiana have been seen as the canaries in the coal mine; the Committee’s data make clear that places such as southern New England, parts of Montana, New Mexico, coastal *and* inland North Carolina, and South Carolina, among others, are not far behind.

As climate change gets worse, so does trouble in insurance markets, threatening mortgage markets and property values. In certain communities, sky-high insurance premiums and unavailable coverage will make it nearly impossible for anyone who cannot buy a house in cash to get a mortgage and buy a home. Property values will eventually fall — just like in 2008 — sending household wealth tumbling. The United States could be looking at a systemic shock to the economy similar to the financial crisis of 2008 — if not greater. As the former Chief Economist of Freddie Mac said in testimony before the Senate Budget Committee: “A large share of homeowners’ wealth is locked up in the equity in their homes. If those homes become uninsurable and unmarketable, the values of the homes will plummet. Unlike the experience of 2007/08, these homeowners will have no expectation that the values of their homes will ever recover.”⁴³ The economy-wide shock could be devastating.

Such a catastrophe need not be inevitable. Individuals and policymakers can — and should — be knowledgeable and prepared for the growing insurability crisis. The Committee’s new data — which include information about nearly every county in the United States — can help give homeowners, families, and policymakers important insights and the foundation to ask informative questions.

While this Committee may be the first entity to publish this kind of data, it should not be the last. More data and greater transparency as to what is occurring in insurance markets are needed to address mounting concerns. Just after this Committee launched its investigation, the Department of the Treasury provided public notice that its Federal Insurance Office (FIO) was engaging in a similar data call, requesting information from insurers to assess climate-related financial risk to consumers across the United States.

According to the FIO, it sought to “obtain previously unavailable insurance data at a ZIP code level on a consistent, granular and comparable basis from the largest homeowners insurance providers that collectively underwrite around 70% of homeowners insurance premiums nationwide.”⁴⁴ Following FIO’s public notice, it announced that it would collaborate with the

⁴³ *Risky Business: How Climate Change is Changing Insurance Markets: Hearing Before the Sen. Comm. on the Budget*, 118th Cong. (Mar. 22, 2023), <https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets>.

⁴⁴ Press Release, U.S. Department of the Treasury, Treasury’s Federal Insurance Office Advances First Insurer Data Call to Assess Climate-Related Financial Risk to Consumers (Nov. 1, 2023), <https://home.treasury.gov/news/press-releases/jy1867>.

NAIC and state insurance regulators to “collect and analyze data covering more than 80% of the U.S. property insurance market by premium volume.”⁴⁵

At the time of this Report, neither the NAIC nor FIO have published a final report or made data public.⁴⁶ The Committee is hopeful that the data collected by the NAIC will soon be made public. The potential economic consequences of climbing insurance premiums and declining insurance availability are simply too great to not have our headlights on, through regularly updated public data, to understand non-renewals and premium increases as the harbinger of broader insurance collapse.

⁴⁵ States Issue Property & Casualty Market Intelligence Data Call Covering Over 80% of U.S. Market, *supra* note 28.

⁴⁶ The Committee commends FIO’s focus on this important issue and looks forward to its findings, which should similarly allow policymakers and consumers understand, at a local level, the increasing impacts of climate change on household budgets and help inform necessary legislative fixes at the state level.

ANNEX

Table 1: 100 counties with the highest non-renewal rate in 2023 and > 10,000 policies

	County	State	Non-Renewal % 2018	Non-Renewal % 2023	Annual Prem. 2023	Prem. Change 2018 - 2023
1	LAKE	CA	1.24	7.56	2707	1041
2	NEVADA	CA	2.3	6.51	3868	1888
3	BARNSTABLE	MA	0.78	6.39	3057	880
4	TUOLUMNE	CA	7.33	6.1	NA	NA
5	JACKSON	MS	0.32	5.55	4265	1395
6	TEHAMA	CA	0.89	5.29	NA	NA
7	HARRISON	MS	0.35	5.11	3485	911
8	ELDORADO	CA	2.28	5.01	NA	NA
9	SHASTA	CA	1.05	4.92	2326	984
10	COLLIER	FL	0.53	4.92	5056	2047
11	INDIANRIVER	FL	0.41	4.79	3867	1515
12	CHARLOTTE	FL	0.33	4.71	3784	1454
13	BREVARD	FL	0.64	4.48	3592	1482
14	POLK	FL	0.58	4.32	NA	NA
15	MIAMI-DADE	FL	1.6	4.29	6228	1976
16	ONSLow	NC	2.47	4.25	2645	838
17	PITT	NC	1.94	4.2	2139	434
18	MENDOCINO	CA	0.87	4.12	2523	974
19	FLAGLER	FL	0.55	4.12	2865	1342
20	NEWYORK	NY	1.25	4.11	12256	6052
21	BEAUFORT	SC	0.22	4.11	3483	752
22	CHARLESTON	SC	0.45	3.97	3976	938
23	OSCEOLA	FL	1.03	3.96	3080	1250
24	ORLEANS	LA	0.44	3.78	6188	1883
25	PINELLAS	FL	0.4	3.7	4070	1461
26	MARTIN	FL	0.33	3.68	5403	2589
27	LAFourCHE	LA	0.24	3.64	3252	1182
28	JEFFERSON	LA	0.38	3.61	4715	1724
29	SARASOTA	FL	0.4	3.5	3493	1372
30	PALMBEACH	FL	0.8	3.44	5769	2750
31	TERREBONNE	LA	0.28	3.39	3926	1522
32	BROWARD	FL	2.07	3.3	6057	2464
33	BUTTE	CA	1.69	3.24	1992	NA
34	MANATEE	FL	0.4	3.16	3513	NA
35	NEWHANOVER	NC	1.62	3.14	3598	948
36	WALTON	FL	1.39	2.99	4363	1802
37	HERNANDO	FL	0.58	2.94	2545	1010
38	MADERA	CA	0.99	2.85	1847	463
39	PASCO	FL	0.59	2.64	3207	1316
40	SUMMIT	UT	0.89	2.59	3806	1922
41	BAY	FL	0.54	2.54	3476	1409
42	LEE	FL	0.39	2.53	4098	1689
43	HILLSBOROUGH	FL	0.7	2.52	3716	1444
44	COMANCHE	OK	1.09	2.42	2873	731
45	ST.LUCIE	FL	0.57	2.41	3734	1706
46	TANGIPAHOA	LA	0.31	2.4	2576	991
47	JOSEPHINE	OR	1.18	2.4	1564	405
48	ST.JOHNS	FL	0.39	2.36	3479	1248
49	YUBA	CA	1.14	2.32	1748	469
50	BRUNSWICK	NC	1.39	2.32	3190	795
51	BERKELEY	SC	0.51	2.31	NA	NA
52	ORANGE	FL	0.91	2.3	3467	1478

53	RIVERSIDE	CA	1.3	2.29	1997	243
54	CUMBERLAND	NC	2.35	2.29	2092	548
55	PLACER	CA	1.16	2.19	2113	553
56	CITRUS	FL	0.45	2.17	2792	1273
57	HAMPTON	VA	1.36	2.17	2497	634
58	SANDIEGO	CA	1.11	2.16	2436	738
59	GEORGETOWN	SC	0.43	2.16	3741	1248
60	ESCAMBIA	FL	0.76	2.12	3775	1652
61	NORFOLK	VA	1.15	2.11	2313	429
62	SANTACRUZ	CA	0.47	2.03	2706	714
63	NEWPORT	RI	0.37	2.03	3288	832
64	SANBERNARDINO	CA	1.31	2.01	NA	NA
65	LAKE	FL	0.31	2.01	NA	NA
66	KERN	CA	1.3	2	1543	194
67	ASCENSION	LA	0.39	2	2531	710
68	DORCHESTER	SC	0.54	2	2685	767
69	OKALOOSA	FL	0.52	1.98	3937	1792
70	SEMINOLE	FL	1	1.94	3542	1597
71	ST.TAMMANY	LA	0.32	1.94	4586	2322
72	VENTURA	CA	0.9	1.93	2134	486
73	VOLUSIA	FL	0.78	1.93	2961	1267
74	SANTAROSA	FL	0.93	1.91	3620	1651
75	HUMBOLDT	CA	0.61	1.9	1673	414
76	DUVAL	FL	0.73	1.9	2989	1334
77	EAGLE	CO	0.7	1.84	3067	1120
78	EASTBATONROUGE	LA	0.66	1.84	2576	606
79	OKLAHOMA	OK	0.59	1.81	3448	719
80	GUILFORD	NC	2.53	1.77	2017	762
81	VIRGINIABEACH	VA	0.69	1.73	2537	562
82	MARION	FL	0.49	1.71	2485	1123
83	ALAMANCE	NC	1.93	1.69	1443	258
84	MECKLENBURG	NC	2.57	1.69	1884	406
85	RICHMOND	GA	1.49	1.67	2026	524
86	ALACHUA	FL	0.54	1.65	2662	1066
87	PLYMOUTH	MA	1.33	1.63	2996	NA
88	LIVINGSTON	LA	0.42	1.62	2545	783
89	FAIRFIELD	CT	0.81	1.59	3467	1183
90	LAUDERDALE	MS	1.14	1.59	2455	559
91	HORRY	SC	0.46	1.59	2817	885
92	MUSCOGEE	GA	1.8	1.58	2137	573
93	UNION	NC	2.18	1.58	1995	306
94	NEWHAVEN	CT	0.93	1.57	2475	561
95	ESSEX	MA	1.19	1.56	2439	538
96	FRESNO	CA	0.75	1.54	NA	NA
97	HINDS	MS	1.49	1.54	2783	517
98	HONOLULU	HI	0.39	1.53	3286	1110
99	SANJOAQUIN	CA	0.8	1.52	NA	NA
100	NASH	NC	1.77	1.52	2300	488

Table 2: 100 counties with the highest non-renewal rate change 2018 - 2023 and > 10,000 policies

	County	State	Non-Renewal Change 2018 - 2023	Non-Renewal % 2018	Non-Renewal % 2023	Prem. Change 2018 - 2023
1	LAKE	CA	6.32	1.24	7.56	1041
2	JACKSON	MS	5.23	0.32	5.55	1395
3	HARRISON	MS	4.77	0.35	5.11	911
4	COLLIER	FL	4.39	0.53	4.92	2047
5	NEVADA	CA	4.22	2.3	6.51	1888
6	BEAUFORT	SC	3.89	0.22	4.11	752
7	SHASTA	CA	3.88	1.05	4.92	984
8	BREVARD	FL	3.84	0.64	4.48	1482
9	POLK	FL	3.74	0.58	4.32	NA
10	FLAGLER	FL	3.57	0.55	4.12	1342
11	CHARLESTON	SC	3.52	0.45	3.97	938
12	ORLEANS	LA	3.34	0.44	3.78	1883
13	PINELLAS	FL	3.3	0.4	3.7	1461
14	MENDOCINO	CA	3.25	0.87	4.12	974
15	JEFFERSON	LA	3.23	0.38	3.61	1724
16	TERREBONNE	LA	3.11	0.28	3.39	1522
17	SARASOTA	FL	3.1	0.4	3.5	1372
18	OSCEOLA	FL	2.93	1.03	3.96	1250
19	NEWYORK	NY	2.87	1.25	4.11	6052
20	MANATEE	FL	2.77	0.4	3.16	NA
21	ELDORADO	CA	2.73	2.28	5.01	NA
22	MIAMI-DADE	FL	2.69	1.6	4.29	1976
23	PALMBEACH	FL	2.64	0.8	3.44	2750
24	HERNANDO	FL	2.36	0.58	2.94	1010
25	PITT	NC	2.26	1.94	4.2	434
26	LEE	FL	2.15	0.39	2.53	1689
27	TANGIPAHOA	LA	2.09	0.31	2.4	991
28	PASCO	FL	2.05	0.59	2.64	1316
29	ST.JOHN'S	FL	1.97	0.39	2.36	1248
30	MADERA	CA	1.86	0.99	2.85	463
31	ST.LUCIE	FL	1.84	0.57	2.41	1706
32	HILLSBOROUGH	FL	1.82	0.7	2.52	1444
33	BERKELEY	SC	1.8	0.51	2.31	NA
34	LAKE	FL	1.71	0.31	2.01	NA
35	SUMMIT	UT	1.71	0.89	2.59	1922
36	NEWPORT	RI	1.66	0.37	2.03	832
37	ST.TAMMANY	LA	1.62	0.32	1.94	2322
38	ASCENSION	LA	1.61	0.39	2	710
39	SANTACRUZ	CA	1.56	0.47	2.03	714
40	BUTTE	CA	1.55	1.69	3.24	NA
41	NEWHANOVER	NC	1.52	1.62	3.14	948
42	DORCHESTER	SC	1.46	0.54	2	767
43	SUMTER	FL	1.42	0.1	1.51	NA
44	ORANGE	FL	1.39	0.91	2.3	1478
45	ESCAMBIA	FL	1.36	0.76	2.12	1652
46	HUMBOLDT	CA	1.29	0.61	1.9	414
47	BROWARD	FL	1.23	2.07	3.3	2464
48	OKLAHOMA	OK	1.22	0.59	1.81	719
49	JOSEPHINE	OR	1.22	1.18	2.4	405
50	MARION	FL	1.21	0.49	1.71	1123
51	LIVINGSTON	LA	1.21	0.42	1.62	783

52	EASTBATONROUGE	LA	1.18	0.66	1.84	606
53	DUVAL	FL	1.17	0.73	1.9	1334
54	VOLUSIA	FL	1.15	0.78	1.93	1267
55	HONOLULU	HI	1.15	0.39	1.53	1110
56	EAGLE	CO	1.14	0.7	1.84	1120
57	HORRY	SC	1.14	0.46	1.59	885
58	ALACHUA	FL	1.11	0.54	1.65	1066
59	SANDIEGO	CA	1.05	1.11	2.16	738
60	WASHINGTON	RI	1.05	0.37	1.42	535
61	PLACER	CA	1.04	1.16	2.19	553
62	VIRGINIABEACH	VA	1.04	0.69	1.73	562
63	VENTURA	CA	1.03	0.9	1.93	486
64	RIVERSIDE	CA	0.99	1.3	2.29	243
65	CAPEMAY	NJ	0.97	0.48	1.45	251
66	NORFOLK	VA	0.96	1.15	2.11	429
67	SEMINOLE	FL	0.95	1	1.94	1597
68	BRUNSWICK	NC	0.94	1.39	2.32	795
69	MAUI	HI	0.93	0.5	1.43	886
70	NAPA	CA	0.92	0.51	1.43	736
71	KINGS	CA	0.9	0.6	1.49	288
72	CANADIAN	OK	0.89	0.47	1.36	771
73	HAMPTON	VA	0.81	1.36	2.17	634
74	CLAY	FL	0.8	0.48	1.28	1030
75	FLATHEAD	MT	0.79	0.71	1.51	388
76	FRESNO	CA	0.78	0.75	1.54	NA
77	FAIRFIELD	CT	0.77	0.81	1.59	1183
78	LAFAYETTE	LA	0.77	0.42	1.19	289
79	SANJOAQUIN	CA	0.71	0.8	1.52	NA
80	SONOMA	CA	0.71	0.68	1.39	NA
81	KERN	CA	0.7	1.3	2	194
82	SANBERNARDINO	CA	0.7	1.31	2.01	NA
83	LAPLATA	CO	0.68	0.83	1.5	950
84	SUFFOLK	NY	0.68	0.36	1.04	772
85	GALVESTON	TX	0.68	0.79	1.47	346
86	SOLANO	CA	0.67	0.58	1.24	427
87	CLEVELAND	OK	0.66	0.61	1.27	511
88	PITTSYLVANIA	VA	0.66	0.79	1.46	496
89	NEWHAVEN	CT	0.65	0.93	1.57	561
90	CHELAN	WA	0.65	0.59	1.24	510
91	STANISLAUS	CA	0.64	0.69	1.33	269
92	LITCHFIELD	CT	0.64	0.64	1.29	NA
93	LEWISANDCLARK	MT	0.64	0.7	1.33	459
94	BRAZORIA	TX	0.64	0.63	1.27	491
95	BALDWIN	AL	0.63	0.29	0.93	1117
96	MISSOULA	MT	0.63	0.46	1.09	507
97	SANJUAN	NM	0.62	0.76	1.38	166
98	ATLANTIC	NJ	0.58	0.55	1.13	586
99	HUDSON	NJ	0.58	0.45	1.04	1249
100	ALAMEDA	CA	0.57	0.59	1.16	619

Table 3: 100 counties with the highest non-renewal rate in 2023 and > 1,000 policies

	County	State	Non-Renewal % 2018	Non-Renewal % 2023	Annual Prem. 2023	Prem. Change 2018 - 2023
1	GLADES	FL	0.46	16.23	3617	1637
2	DARE	NC	1.93	12.92	4560	1009
3	DUKES	MA	0.43	11.6	4631	1967
4	CHOWAN	NC	1.5	9.31	3356	1124
5	HIGHLANDS	FL	0.41	9.14	2744	1102
6	BLADEN	NC	2.11	8.16	2488	530
7	LAKE	CA	1.24	7.56	2707	1041
8	CURRITUCK	NC	2.43	7.51	2911	154
9	WAYNE	NC	2.43	7.39	2071	483
10	NANTUCKET	MA	0.22	7.3	5922	3332
11	TRINITY	CA	0.97	7.27	3710	2288
12	PASQUOTANK	NC	1.37	7.06	2447	377
13	HENDRY	FL	0.49	6.88	3606	1208
14	MARIPOSA	CA	2.68	6.87	3544	1768
15	BEAUFORT	NC	1.54	6.82	2430	280
16	CALAVERAS	CA	2.86	6.77	3335	1765
17	PLUMAS	CA	1.68	6.6	2422	903
18	NEVADA	CA	2.3	6.51	3868	1888
19	BARNSTABLE	MA	0.78	6.39	3057	880
20	LEVY	FL	1.18	6.25	3163	1529
21	TUOLUMNE	CA	7.33	6.1	NA	NA
22	GULF	FL	3.04	6.06	4245	1774
23	LENOIR	NC	1.76	5.77	2126	614
24	JACKSON	MS	0.32	5.55	4265	1395
25	DESOTO	FL	0.2	5.44	3439	1258
26	AMADOR	CA	2.31	5.42	2800	1092
27	ST.BERNARD	LA	0.42	5.36	3412	1490
28	TEHAMA	CA	0.89	5.29	NA	NA
29	HARRISON	MS	0.35	5.11	3485	911
30	ROBESON	NC	2.41	5.06	2464	415
31	ELDORADO	CA	2.28	5.01	NA	NA
32	DUPLIN	NC	3	5	2183	450
33	SHASTA	CA	1.05	4.92	2326	984
34	COLLIER	FL	0.53	4.92	5056	2047
35	CRAVEN	NC	1.35	4.86	2511	629
36	INDIANRIVER	FL	0.41	4.79	3867	1515
37	CHARLOTTE	FL	0.33	4.71	3784	1454
38	HARDEE	FL	0.52	4.64	3426	1258
39	BREVARD	FL	0.64	4.48	3592	1482
40	COLUMBUS	NC	2.54	4.43	2719	570
41	PLAQUEMINES	LA	0.35	4.39	5587	1929
42	VERMILION	LA	0.27	4.36	3463	1171
43	POLK	FL	0.58	4.32	NA	NA
44	MIAMI-DADE	FL	1.6	4.29	6228	1976
45	MONROE	FL	0.13	4.28	8658	2938
46	ONslow	NC	2.47	4.25	2645	838
47	PITT	NC	1.94	4.2	2139	434
48	CARTERET	NC	2.42	4.18	4026	1236
49	LASSEN	CA	1.11	4.14	2008	641
50	MENDOCINO	CA	0.87	4.12	2523	974
51	FLAGLER	FL	0.55	4.12	2865	1342
52	NEWYORK	NY	1.25	4.11	12256	6052

53	BEAUFORT	SC	0.22	4.11	3483	752
54	CADDO	OK	0.55	4.01	3062	861
55	ACCOMACK	VA	0.8	3.99	2446	434
56	CHARLESTON	SC	0.45	3.97	3976	938
57	OSCEOLA	FL	1.03	3.96	3080	1250
58	ST.JOHNTHEBAPTIST	LA	0.42	3.86	4393	2164
59	ORLEANS	LA	0.44	3.78	6188	1883
60	JACKSON	OK	1.11	3.77	2909	793
61	SAMPSON	NC	1.78	3.74	2148	569
62	TETON	WY	0.25	3.74	4766	2628
63	PINELLAS	FL	0.4	3.7	4070	1461
64	MARTIN	FL	0.33	3.68	5403	2589
65	LAFOURCHE	LA	0.24	3.64	3252	1182
66	JEFFERSON	LA	0.38	3.61	4715	1724
67	ST.CHARLES	LA	0.26	3.58	4583	1917
68	SARASOTA	FL	0.4	3.5	3493	1372
69	PALMBEACH	FL	0.8	3.44	5769	2750
70	SEMINOLE	OK	0.67	3.41	2843	774
71	TERREBONNE	LA	0.28	3.39	3926	1522
72	PENDER	NC	1.58	3.37	3621	913
73	SANMIGUEL	CO	0.68	3.35	3500	980
74	CHAMBERS	TX	0.32	3.34	3237	401
75	BROWARD	FL	2.07	3.3	6057	2464
76	BOURBON	KY	0.4	3.26	NA	NA
77	BUTTE	CA	1.69	3.24	1992	NA
78	ATHENS	OH	0.92	3.24	1886	NA
79	SISKIYOU	CA	1.31	3.18	2272	903
80	MANATEE	FL	0.4	3.16	3513	NA
81	NEWHANOVER	NC	1.62	3.14	3598	948
82	INYO	CA	0.67	3.1	1809	354
83	WALTON	FL	1.39	2.99	4363	1802
84	HERNANDO	FL	0.58	2.94	2545	1010
85	CHOCTAW	OK	1.07	2.94	3001	1230
86	HUGHES	OK	0.79	2.93	2511	631
87	BOISE	ID	0.98	2.87	1851	637
88	ST.MARY	LA	0.41	2.87	NA	NA
89	BECKHAM	OK	1.14	2.87	3303	799
90	MADERA	CA	0.99	2.85	1847	463
91	MORGAN	OH	1	2.83	1941	369
92	SANMIGUEL	NM	1.56	2.81	2390	610
93	BLAINE	ID	0.54	2.8	2289	929
94	BOXBUTTE	NE	1.14	2.8	3453	1304
95	MARION	SC	0.57	2.77	2344	649
96	MARTIN	NC	2.43	2.75	2190	522
97	MONO	CA	0.68	2.72	3929	2058
98	NASSAU	FL	0.39	2.7	3180	1137
99	MCCURTAIN	OK	0.57	2.68	3492	1500
100	TAYLOR	FL	0.76	2.65	3257	1504

Table 4: 100 counties with the highest non-renewal rate change 2018 - 2023 and > 1,000 policies

	County	State	Non-Renewal Change 2018 - 2023	Non-Renewal % 2018	Non-Renewal % 2023	Prem. Change 2018 - 2023
1	GLADES	FL	15.77	0.46	16.23	1637
2	DUKES	MA	11.17	0.43	11.6	1967
3	DARE	NC	10.99	1.93	12.92	1009
4	HIGHLANDS	FL	8.73	0.41	9.14	1102
5	CHOWAN	NC	7.81	1.5	9.31	1124
6	NANTUCKET	MA	7.07	0.22	7.3	3332
7	HENDRY	FL	6.4	0.49	6.88	1208
8	LAKE	CA	6.32	1.24	7.56	1041
9	TRINITY	CA	6.3	0.97	7.27	2288
10	BLADEN	NC	6.05	2.11	8.16	530
11	PASQUOTANK	NC	5.69	1.37	7.06	377
12	BARNSTABLE	MA	5.6	0.78	6.39	880
13	BEAUFORT	NC	5.28	1.54	6.82	280
14	DESOTO	FL	5.24	0.2	5.44	1258
15	JACKSON	MS	5.23	0.32	5.55	1395
16	CURRITUCK	NC	5.08	2.43	7.51	154
17	LEVY	FL	5.06	1.18	6.25	1529
18	WAYNE	NC	4.97	2.43	7.39	483
19	ST.BERNARD	LA	4.94	0.42	5.36	1490
20	PLUMAS	CA	4.92	1.68	6.6	903
21	HARRISON	MS	4.77	0.35	5.11	911
22	TEHAMA	CA	4.4	0.89	5.29	NA
23	COLLIER	FL	4.39	0.53	4.92	2047
24	CHARLOTTE	FL	4.38	0.33	4.71	1454
25	INDIANRIVER	FL	4.37	0.41	4.79	1515
26	NEVADA	CA	4.22	2.3	6.51	1888
27	MARIPOSA	CA	4.18	2.68	6.87	1768
28	MONROE	FL	4.15	0.13	4.28	2938
29	HARDEE	FL	4.11	0.52	4.64	1258
30	VERMILION	LA	4.09	0.27	4.36	1171
31	PLAQUEMINES	LA	4.04	0.35	4.39	1929
32	LENOIR	NC	4	1.76	5.77	614
33	CALAVERAS	CA	3.91	2.86	6.77	1765
34	BEAUFORT	SC	3.89	0.22	4.11	752
35	SHASTA	CA	3.88	1.05	4.92	984
36	BREVARD	FL	3.84	0.64	4.48	1482
37	POLK	FL	3.74	0.58	4.32	NA
38	FLAGLER	FL	3.57	0.55	4.12	1342
39	CRAVEN	NC	3.52	1.35	4.86	629
40	CHARLESTON	SC	3.52	0.45	3.97	938
41	TETON	WY	3.49	0.25	3.74	2628
42	CADDO	OK	3.45	0.55	4.01	861
43	ST.JOHNTHEBAPTIST	LA	3.44	0.42	3.86	2164
44	LAFORCHE	LA	3.4	0.24	3.64	1182
45	MARTIN	FL	3.35	0.33	3.68	2589
46	ORLEANS	LA	3.34	0.44	3.78	1883
47	ST.CHARLES	LA	3.32	0.26	3.58	1917
48	PINELLAS	FL	3.3	0.4	3.7	1461
49	MENDOCINO	CA	3.25	0.87	4.12	974
50	JEFFERSON	LA	3.23	0.38	3.61	1724
51	ACCOMACK	VA	3.2	0.8	3.99	434

52	AMADOR	CA	3.11	2.31	5.42	1092
53	TERREBONNE	LA	3.11	0.28	3.39	1522
54	SARASOTA	FL	3.1	0.4	3.5	1372
55	LASSEN	CA	3.03	1.11	4.14	641
56	GULF	FL	3.02	3.04	6.06	1774
57	CHAMBERS	TX	3.02	0.32	3.34	401
58	OSCEOLA	FL	2.93	1.03	3.96	1250
59	BOURBON	KY	2.87	0.4	3.26	NA
60	NEWYORK	NY	2.87	1.25	4.11	6052
61	MANATEE	FL	2.77	0.4	3.16	NA
62	SEMINOLE	OK	2.74	0.67	3.41	774
63	ELDORADO	CA	2.73	2.28	5.01	NA
64	MIAMI-DADE	FL	2.69	1.6	4.29	1976
65	SANMIGUEL	CO	2.67	0.68	3.35	980
66	JACKSON	OK	2.67	1.11	3.77	793
67	ROBESON	NC	2.65	2.41	5.06	415
68	PALMBEACH	FL	2.64	0.8	3.44	2750
69	ST.MARY	LA	2.46	0.41	2.87	NA
70	INYO	CA	2.43	0.67	3.1	354
71	HERNANDO	FL	2.36	0.58	2.94	1010
72	ATHENS	OH	2.32	0.92	3.24	NA
73	NASSAU	FL	2.31	0.39	2.7	1137
74	BLAINE	ID	2.26	0.54	2.8	929
75	PITT	NC	2.26	1.94	4.2	434
76	MARION	SC	2.2	0.57	2.77	649
77	STONE	MS	2.19	0.33	2.51	1192
78	LEE	FL	2.15	0.39	2.53	1689
79	ASSUMPTION	LA	2.14	0.47	2.61	1647
80	HUGHES	OK	2.14	0.79	2.93	631
81	HANCOCK	MS	2.11	0.16	2.28	1522
82	MCCURTAIN	OK	2.11	0.57	2.68	1500
83	TANGIPAHOA	LA	2.09	0.31	2.4	991
84	PASCO	FL	2.05	0.59	2.64	1316
85	MONO	CA	2.04	0.68	2.72	2058
86	BAY	FL	2.01	0.54	2.54	1409
87	DUPLIN	NC	2	3	5	450
88	ST.JOHNS	FL	1.97	0.39	2.36	1248
89	YORK	NE	1.97	0.37	2.34	629
90	SAMPSON	NC	1.96	1.78	3.74	569
91	GEORGE	MS	1.92	0.18	2.1	857
92	TAYLOR	FL	1.89	0.76	2.65	1504
93	BOISE	ID	1.89	0.98	2.87	637
94	COLUMBUS	NC	1.89	2.54	4.43	570
95	SISKIYOU	CA	1.87	1.31	3.18	903
96	CHOCTAW	OK	1.87	1.07	2.94	1230
97	MADERA	CA	1.86	0.99	2.85	463
98	ST.LUCIE	FL	1.84	0.57	2.41	1706
99	MORGAN	OH	1.83	1	2.83	369
100	HILLSBOROUGH	FL	1.82	0.7	2.52	1444

Table 5: States by Non-Renewal Rate 2023

	State	Non-Renewal % 2018	Non-Renewal % 2023	Non-Renewal Change 2018 - 2023
1	FL	0.79	2.99	2.2
2	LA	0.49	1.8	1.31
3	NC	2.07	1.79	-0.28
4	CA	0.94	1.72	0.77
5	MA	1.18	1.51	0.34
6	MS	0.96	1.49	0.53
7	OK	0.72	1.45	0.74
8	RI	0.69	1.37	0.68
9	CT	0.86	1.34	0.48
10	HI	0.42	1.32	0.9
11	NM	0.97	1.27	0.3
12	DC	0.98	1.24	0.26
13	SC	0.52	1.24	0.71
14	SD	0.88	1.12	0.24
15	IA	0.96	1.06	0.1
16	UT	0.72	1.06	0.34
17	NE	0.88	1.05	0.17
18	MT	0.61	1.02	0.41
19	IN	1	0.98	-0.02
20	TN	0.98	0.96	-0.02
21	VA	0.7	0.95	0.25
22	MO	0.99	0.94	-0.06
23	OH	1.03	0.89	-0.14
24	ID	0.77	0.87	0.1
25	CO	1.1	0.86	-0.24
26	GA	1.16	0.86	-0.3
27	ND	0.64	0.86	0.22
28	KS	0.81	0.85	0.04
29	NV	0.63	0.85	0.21
30	VT	0.7	0.85	0.14
31	WY	0.51	0.84	0.34
32	TX	0.81	0.83	0.02
33	AL	1.01	0.82	-0.19
34	AZ	1.16	0.8	-0.36
35	NJ	0.47	0.8	0.33
36	KY	0.6	0.77	0.17
37	WI	0.81	0.77	-0.04
38	DE	0.62	0.74	0.11
39	WV	0.45	0.74	0.29
40	AR	0.94	0.73	-0.2
41	WA	0.42	0.69	0.27
42	OR	0.83	0.68	-0.15
43	IL	0.54	0.66	0.12
44	MD	0.5	0.65	0.15
45	NH	1.25	0.63	-0.62
46	ME	0.4	0.61	0.2
47	MI	0.46	0.58	0.12
48	NY	0.39	0.57	0.18
49	AK	0.95	0.42	-0.53
50	PA	0.29	0.37	0.09
51	MN	0.58	0.32	-0.26

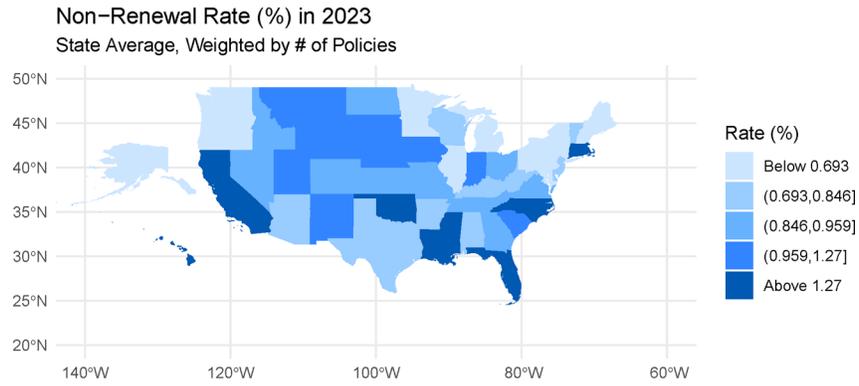
Table 6: States by Non-Renewal Rate Change 2018 - 2023

	State	Non-Renewal % 2018	Non-Renewal % 2023	Non-Renewal Change 2018 - 2023
1	FL	0.79	2.99	2.2
2	LA	0.49	1.8	1.31
3	HI	0.42	1.32	0.9
4	CA	0.94	1.72	0.77
5	OK	0.72	1.45	0.74
6	SC	0.52	1.24	0.71
7	RI	0.69	1.37	0.68
8	MS	0.96	1.49	0.53
9	CT	0.86	1.34	0.48
10	MT	0.61	1.02	0.41
11	MA	1.18	1.51	0.34
12	UT	0.72	1.06	0.34
13	WY	0.51	0.84	0.34
14	NJ	0.47	0.8	0.33
15	NM	0.97	1.27	0.3
16	WV	0.45	0.74	0.29
17	WA	0.42	0.69	0.27
18	DC	0.98	1.24	0.26
19	VA	0.7	0.95	0.25
20	SD	0.88	1.12	0.24
21	ND	0.64	0.86	0.22
22	NV	0.63	0.85	0.21
23	ME	0.4	0.61	0.2
24	NY	0.39	0.57	0.18
25	KY	0.6	0.77	0.17
26	NE	0.88	1.05	0.17
27	MD	0.5	0.65	0.15
28	VT	0.7	0.85	0.14
29	IL	0.54	0.66	0.12
30	MI	0.46	0.58	0.12
31	DE	0.62	0.74	0.11
32	IA	0.96	1.06	0.1
33	ID	0.77	0.87	0.1
34	PA	0.29	0.37	0.09
35	KS	0.81	0.85	0.04
36	TX	0.81	0.83	0.02
37	IN	1	0.98	-0.02
38	TN	0.98	0.96	-0.02
39	WI	0.81	0.77	-0.04
40	MO	0.99	0.94	-0.06
41	OH	1.03	0.89	-0.14
42	OR	0.83	0.68	-0.15
43	AL	1.01	0.82	-0.19
44	AR	0.94	0.73	-0.2
45	CO	1.1	0.86	-0.24
46	MN	0.58	0.32	-0.26
47	NC	2.07	1.79	-0.28
48	GA	1.16	0.86	-0.3
49	AZ	1.16	0.8	-0.36
50	AK	0.95	0.42	-0.53
51	NH	1.25	0.63	-0.62

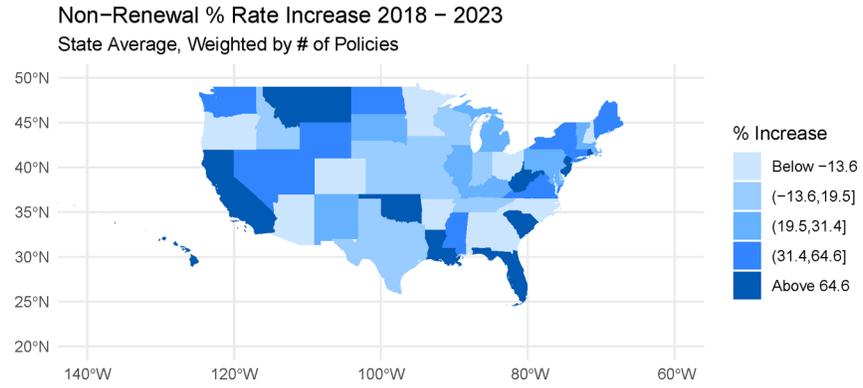
Table 7: States by Non-Renewal Rate Percent Change 2018 - 2023

	State	Non-Renewal % 2018	Non-Renewal % 2023	Non-Renewal Change 2018 - 2023	Percent
1	FL	0.79	2.99	279.97	
2	LA	0.49	1.8	267.17	
3	HI	0.42	1.32	215.83	
4	SC	0.52	1.24	136	
5	OK	0.72	1.45	102.82	
6	RI	0.69	1.37	99.79	
7	CA	0.94	1.72	81.99	
8	NJ	0.47	0.8	69.54	
9	MT	0.61	1.02	67.42	
10	WY	0.51	0.84	66.67	
11	WV	0.45	0.74	65.06	
12	WA	0.42	0.69	64.56	
13	CT	0.86	1.34	55.67	
14	MS	0.96	1.49	55.63	
15	ME	0.4	0.61	51.05	
16	UT	0.72	1.06	46.87	
17	NY	0.39	0.57	46.84	
18	VA	0.7	0.95	35.81	
19	ND	0.64	0.86	34.16	
20	NV	0.63	0.85	33.77	
21	NM	0.97	1.27	31.38	
22	PA	0.29	0.37	29.77	
23	MD	0.5	0.65	29.7	
24	KY	0.6	0.77	29.26	
25	MA	1.18	1.51	28.73	
26	SD	0.88	1.12	26.74	
27	DC	0.98	1.24	26.45	
28	MI	0.46	0.58	26.25	
29	IL	0.54	0.66	22.91	
30	VT	0.7	0.85	20.59	
31	NE	0.88	1.05	19.51	
32	DE	0.62	0.74	18.13	
33	ID	0.77	0.87	13.22	
34	IA	0.96	1.06	10.24	
35	KS	0.81	0.85	5.42	
36	TX	0.81	0.83	1.96	
37	IN	1	0.98	-1.81	
38	TN	0.98	0.96	-2.48	
39	WI	0.81	0.77	-5.13	
40	MO	0.99	0.94	-5.76	
41	NC	2.07	1.79	-13.6	
42	OH	1.03	0.89	-13.77	
43	OR	0.83	0.68	-18.13	
44	AL	1.01	0.82	-18.98	
45	CO	1.1	0.86	-21.5	
46	AR	0.94	0.73	-21.86	
47	GA	1.16	0.86	-25.5	
48	AZ	1.16	0.8	-31.06	
49	MN	0.58	0.32	-44.1	
50	NH	1.25	0.63	-49.56	
51	AK	0.95	0.42	-55.76	

Map 1: Non-Renewal Rate (%) in 2023 (State Level)

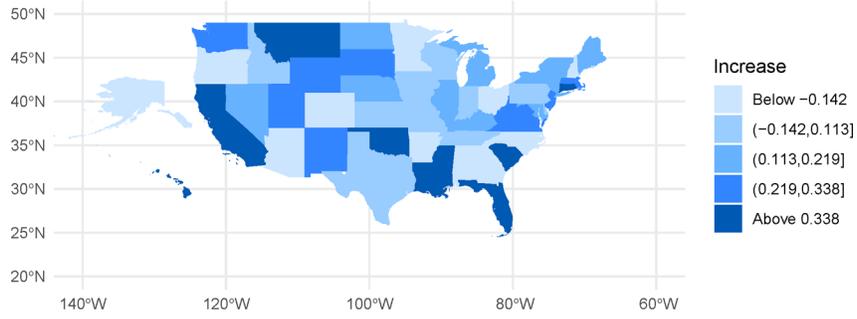


Map 2: Non-Renewal % Rate Increase 2018 – 2023 (State Level)



Map 3: Non-Renewal Percentage Point Rate Increase 2018 – 2023 (State Level)

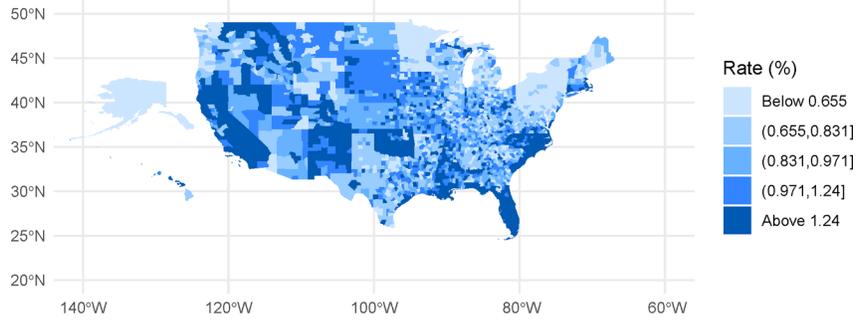
Non-Renewal Percentage Point Rate Increase 2018 – 2023
State Average, Weighted by # of Policies



Map 8 Non-Renewal Rate (%) in 2023 (County-Level)

Non-Renewal Rate (%) in 2023

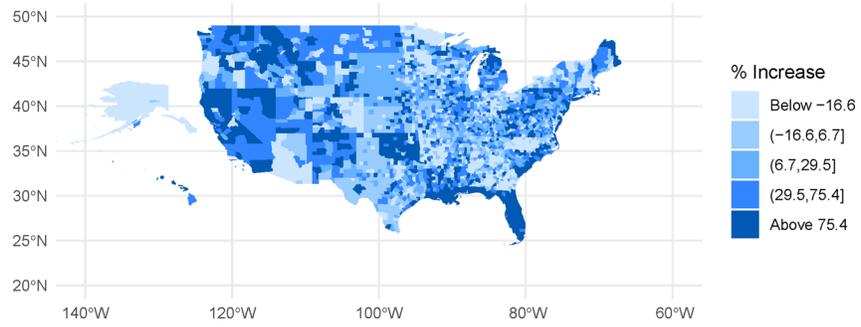
County-Level. Counties with < 1k policies are filled with the state average (23%).



Map 5: Non-Renewal % Rate Increase 2018 – 2023 (County Level)

Non-Renewal % Rate Increase 2018 – 2023

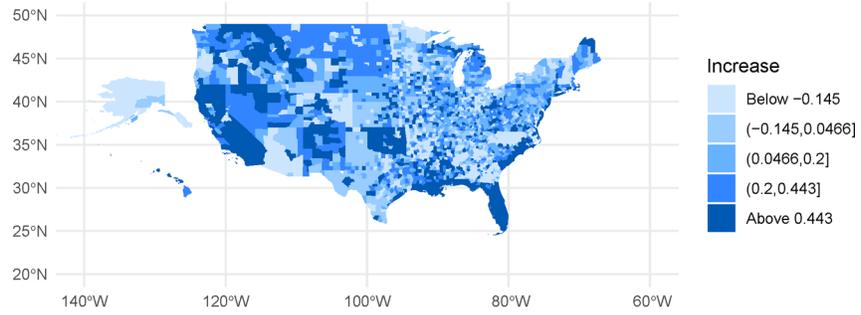
County-Level. Counties with < 1k policies are filled with the state average (23%).



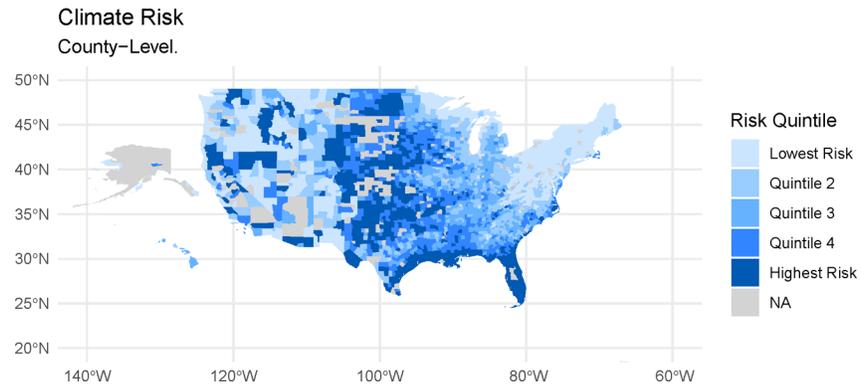
Map 6: Non-Renewal Percentage Point Rate Increase 2018 – 2023 (County Level)

Non-Renewal Percentage Point Rate Increase 2018 – 2023

County-Level. Counties with < 1k policies are filled with the state average (23%).

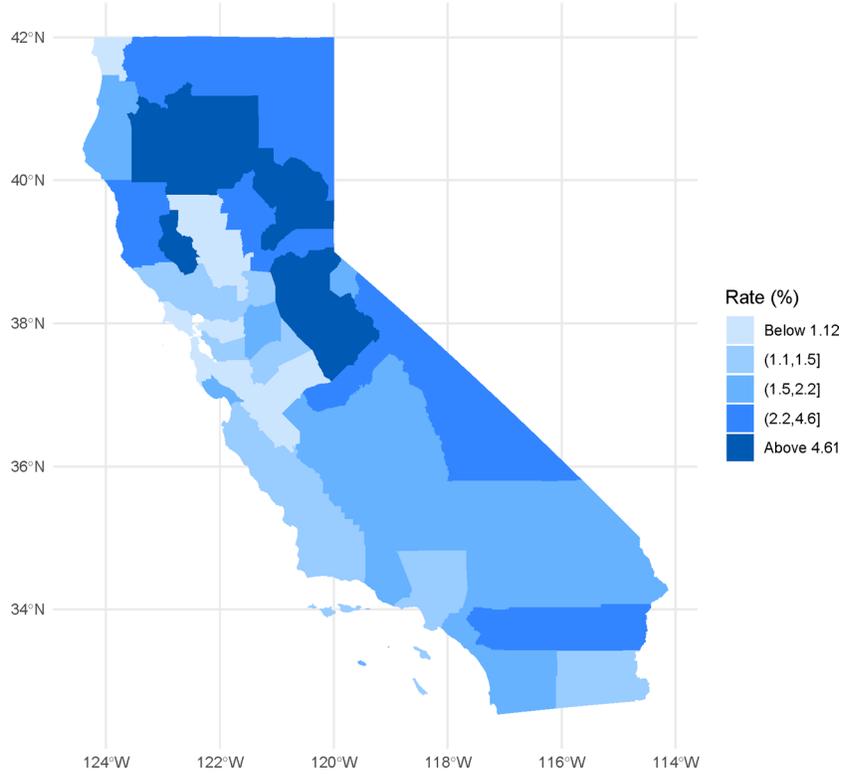


Map 7: Climate Risk (County Level)

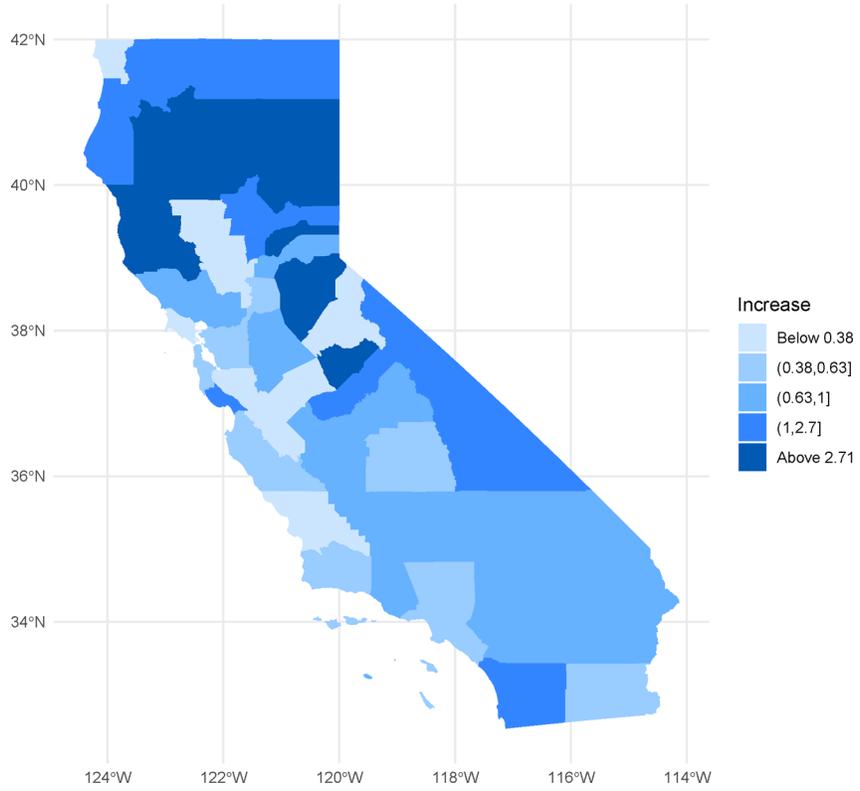


Map 8.A: Select County-Level State Maps [California]

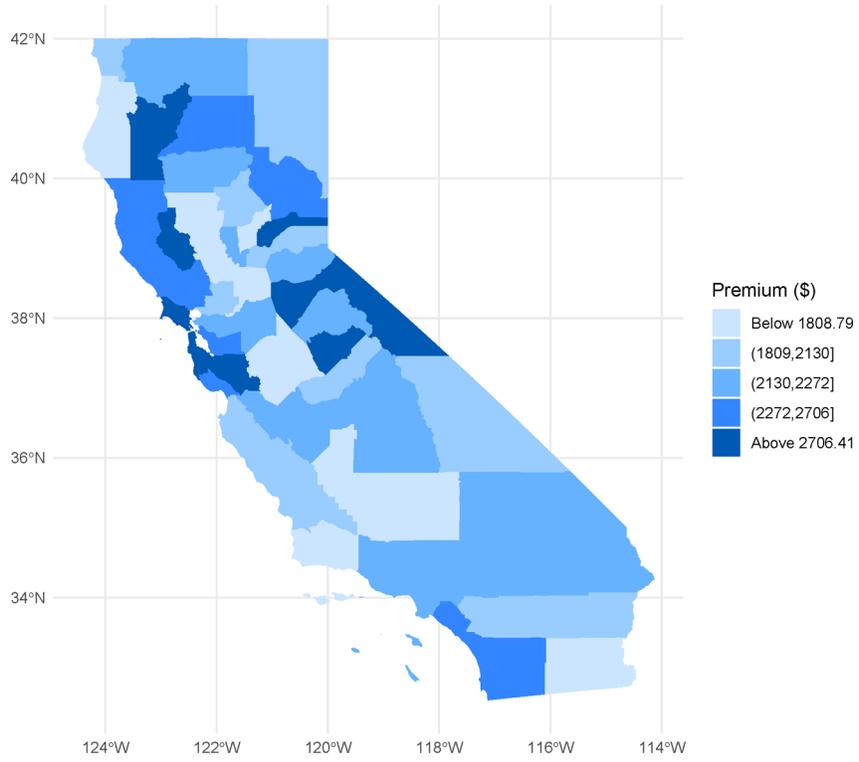
Non-Renewal Rate (%) in 2023, CA
County Level



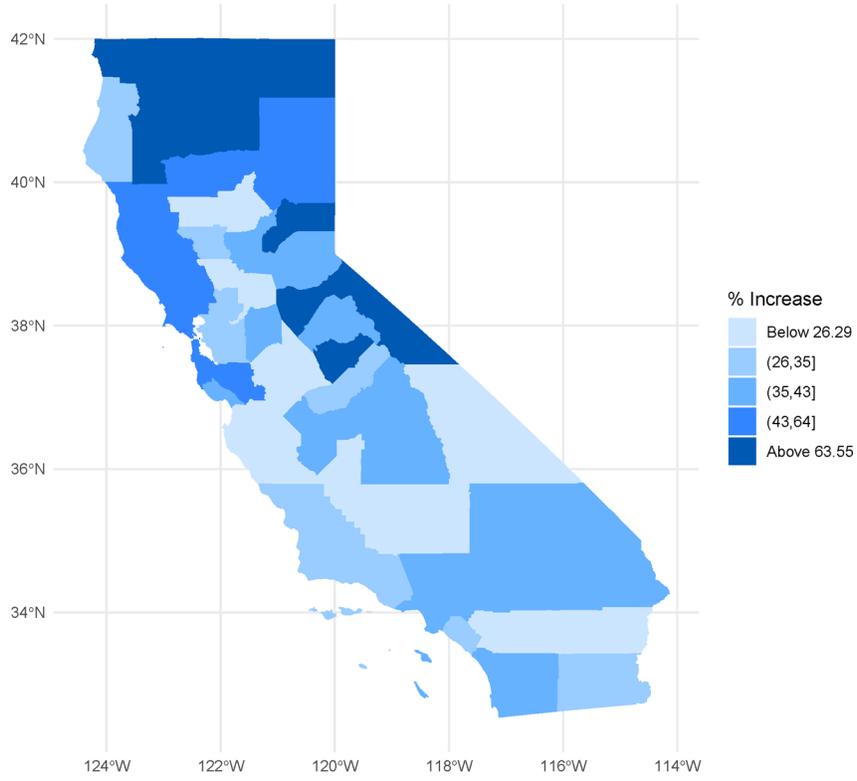
Non-Renewal Rate Increase (p.p.) 2018 – 2023, CA
County Level



Annual Premium (\$) in 2023, CA
County Level



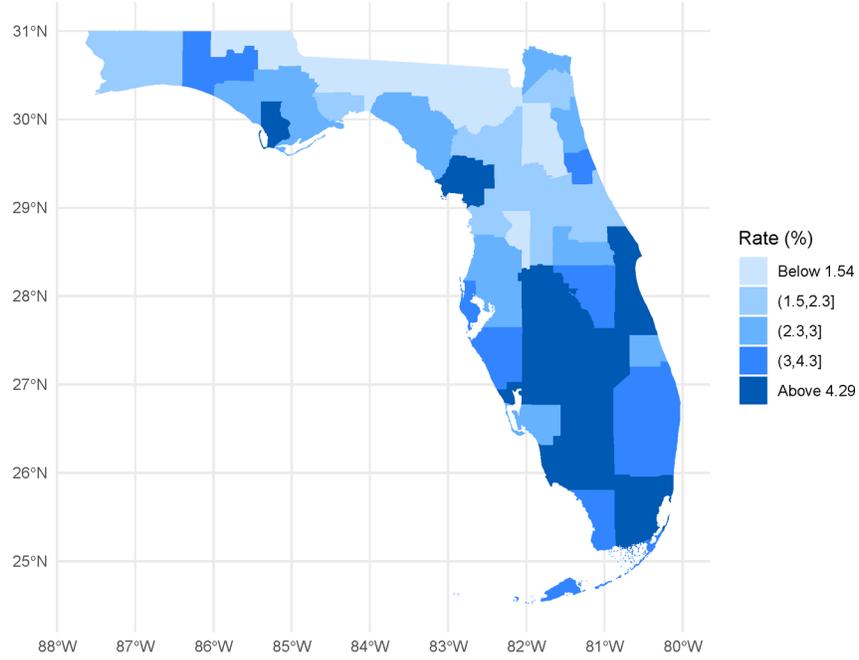
Premium % Increase 2018 – 2023, CA
County Level



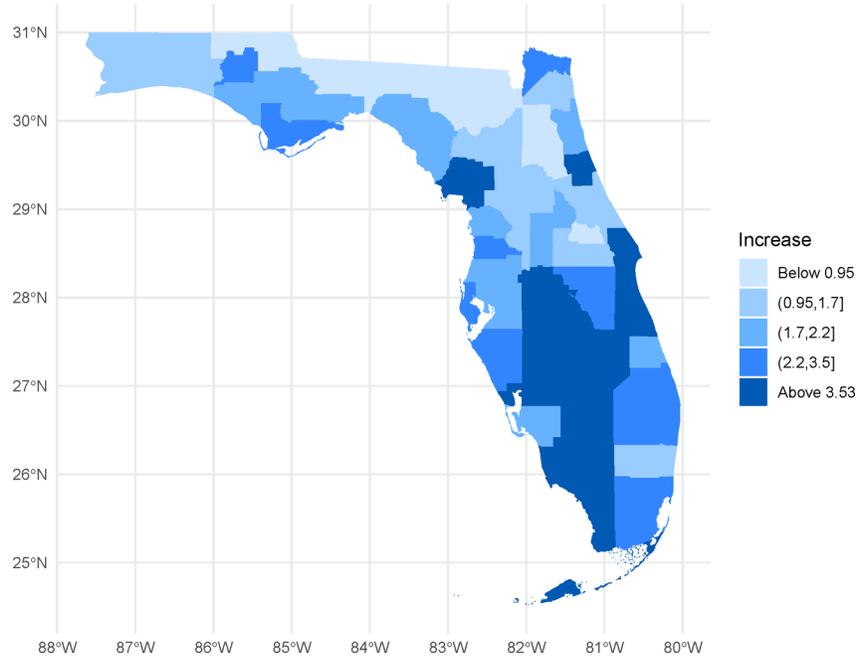
Map 8.B: Select County-Level State Maps [Florida]

Non-Renewal Rate (%) in 2023, FL

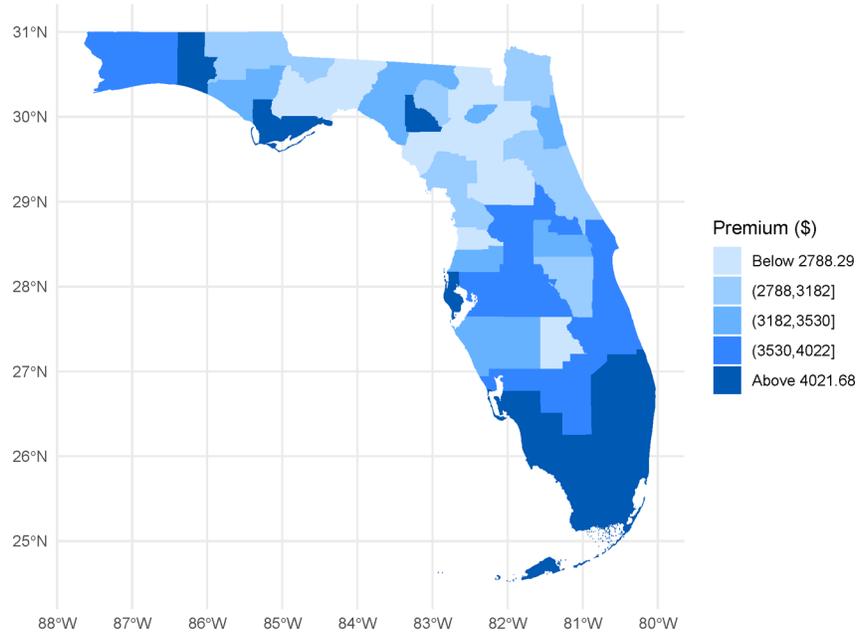
County Level. Counties with < 500 policies are filled with the state average (7%).



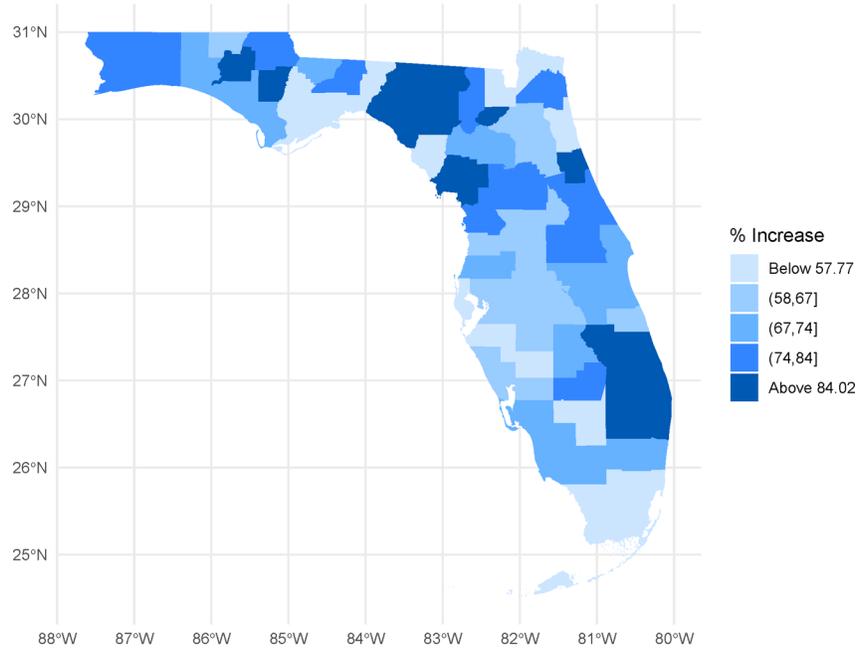
Non-Renewal Rate Increase (p.p.) 2018 – 2023, FL
County Level. Counties with < 500 policies are filled with the state average (7%).



Annual Premium (\$) in 2023, FL
County Level



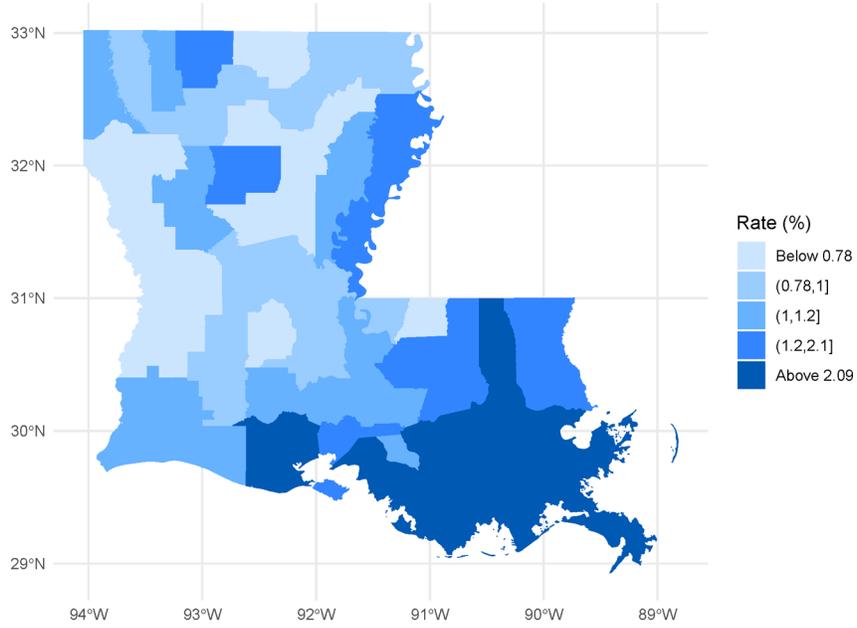
Premium % Increase 2018 – 2023, FL
County Level



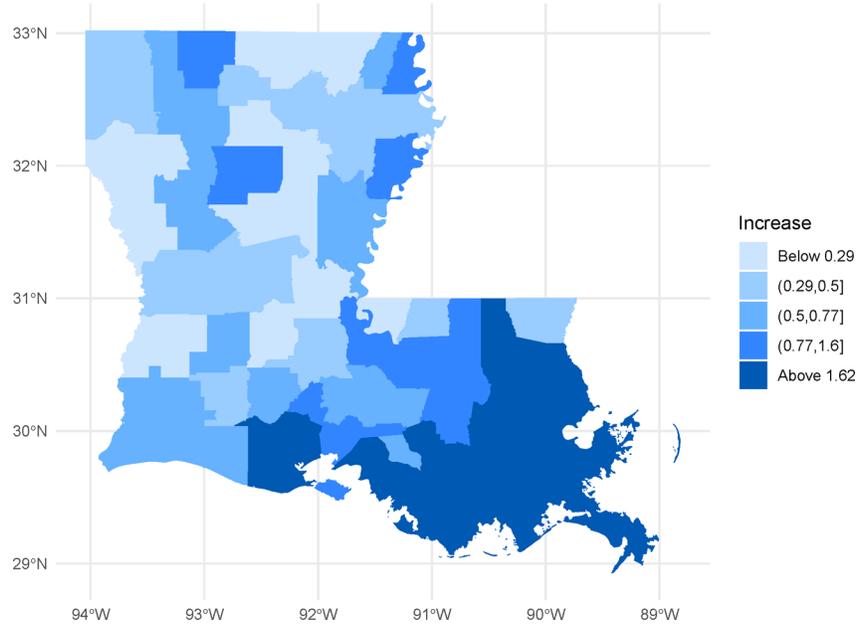
Map 8.C: Select County-Level State Maps [Louisiana]

Non-Renewal Rate (%) in 2023, LA

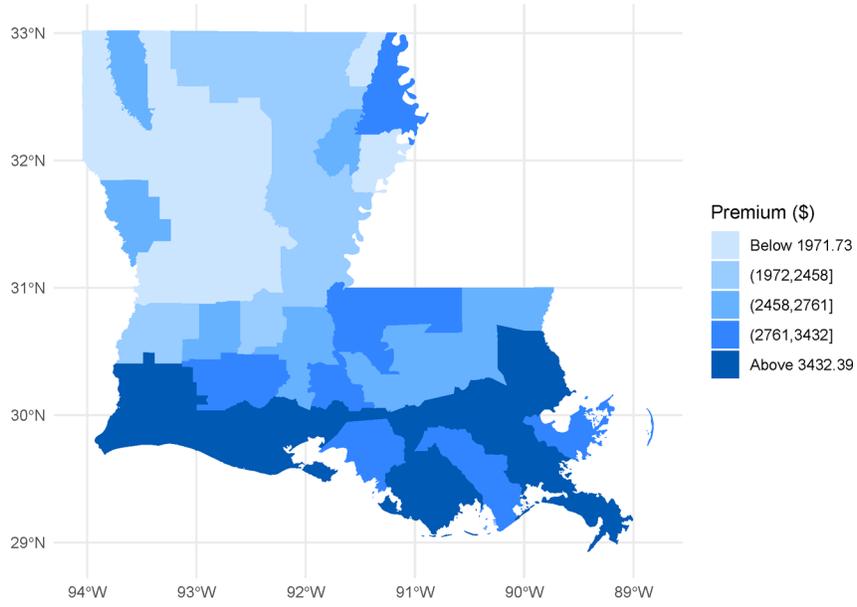
County Level. Counties with < 500 policies are filled with the state average (2%).



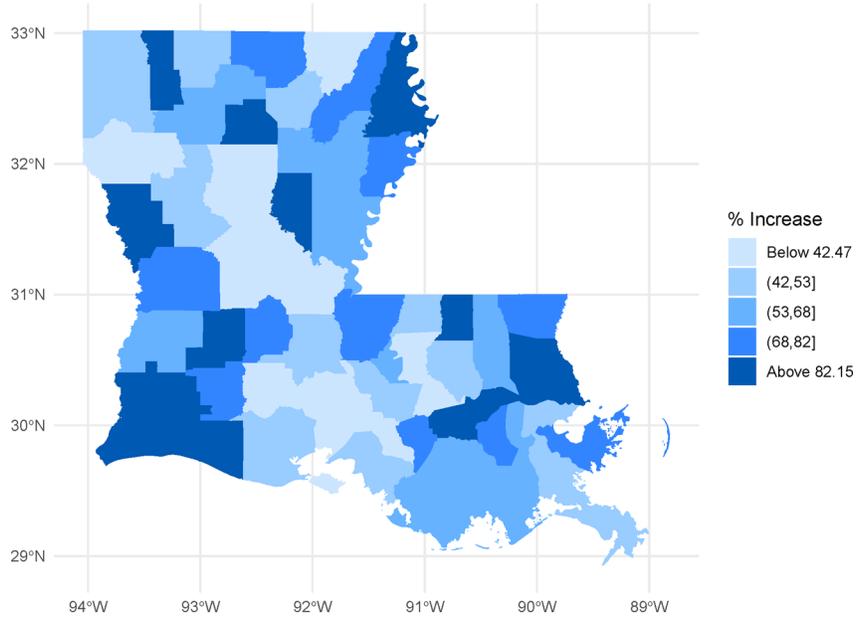
Non-Renewal Rate Increase (p.p.) 2018 – 2023, LA
County Level. Counties with < 500 policies are filled with the state average (2%).



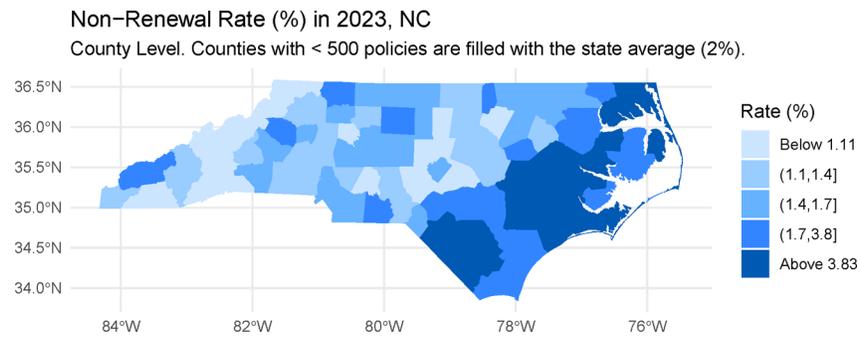
Annual Premium (\$) in 2023, LA
County Level



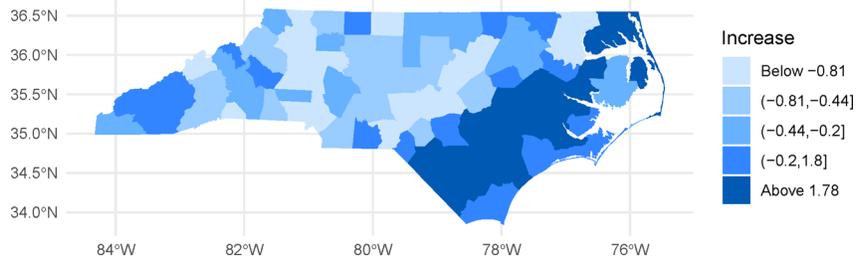
Premium % Increase 2018 – 2023, LA
County Level

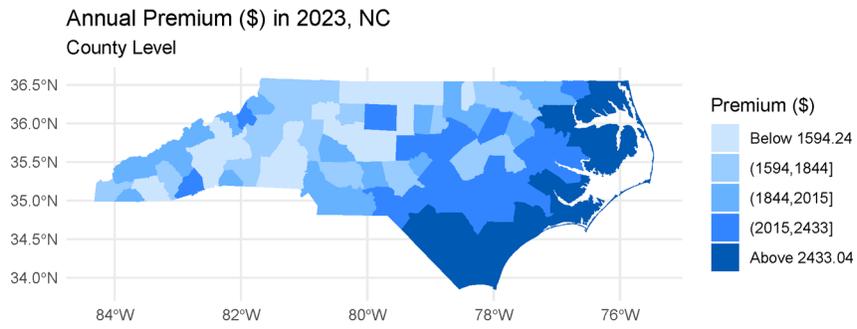


Map 8.D: Select County-Level State Maps [North Carolina]

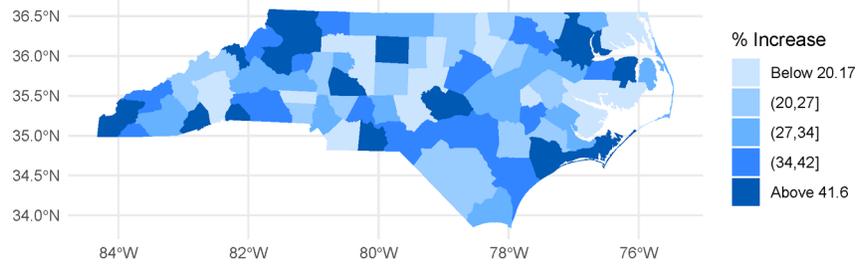


Non-Renewal Rate Increase (p.p.) 2018 – 2023, NC
County Level. Counties with < 500 policies are filled with the state average (2%).





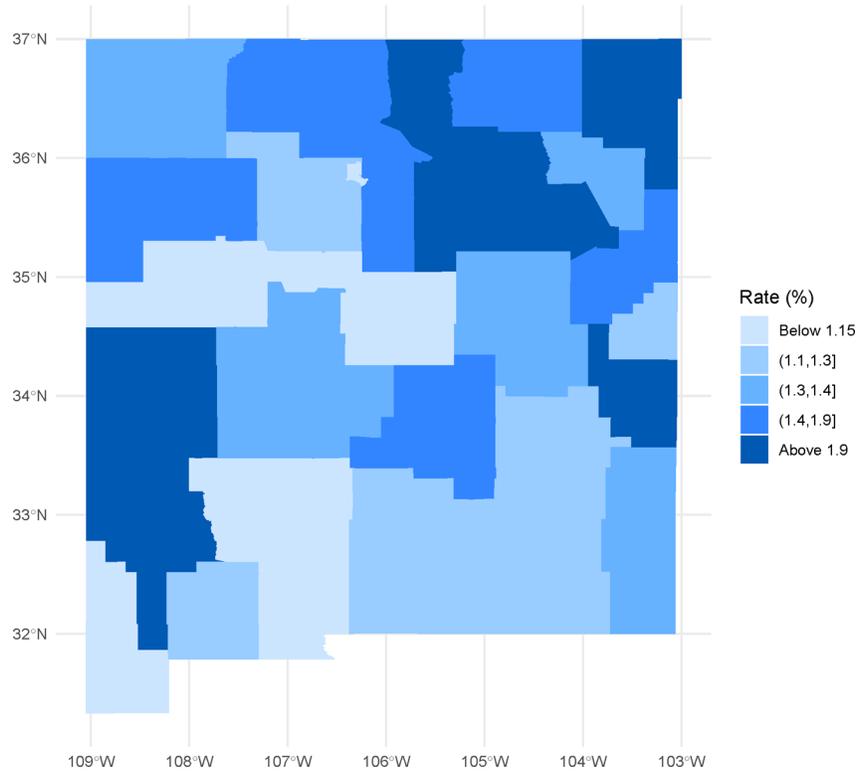
Premium % Increase 2018 – 2023, NC
County Level



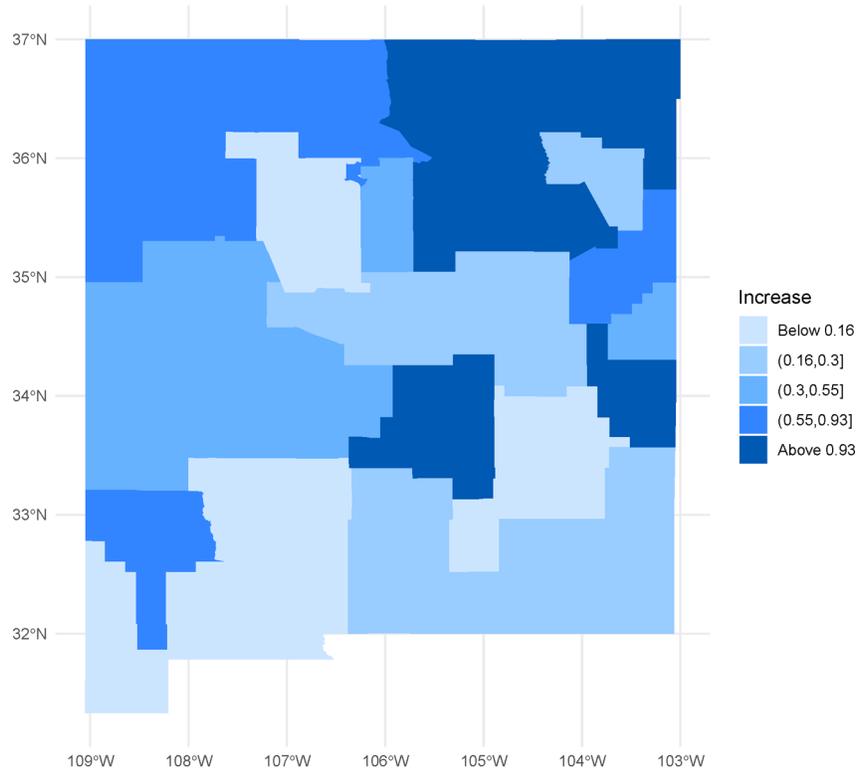
Map 8.E: Select County-Level State Maps [New Mexico]

Non-Renewal Rate (%) in 2023, NM

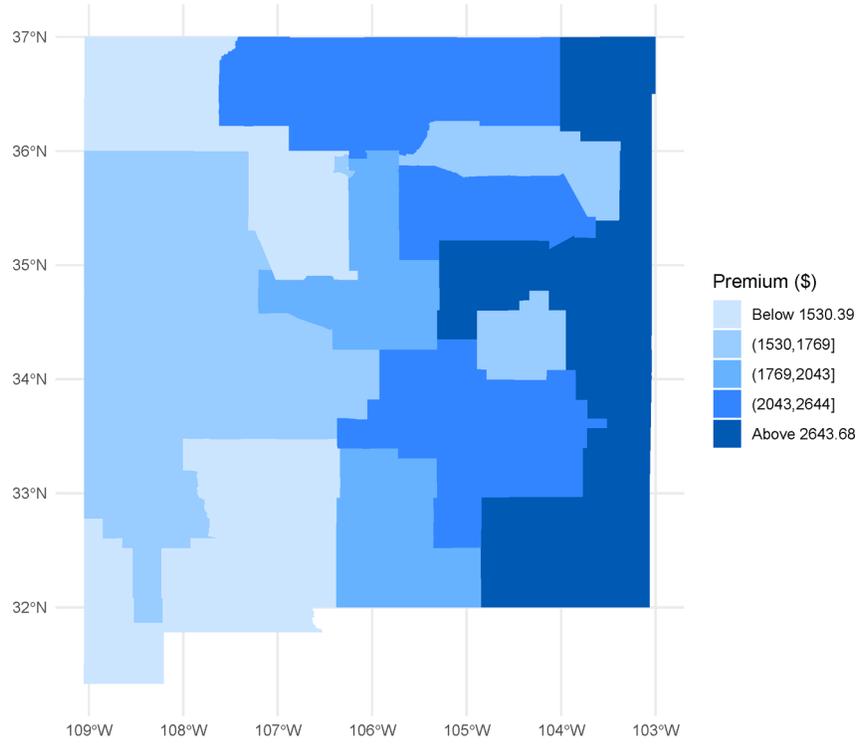
County Level. Counties with < 500 policies are filled with the state average (9%).



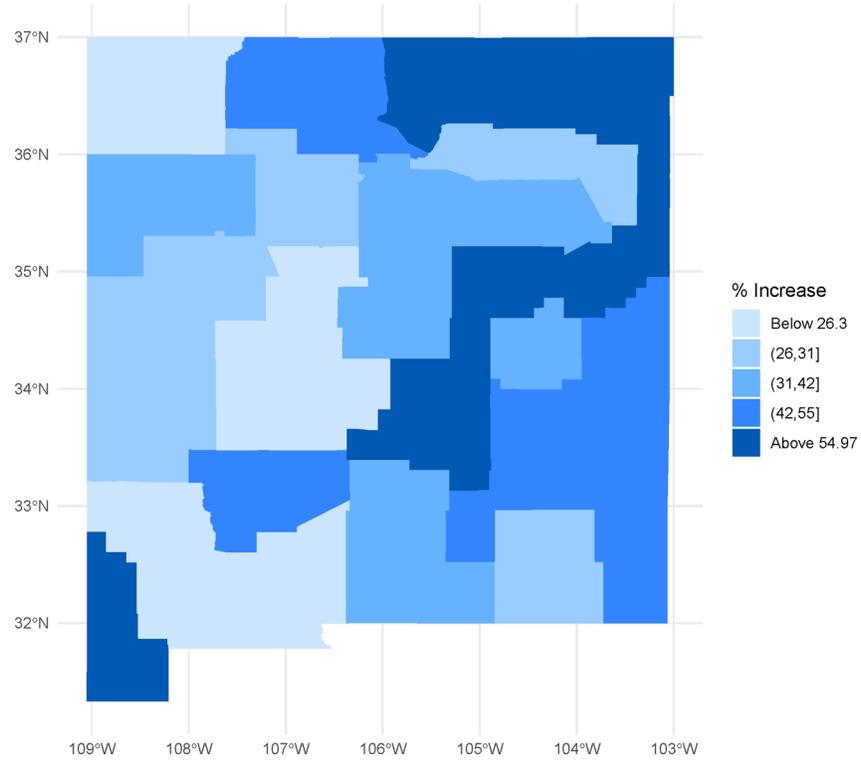
Non-Renewal Rate Increase (p.p.) 2018 – 2023, NM
County Level. Counties with < 500 policies are filled with the state average (9%).



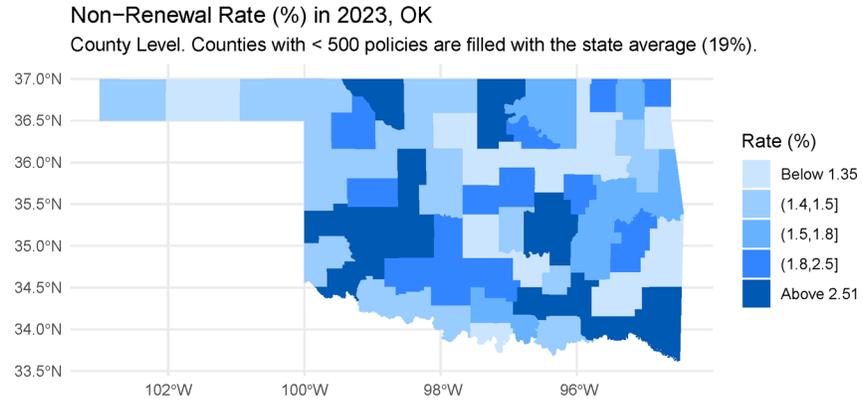
Annual Premium (\$) in 2023, NM
County Level



Premium % Increase 2018 – 2023, NM
County Level

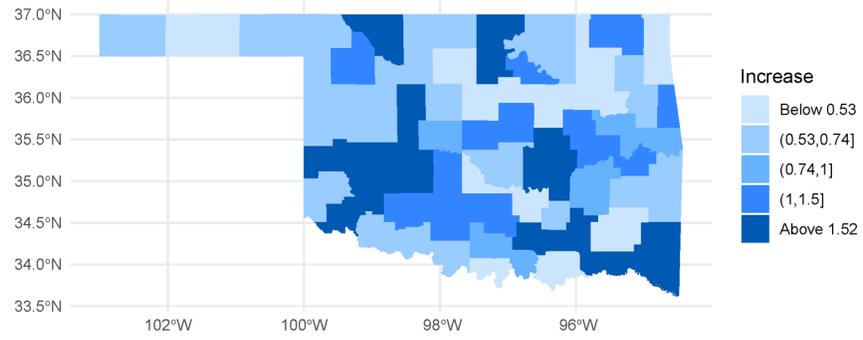


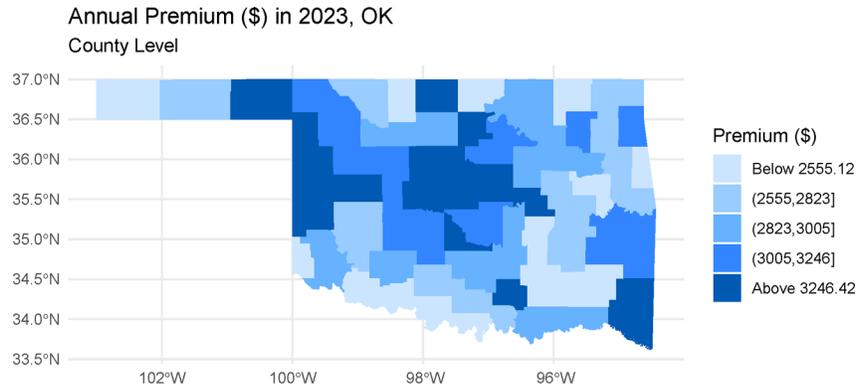
Map 8.F: Select County-Level State Maps [Oklahoma]

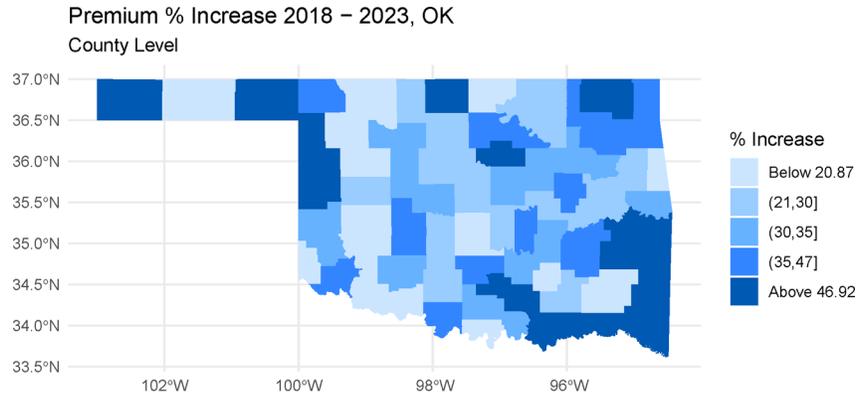


Non-Renewal Rate Increase (p.p.) 2018 – 2023, OK

County Level. Counties with < 500 policies are filled with the state average (19%).

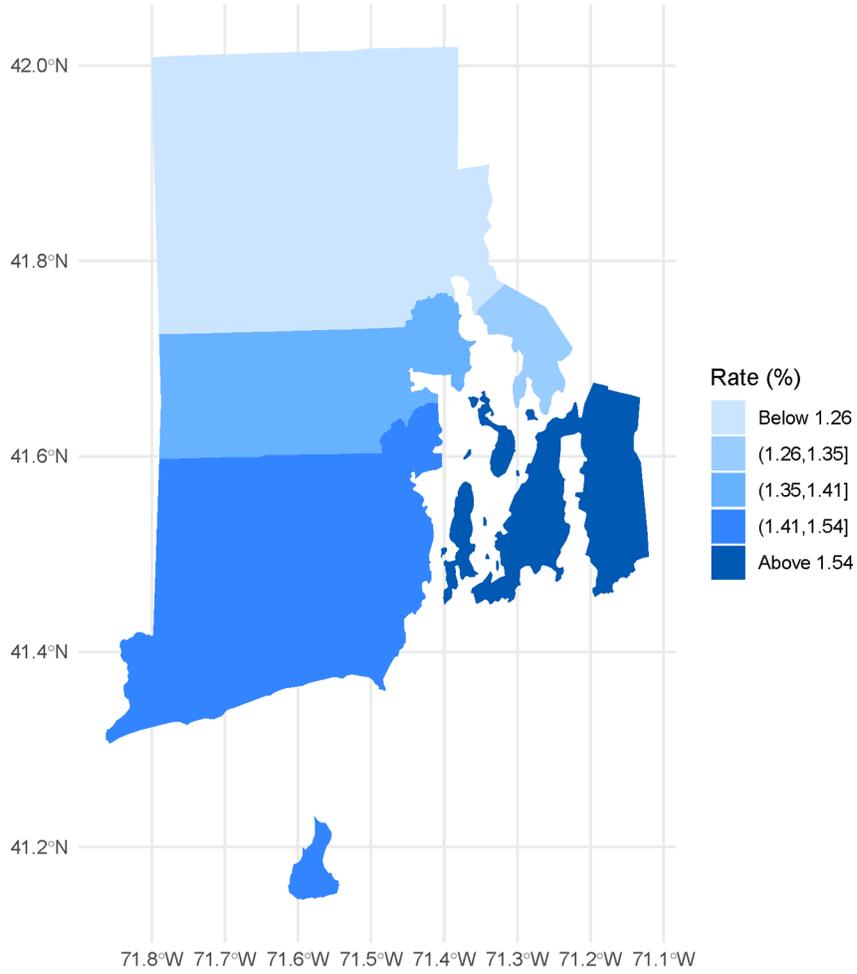




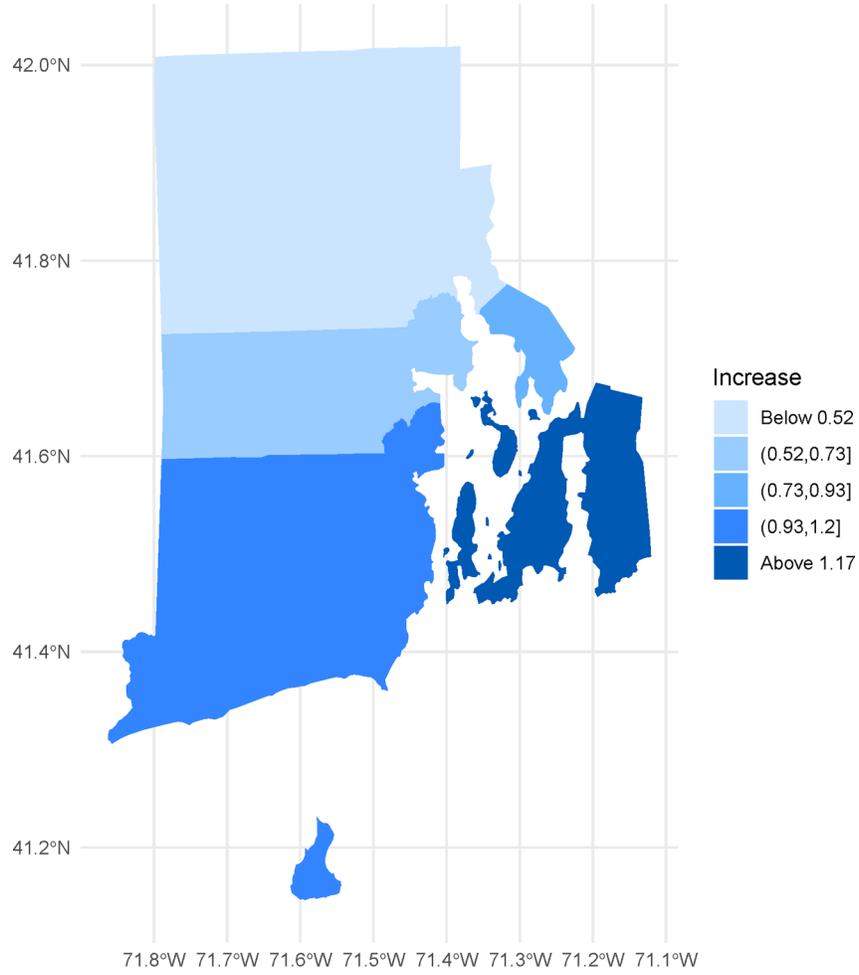


Map 8.G: Select County-Level State Maps [Rhode Island]

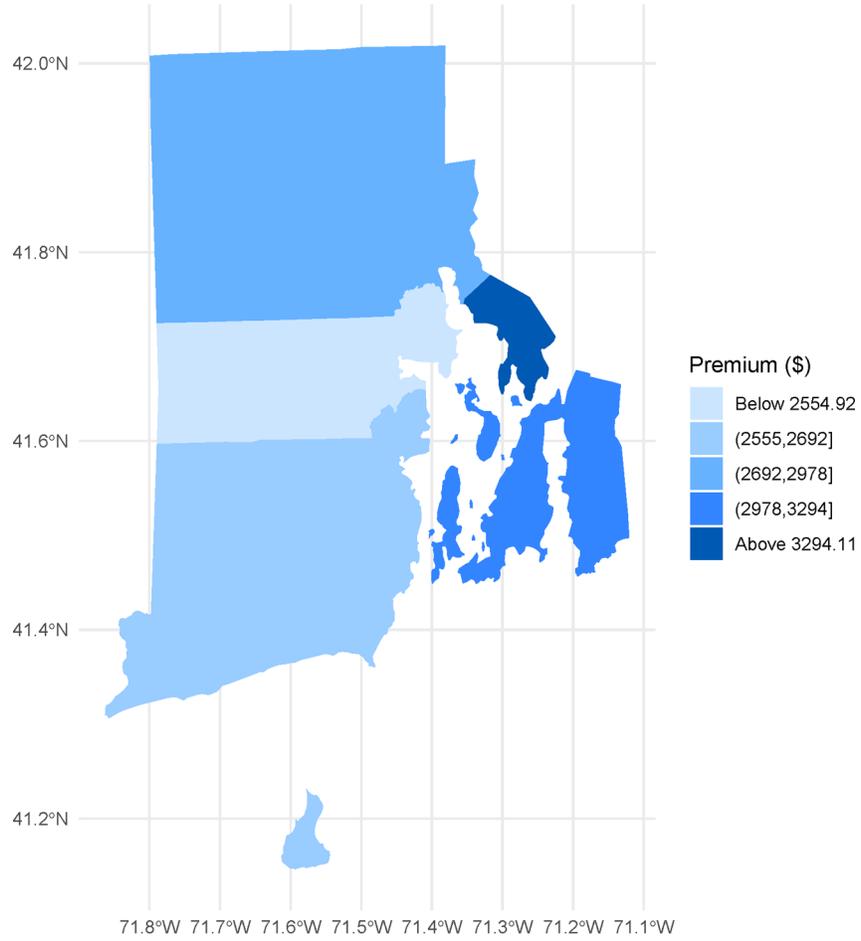
Non-Renewal Rate (%) in 2023, RI
County Level



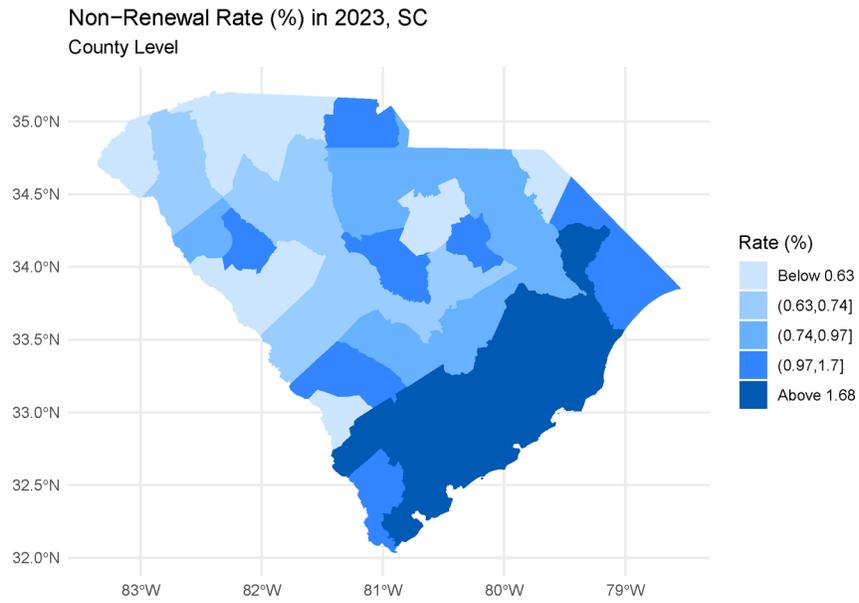
Non-Renewal Rate Increase (p.p.) 2018 – 2023, RI
County Level



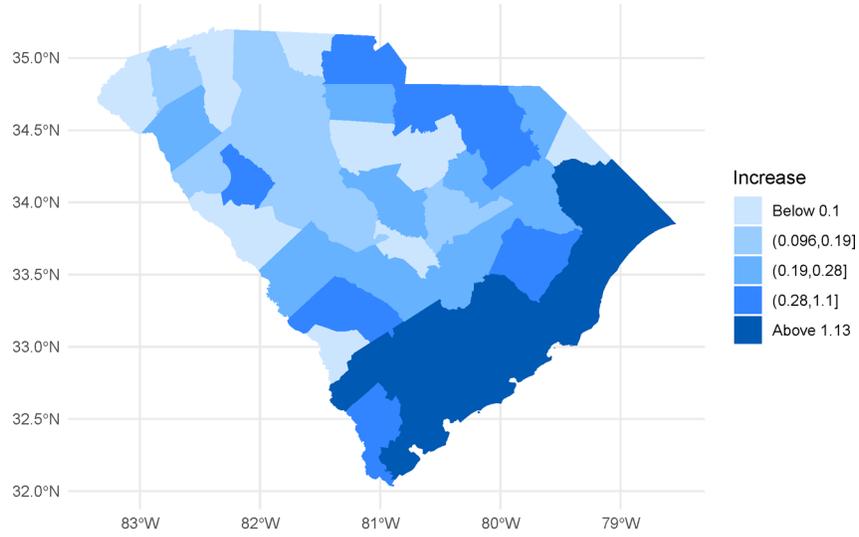
Annual Premium (\$) in 2023, RI
County Level



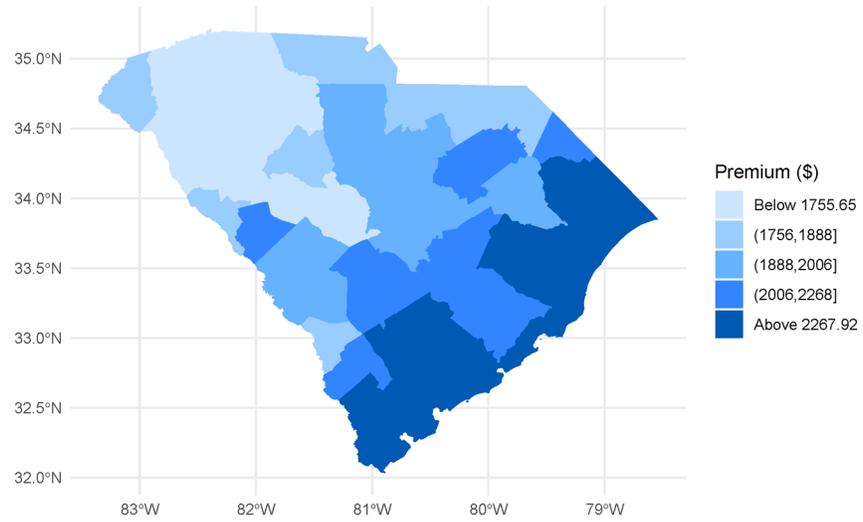
Map 8.H: Select County-Level State Maps [South Carolina]



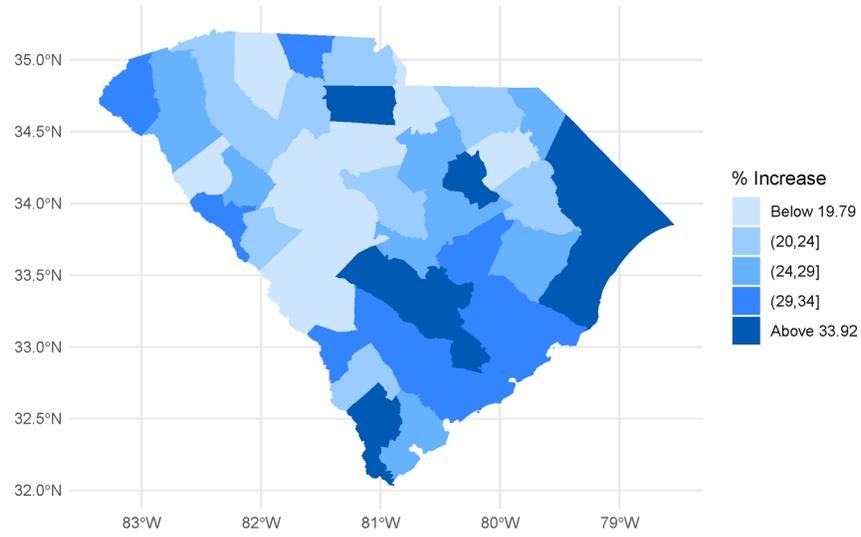
Non-Renewal Rate Increase (p.p.) 2018 – 2023, SC
County Level



Annual Premium (\$) in 2023, SC
County Level

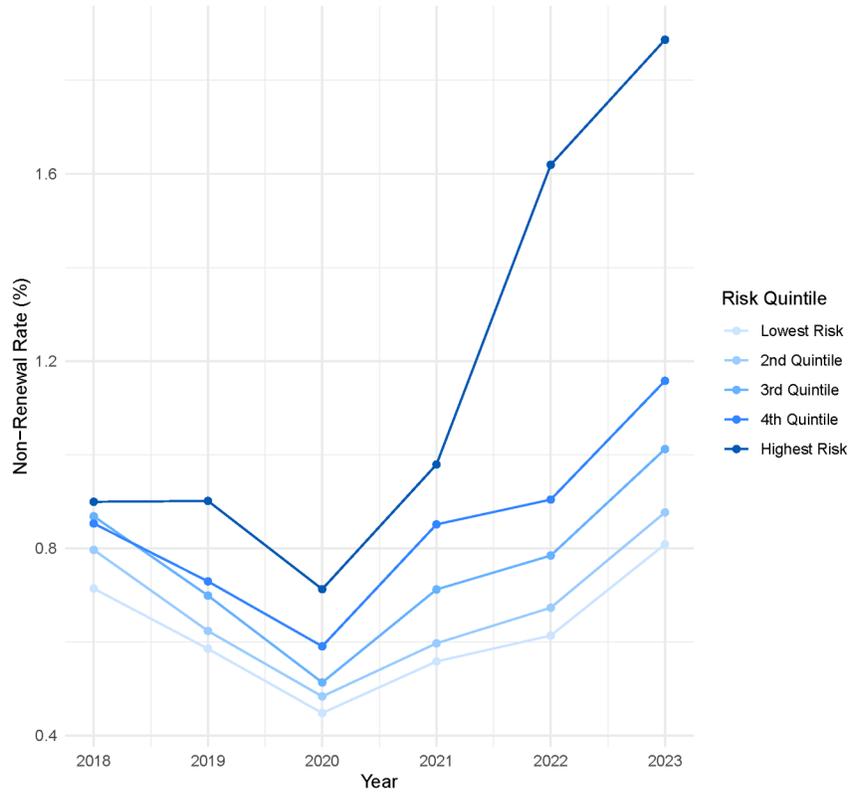


Premium % Increase 2018 – 2023, SC
County Level



Graph 1: Non-Renewal Rate (%) by Climate Risk Quintile

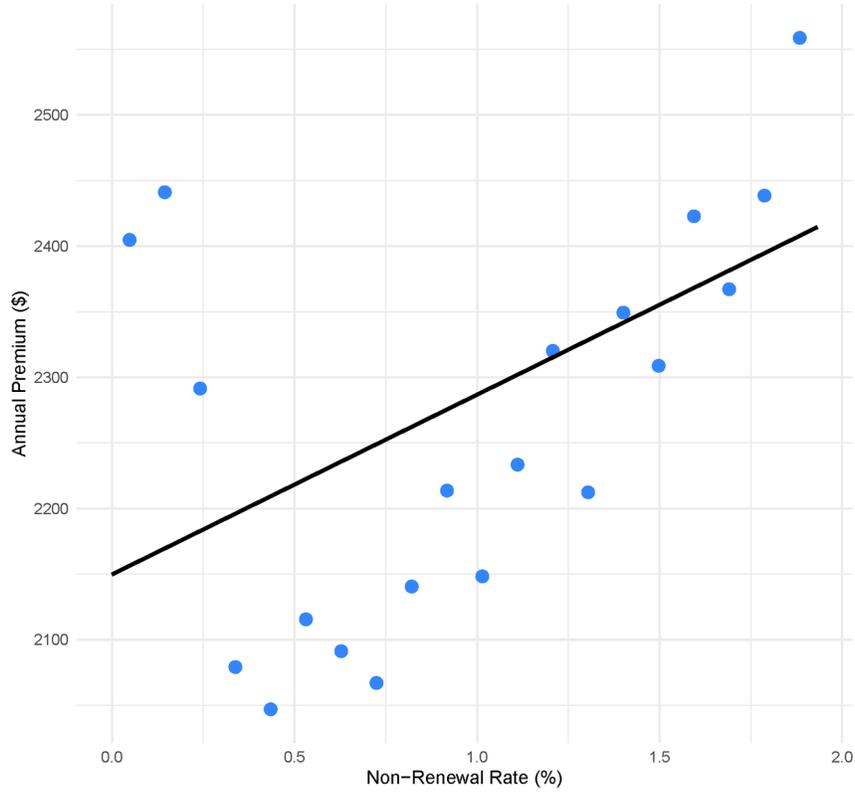
Non-Renewal Rate (%) by Climate Risk Quintile
Mean County Rate, Weighted by # of Policies



Graph 2: Annual Premium on Non-Renewal Rate (%) in 2023

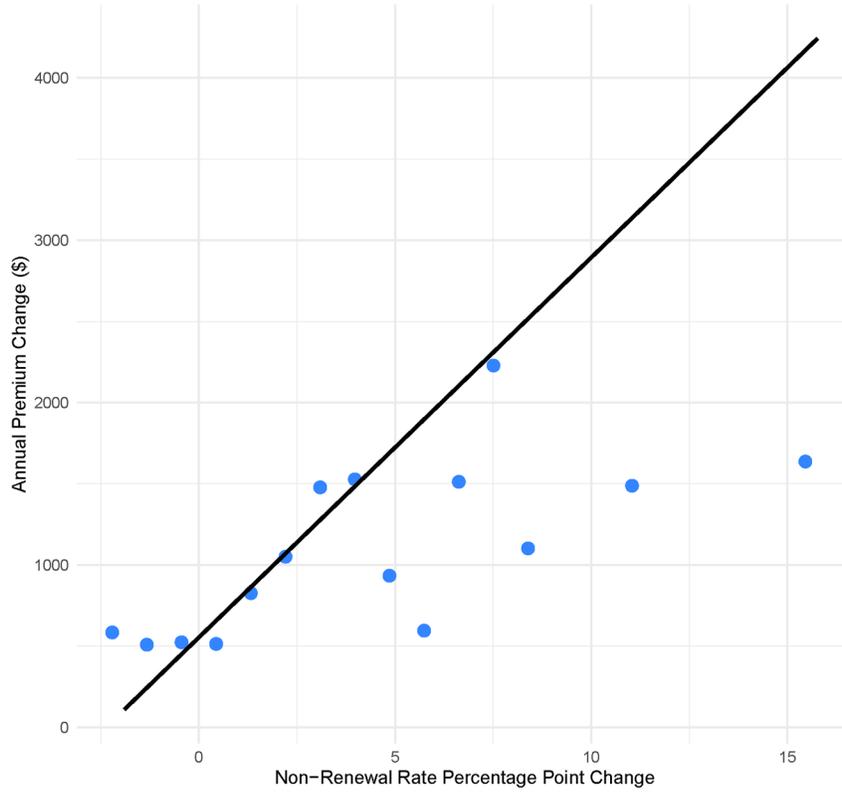
Annual Premium on Non-Renewal Rate (%) in 2023

Weighted by # of Policies. Non-Renewal Rate is capped at the 90th percentile.



Graph 3: Annual Premium Change on Change in Non-Renewal Rate, 2018 – 2023

Annual Premium Change on Change in Non-Renewal Rate, 2018 – 2023
Weighted by # of Policies. Changes are in levels.



Congress of the United States
Washington, DC 20515

December 18, 2024

The Honorable Sheldon Whitehouse
Chairman
Committee on Budget
United States Senate
624 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Chuck Grassley
Ranking Member
Committee on Budget
United States Senate
624 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Whitehouse and Ranking Member Grassley,

I respectfully request the attached testimony from the American Property Casualty Insurance Association (APCIA) be submitted for the record.

Sincerely,


John Kennedy
United States Senator



**Testimony of the
American Property Casualty Insurance Association (APCIA)**

**To The Senate Budget Committee
For the Hearing Entitled
“Climate-Driven Insurance Crisis Is Here — And Getting Worse”**

December 18, 2024

**Testimony of the
American Property Casualty Insurance Association (APCIA)**

**To The Senate Budget Committee
For the Hearing Entitled
“Climate-Driven Insurance Crisis Is Here – And Getting Worse”**

Chairman Whitehouse, Ranking Member Grassley, and members of the Committee, the American Property Casualty Insurance Association (APCIA) welcomes the chance to offer insights into how climate-related challenges impact both the insurance sector and housing markets in the United States. APCIA is the primary national trade association for home, auto, and business insurers. For 150 years, we have promoted the viability of private competition for the benefit of consumers and insurers. APCIA members represent all sizes, structures, and regions – protecting families, communities, and businesses in the U.S. and across the globe.

APCIA appreciates the Senate Budget Committee's work to examine the impact of climate change (and other factors) on property insurance markets and the broader economy. Our industry shares the Committee's concerns about the impacts of increasing climate and weather-related risks on consumers and insurers. To assist the Committee's analysis of the impact of climate change on insured losses and insurance affordability and availability, APCIA is providing information that reflects current factors that are putting insurance markets under pressure as well as a brief analysis of state residual insurance markets.

Current information about factors straining insurance markets, key cost drivers impacting property insurance, and data concerning insurance availability and affordability offer crucial context. This information is particularly relevant in addressing the assumption that climate-related factors are precipitating an insurance crisis in the United States.

To further inform the Committee on the current state of affairs related to insurance and housing markets, APCIA is providing a residual market analysis, which is a superior alternative to proprietary and highly sensitive information directly from private insurers. Individual insurer data have the potential to be made public (even on an aggregate basis), which could: (1) create significant noncompetitive impacts on the insurance market, (2) impact legal privileges, and (3) have negative consequences for our members' relationships with their state regulators.

Concerns with the Use of Non-renewal Data to Analyze Climate Impacts

Analyzing county-by-county non-renewal data from insurance companies, as has been considered by the Committee, is not an effective way to demonstrate where climate change impacts are creating dislocation in the insurance market. This is because individual insurers may decide to pursue nonrenewals for numerous reasons, most of which have nothing to do with climate change. For example, nonrenewals may occur after a policyholder files and the insurer pays an excessive number of claims; fails to fix, remove or mitigate material hazards; fails to provide information necessary to appropriately rate or underwrite the policy; or provides misleading information. In addition, insurers, individually, may decide that the litigation environment in a certain region or county provides too great an impediment to business to continue operation. More broadly, insurers may nonrenew policies to reallocate capital to other lines of business or markets. Insurers may decide that regulatory rate suppression is not providing adequate returns to ensure continued solvency and the ability to pay all future claims. An insurer may elect to reallocate capital because of the losses incurred. Further, some states require that a nonrenewal notice be sent to policyholders when an insurer is simply transferring coverage to an affiliate, or when a coverage or policy wording change is made, which is not indicative of market dislocation.

In instances where insurers are pulling back from markets in part because of increasing weather-related claims, based on their own book of business and financial circumstances, most of the individual insurer actions have not been nonrenewals. Rather, other strategies for reducing losses have been used, such as pausing writing new business, reducing or halting advertising, tightening underwriting standards, shifting policyholders from admitted to non-admitted insurance subsidiaries, or selling lines of business (and the corresponding policies) to other insurers and exiting the market. To summarize, most nonrenewals are not a result of climate change and most insurer responses to the real impact of climate change do not involve nonrenewals.

The varying factors that can influence an insurance company's individual business decisions render nonrenewal information unsuitable for providing meaningful information about climate change impacts. Similar challenges are also present in government insurance programs, such as the National Flood Insurance Program (NFIP). The NFIP does not, except in very rare instances, non-renew flood policies. The program is designed to write, now using risk-based rates, nationwide (with few exceptions) and the policyholder makes the decision whether to purchase the NFIP policy, or may be required to purchase the policy because the property is in a Special Flood Hazard Area (SFHA) with a federally backed mortgage.

We are very concerned that excessive and duplicative data calls from numerous entities could have an anti-competitive effect on the market, harming consumers in the process. The production and potential release of confidential, proprietary information, such as an individual company's strategy regarding policy renewals, could lead to skewed market perceptions and adverse marketplace impacts. A distorted representation of risks facing our industry based on misleading data could also be harmful to investors, particularly as analysts could use such data to draw inaccurate judgments about companies. When necessary and decision-useful, insurance data calls are best coordinated through state insurance regulators, who are well equipped to handle data collection of proprietary information.

INSURANCE MARKETS UNDER PRESSURE

The U.S. property casualty insurance industry is solvent but facing rapidly escalating coverage demands at the same time as insured losses are skyrocketing, causing net underwriting losses. This has created challenges for the industry to attract necessary additional investment capital to cover increasing exposures. These challenges are particularly pronounced where states suppress or delay insurance rate increases, creating a growing gap between expected insured losses and premiums.

Global reinsurer Swiss Re forecasts that average annual insured losses will grow by 5-7 percent over the long term, similar to actual loss increases over the last 30 years.¹

Ongoing market challenges and continued losses have produced insurance market friction in many states, resulting in growing attention from media and policymakers. For example, The Washington Post noted "Extreme weather patterns caused by climate change have led [insurers] to stop writing coverages in some regions... [and] say they will cut out damage caused by hurricanes, wind and hail... along coastlines and in wildfire country."² Separately, Senate Budget Committee Chairman Whitehouse has stated that "Climate risk makes things uninsurable... Crashed property markets trash the economy."

These concerns have led policymakers to examine the potential impact of climate change (and other factors) on property insurance costs and availability and the effects on the insurance market and the wider economy. However, climate change is not the primary factor causing disruption in some insurance markets. The primary cost drivers reducing insurance affordability are inflation, overbuilding in high-climate risk regions, legal system abuse, and government controls.² State actions which limit private insurance risk-based pricing, thereby masking increasing climate risk and effectively subsidizing overdevelopment in high climate risk areas, has contributed to significant growth in residual market plans.

Key cost drivers impacting property insurance

According to Swiss Re,³ climate change is resulting in a small annual increase in insured losses, but the key factors are economic growth, accumulation of asset values in exposed areas, urbanization and rising populations, and man-made factors such as legal system abuse and regulatory challenges. In fact, over the last year, property insurance markets in severely challenged states like California, Florida, and Louisiana are beginning to show some promising signs of reform. These developments are largely because lawmakers and insurance regulators are acting to reign in abusive litigation practices and address regulatory constraints preventing insurers from charging actuarially sound rates.

Data analytics firm Verisk confirms, the top driver of insurance losses is the increase in exposure values and replacement costs, represented both by continued construction in high-hazard areas and by high levels of inflation that are driving up repair and rebuild costs.⁴

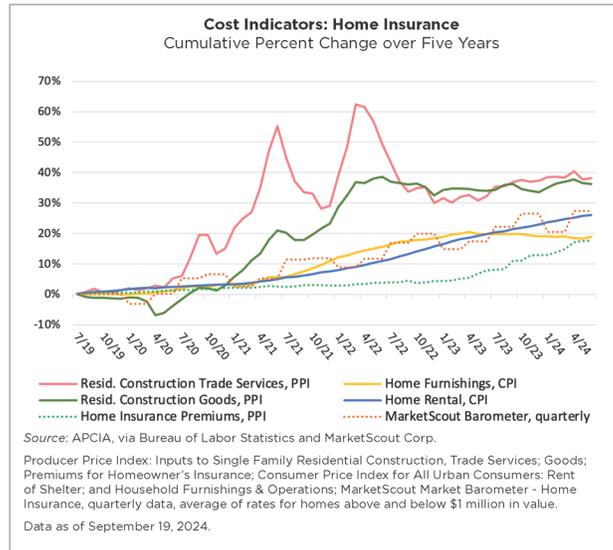
¹ Swiss Re Institute, sigma, No.1 2024, *Natural catastrophes in 2023: gearing up for today's and tomorrow's weather risks* (2024), <https://www.swissre.com/dam/jcr:c9385357-6b86-486a-9ad8-78679037c10e/2024-03-sigma1-natural-catastrophes.pdf>.

² The Washington Post, *Home insurers cut natural disasters from policies as climate risks grow*, (Sept 2, 2023), <https://www.washingtonpost.com/business/2023/09/03/natural-disaster-climate-insurance/>.

³ Swiss Re Institute, *Changing climates: the heat is (still) on. Hazard intensification set to compound losses*, (Feb. 2024), <https://www.swissre.com/dam/jcr:cdbae8ed-24d0-4ec8-ad49-14f16846e556/2024-02-28-sri-expertise-publication-changing-climates-heat-still-on.pdf>.

⁴ Verisk Analytics Inc., *Modeling Insured Catastrophe Losses: A Global Perspective for 2024*, (2024), <https://www.verisk.com/resources/campaigns/modeling-insured-catastrophe-losses-a-global-perspective-for-2024/>.

The number of people living in high wildfire risk areas doubled over the past two decades⁵ and several states with coastal exposure to hurricanes had double digit percentage population growth between 2010-2020.⁶ From 2021-2022, the U.S. experienced 40-year record high inflation, while building repair and replacement costs surged even higher. Residential construction costs spiked upwards of 40-60% in two short years, which created a “shock inflation event” that amplified “demand surge” effects, well above typical industry models. While price increases have slowed, cumulatively over the last five years, costs of residential construction trade services rose 38.2 percent from mid-year 2019 to mid-year 2024. Similarly, residential construction goods rose 36.3 percent over the period, home rental was up 26 percent, and home furnishings rose 18.9 percent. In contrast, home insurance premium rates rose somewhere between 17.7 percent (according to the PPI) and 27.3 percent (according to MarketScout Barometer) over the five-year span,^{7,8} as insurance premiums typically lag behind underlying cost increases.



Legal system abuse is further exacerbating insurance affordability pressures, while fraud specifically related to property insurance claims also represents a significant portion of the growing amount of insurance fraud in the United States—issues that cost everyone.

5 <https://www.preventionweb.net/news/human-exposure-wildfires-has-more-doubled-two-decades-read-if-youre-planning-fireworks-july-4#:~:text=Over%20the%20past%20two%20decades,day%20when%20wildfire%20ignitions%20spike>

6 United States Census 2010-2020: <https://www.census.gov/data/developers/data-sets/decennial-census.html>.

7, 8 APCA, via Bureau of Labor Statistics and MarketScout Corp.

There are many drivers of legal system abuse. For example, lawsuits have become increasingly likely to result in "nuclear" verdicts (verdicts over \$10 million dollars), and these exceptionally high jury verdicts — often exceeding what would be considered reasonable damages — can threaten a company's viability, causing some organizations to go bankrupt. According to a recent study, the median nuclear verdict increased 27.5 percent over the ten-year study period, far outpacing inflation.⁹ Nonetheless, the impact of legal system abuse is not limited to nuclear verdicts. Even average verdicts are seeing outsized growth, with a significant increase in the most recent decade. In 2010, average personal injury verdicts were \$39,300, and by 2020 they were \$125,366. This represents a 319 percent increase in these judgments even accounting for a dip at the beginning of the pandemic. Swiss Re noted that "Unlike economic inflation, which is decelerating, social inflation shows no signs of abating." Social inflation in the U.S., which can include shifting societal trends and behavioral norms that lead to greater use of the legal system and rapid growth in settlement awards, has been on an upward trend over the last decade and reached around 7 percent in 2023, a 20-year high.¹⁰ Additionally, according to a Coalition Against Insurance Fraud 2022 study, insurance fraud costs the U.S. \$308.6 billion annually,¹¹ which translates to about 20 cents of every insurance premium dollar paid by businesses and consumers. \$45 billion of the total is in Property and Casualty insurance, which translates to an additional \$400 to \$700 each year in insurance premiums for the average U.S. family.

Impact on homeowners insurance availability and affordability

These cost factors have exacerbated recent natural catastrophe events, contributing to significantly higher insured losses. APCI shares concerns over insurance availability in some markets and rapidly escalating costs seen throughout our economy. Insurance premiums are related to economic factors such as inflation and losses, all of which have been surging.

Homeowners insurance rates are still playing catch-up to these cost increases. However, property reinsurance rates, which more accurately reflect market risk estimates without state regulatory rate controls, have been rapidly increasing for the last several years. Reinsurance functions essentially as insurance for insurance companies, providing a crucial safety net for low frequency, high severity natural and man-made events that result in extreme insured losses.

Since 2017, the Guy Carpenter U.S. Property Catastrophe Rate on Line Index has more than doubled. In 2023, the Index increased by 35%, marking the largest increase in risk-adjusted US catastrophe reinsurance pricing in 17 years. Reinsurance rates slowed considerably at the January 2024 renewals to only 5.4%, and just 1.2% at mid-year 2024; but those increases resulted in breaching another all-time-high for the Index; and reinsurers are considering further rate increases following the catastrophic losses from Hurricanes Helene and Milton, and ongoing wildfires.

Insurers are particularly concerned about the significant lag between escalating losses and the full implementation of rate increases. This delay stems from several factors: lengthy regulatory rate approval processes; extended preparation time for regulatory-compliant filings; and the time required to incorporate approved rates into standard twelve-month homeowners policies. This combination of these elements creates a substantial temporal gap, during which insurers may struggle to align their rates with

⁹ Institute for Legal Reform, *Nuclear Verdicts: Trends, Causes and Solutions*, (Sept. 2022), https://instituteforlegalreform.com/wp-content/uploads/2022/09/NuclearVerdicts_RGB_FINAL.pdf.

¹⁰ Claims Litigation Magazine Report, *Social Inflation Reached 20-Year High of 7% in 2023*, (Sept. 2024), <https://www.thecim.org/Magazine/articles/social-inflation-reached-20-year-high-of-7-percent-2023/3093#:~:text=On%20average%2C%20social%20inflation%20in,other%20hand%2C%20was%203.7%25%20on>.

¹¹ The Coalition Against Insurance Fraud, *The Impact of Insurance Fraud on the US Economy Report*, (2022), <https://insurancefraud.org/wp-content/uploads/The-Impact-of-Insurance-Fraud-on-the-U.S.-Economy-Report-2022-8.26.2022.pdf>.

the rapidly increasing cost of claims. While inflation and cost drivers have begun to slow, insurance rates have not fully caught up to account for higher losses and expenses.

Insurance in the U.S. is heavily regulated at the state level. Insurance departments throughout the country oversee rate and policy form review to protect consumers and support a healthy insurance market. Where regulators suppress or delay actuarially sound rate adjustments, socially beneficial climate change risk signals may be masked, forcing other policyholders and taxpayers to subsidize those living in high-climate-risk regions. Unfortunately, insurers' ability to manage their risk in some states has been constrained by government underwriting mandates and delays in the review and approval of adequate rates, triggering temporary, though severe market disruptions.

In July 2024, an S&P report¹² projected another unprofitable year in 2024 for the homeowners and commercial multiperil lines (that include commercial property and liability coverages). The report noted weather catastrophes continue to weigh on the homeowners business, with the combined ratio (defined as claims paid and incurred plus administrative expenses) for the line pegged at an unfavorable 107.3 for 2024. That's down from 110.9 in 2023, which had been the worst result in a dozen years.¹³ A combined ratio above 100 means a net underwriting loss.

AM Best similarly released a report¹⁴ in July 2024 that noted the U.S. homeowner's insurance segment is experiencing its worst underwriting results since at least 2000. The report stated that the segment suffered a \$15.2 billion underwriting loss in 2023, more than double the losses seen in the previous year. The 2023 loss was also the worst this century, with \$14.8 billion in losses in 2011 the next highest.

With losses ballooning and available capital to pay losses contracting across multiple states, some insurers have had no choice but to scale back their exposure in high-risk areas to make sure they are able to fulfill their commitments to their policyholders. There are a variety of risk mitigation steps insurers may choose to take based on their business models, capital needs, and risk appetite, among other factors. Where insurers are pulling back from markets in part because of increasing weather related claims, based on their own book of business and financial circumstances, most of the individual insurer actions have varied, such as pausing writing new business, reducing or halting advertising, tightening underwriting standards, shifting policyholders from admitted to non-admitted insurance subsidiaries, or selling lines of business (and the corresponding policies) to other insurers and exiting the market.

Recent market conditions have collectively led to shifts in insurance coverage availability. While there have been instances of insurers reducing their exposure, these actions are often mischaracterized in media reports and by policymakers. Insurers typically respond to climate change impacts through means other than nonrenewals. The primary issue is that insurance premiums and surplus capital have failed to keep pace with mounting losses, rather than properties becoming inherently uninsurable due to climate-related factors. While insurers work to close the gap between consumer demand for coverage and the supply of insurance capital necessary to cover expected future losses, this has led to growth in state residual markets where consumers obtain insurance protection when they are unable to obtain policies in the private market. As the cost of insurance increases to more accurately reflect current economic realities, market conditions should ease with more capacity and coverage options available for consumers.

¹² S&P Global Market Intelligence Report, *2024 P&C Insurance Market Report*, (2024), https://pages.marketintelligence.spglobal.com/2024-US-PC-Insurance-Market-Report.html?utm_source=silpcase&utm_medium=affiliate&utm_campaign=silpcase.

¹³ S&P Global Market Intelligence Report, *2024 P&C Insurance Market Report*, (2024), https://pages.marketintelligence.spglobal.com/2024-US-PC-Insurance-Market-Report.html?utm_source=silpcase&utm_medium=affiliate&utm_campaign=silpcase.

¹⁴ AM Best, *Best's Market Segment Report: US Homeowners Insurance Segment Suffers Worst Underwriting Year of Century; Population Shifts to CAT-Prone Areas Adds to Volatility*, (July 2024), <https://news.ambest.com/pr/PressContent.aspx?refnum=34940&altsrc=2>.

RESIDUAL MARKETS

Using Residual Market Data to Analyze Climate Impacts

To assist the Committee, APCI is providing non-proprietary data that we have compiled from residual markets. We believe these data provide a useful assessment of climate-related impacts on insurance markets across the United States.

The primary method the insurance industry uses for measuring market friction and availability trends are shifts in policies from the admitted market to non-admitted or residual markets. When consumers are unable to obtain insurance from a typical admitted market insurer, they either obtain such coverage in the non-admitted market or in markets-of-last-resort (residual markets), also commonly known as Fair Access to Insurance (FAIR) plans or Beach and Windstorm plans.

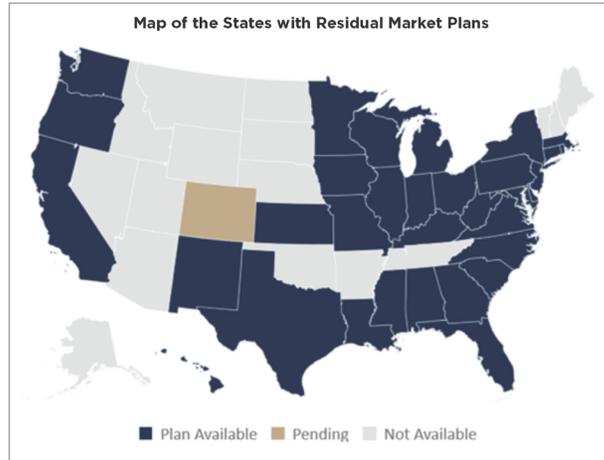
In many larger states, policy aggregations for residual markets can be made by county or zip code. In some cases, non-admitted and residual market insurers have also estimated their changes in loss exposure from climate risks over time. Unsurprisingly, as weather risks and losses have become increasingly severe, the non-admitted and residual markets have grown significantly, particularly in high climate-risk regions, though it is not just the weather that is leading to such growth. As such, data on non-admitted and residual market policy count and exposure changes provide meaningful insights into the climate impacts on insurance markets.

Residual Market Analysis

APCIA conducted an analysis of the changes in the state residual markets and, overall, the data suggests that residual market exposures and market challenges are worsening in the highest climate-risk regions. But the differences among the states suggest that government risk and interference are primary drivers in whether consumers are able to obtain policies from a competitive private insurance market or end up in government-established residual markets. The data suggests that some states are limiting private insurance risk-based pricing and subsidizing government residual markets, masking increasing climate risk and effectively subsidizing overdevelopment in high-climate risk areas compared to other regions.

Generally, most insurer nonrenewals are not a result of climate change and most insurer responses to the real impact of climate change do not involve nonrenewals. Instead, there are numerous reasons that may lead individual insurers to issue non-renewals, most of which have nothing to do with climate change. This might include a material change to the property or new risk factors that no longer meet eligibility for coverage (e.g., pool or trampoline). Additionally, insurers individually may decide that the litigation environment in a certain region or county provides too great an impediment to business to continue operation. Insurers might also non-renew policies to reallocate capital to other lines of business or markets, or because regulatory rate suppression is not providing adequate return to ensure continued solvency and ability to pay all future claims. Considering the varying reasons that may be the basis for a nonrenewal, growth in residual markets (“insurers of last resort”) in individual states, can provide a better indicator of market disruption.

The following map shows the 34 states with residual market plans as of December 2024, with one plan under development in Colorado.



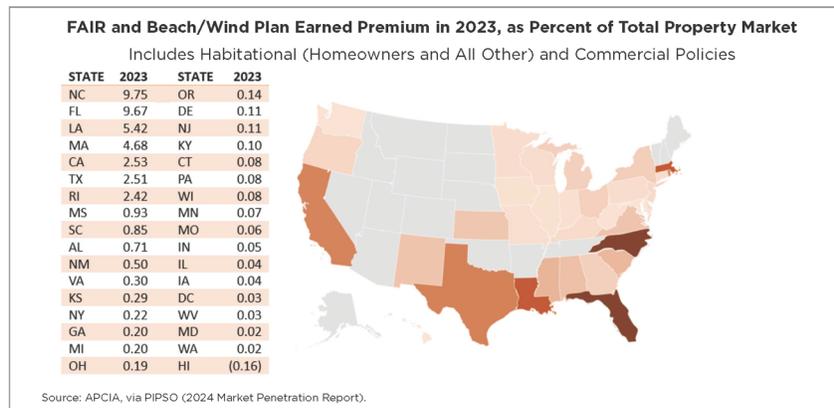
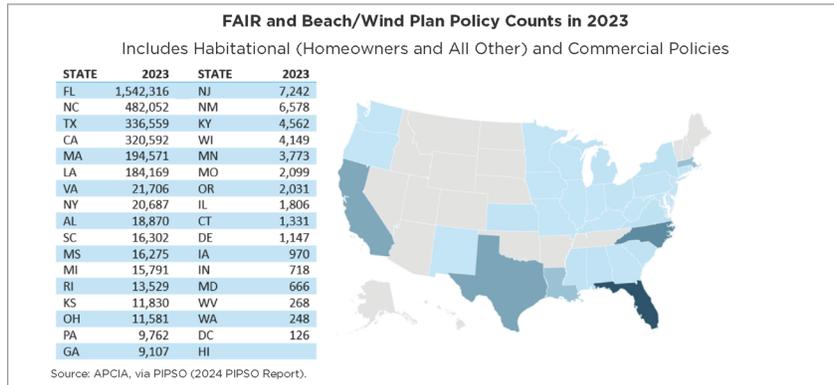
States with significant weather and climate risk have experienced the largest growth in residual market plans, based on earned premium¹⁵ as well as total policy counts. According to data from the Property Insurance Plans Service Office (PIPSO), in 2023 the top five states with the highest earned premium in residual market plans (including FAIR Plans and Beach/Wind Plans) as a percentage of the total market were North Carolina, Florida, Louisiana, Massachusetts and California.¹⁶ Similarly, the top five states with the highest habitational¹⁷ and commercial policy counts (including FAIR Plans and Beach/Wind Plans) were Florida, North Carolina, Texas, California and Massachusetts.¹⁸ The three figures below show the residual market earned premium as a percent of the total property insurance market by state, the total residual market policy counts by state, and the percentage of all households with a habitational residual market plan by state.

¹⁵ Earned premium represents premiums earned on the portion of an insurance contract that has expired.

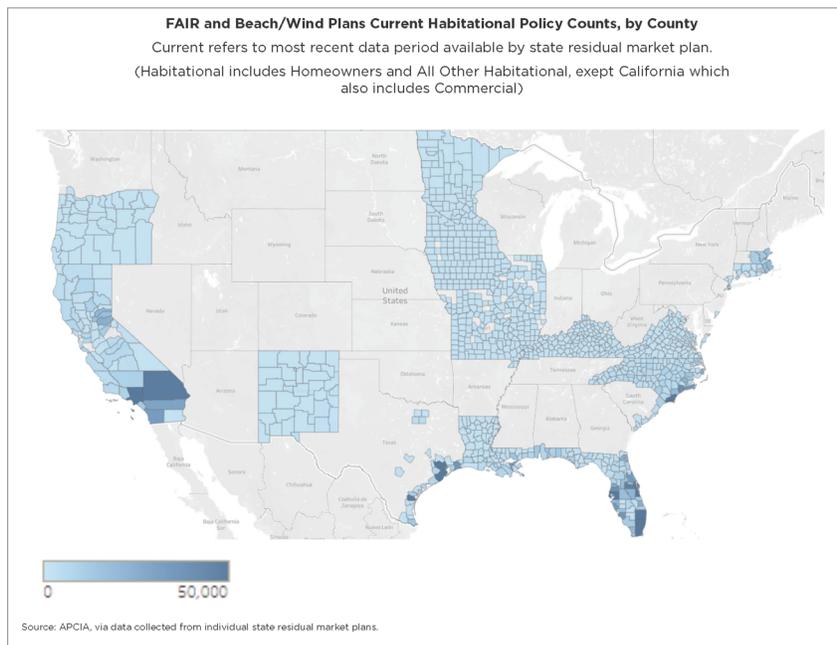
¹⁶ APCI, via PIPSO, '2024 Market Penetration Report'.

¹⁷ Habitational includes homeowners or other residential policy forms that cover one- to four-family owner or tenant occupied dwellings, condominiums, and row houses.

¹⁸ APCI, via PIPSO, '2024 PIPSO Report'.



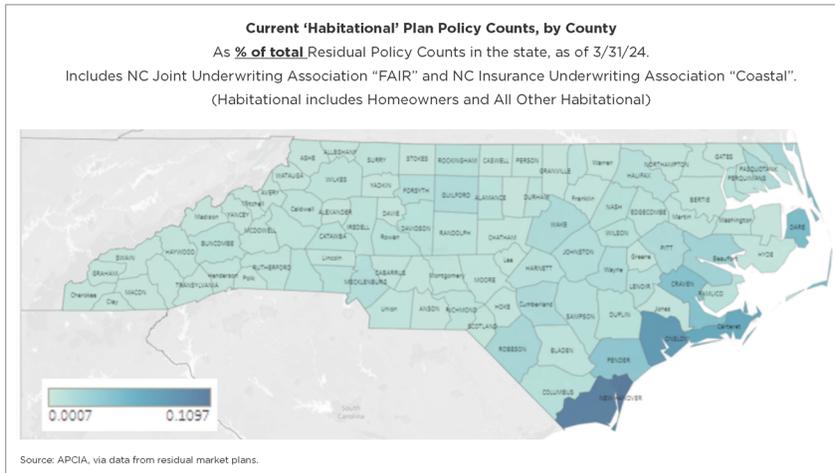
APCIA obtained policy count data from residual market plans to further understand where consumers are obtaining insurance from state residual markets in lieu of private coverage. The analysis shows neighboring states and counties within states that have similar weather risks have dramatically different growth patterns in their residual market plans. Policy count data, including heat maps generated by county (see the figure below), suggests that some states are limiting private insurance risk-based pricing and subsidizing government residual markets, masking increasing climate risk and effectively subsidizing overdevelopment in high-climate risk areas compared to other regions. While state residual markets overall have been growing, nearly doubling policy count (+95%) since 2019, many state residual markets have been shrinking since the pandemic.



The following case studies examine recent state and county-level growth in several regions, including Atlantic coast states, Florida, Gulf Coast states, Northeast states and Western states.

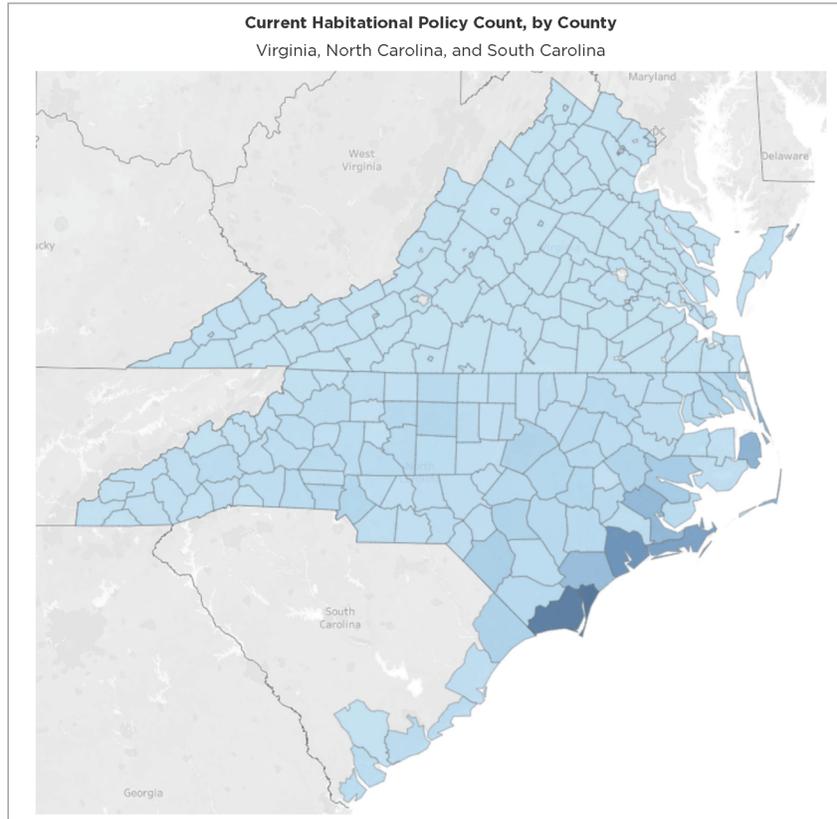
Case Study 1: Atlantic Coast (North Carolina, South Carolina, Virginia)

North Carolina has experienced significant growth in earned premium and policy counts in coastal, wind-prone counties. In 2023, the state's residual market plans, the North Carolina Joint Underwriters (NCJUA, or "FAIR Plan") and the North Carolina Insurance Underwriting Association (NCIUJA, or "Coastal" Wind Pool), collectively represented 9.75% of earned premium, as a percent of the total market – the highest of any state.¹⁹ Additionally, between these two plans the state had 482,052 habitational and commercial policies – the second highest policy total, behind Florida and more than 43% higher policies in force than the next closest state, Texas.²⁰



Along the Atlantic coast, North Carolina, South Carolina and Virginia each have increasing climate risk from coastal wind/hurricane. However, rate suppression in North Carolina, including the inability for insurers to appropriately reflect the growing cost of reinsurance for coastal risk, is contributing to market dislocation and growth in the state's residual market plans. In contrast, Virginia and South Carolina residual market plans have shrunk during the pandemic, with only moderate growth in the last year in South Carolina. The figure below shows the changes in residual market policy counts across these three states since the COVID-19 pandemic and over the last year.

¹⁹ APCIA, via PIPSO, '2024 Market Penetration Report'.
²⁰ APCIA, via PIPSO, '2024 PIPSO Report'.



Comparing the Change in Habitational Policy Counts:

North Carolina:

- Since Pandemic (2020-2023): **22.3%** (Coastal), **16.1%** (FAIR)
- Last Year (2022-2023): **12.4%** (Coastal), **7.0%** (FAIR)

South Carolina:

- Since Pandemic (2020-2023): **-3.9%**
- Last Year (2022-2023): **5.5%**

Virginia

- Since Pandemic (2020-2023): **-18.8%**
- Last Year (2022-2023): **-3.9%**

Source: APCA, via data from residual market plans.

Includes NC Joint Underwriting Association "FAIR", NC Insurance Underwriting Association "Coastal", SC Wind & Hail Underwriting Association, and VA Property Insurance Association

While global natural disaster losses roughly doubled over the last decade, inflation soared to a 40-year record high, and climate models suggest a rapidly escalating catastrophic loss exposure in North Carolina, domestic rate increases have simply not kept up. The North Carolina Rate Bureau (NCRB) has filed rates far below indicated rates most years, and settled rates even lower than filed rates.

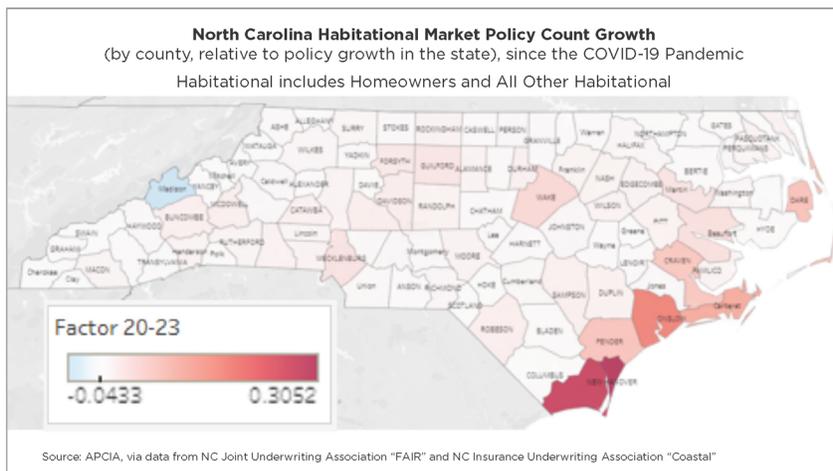
To illustrate for the homeowners line of insurance, the NCRB filed a rate increase in November 2020 requesting an overall statewide average rate increase of 24.5% (based on 2014-2018 industry loss experience data for North Carolina). A year later, a settlement was reached between the North Carolina Commissioner of Insurance and the NCRB for an increase of only 7.9%, which was implemented in June 2022, nearly two years after the filing was made. Of concern, the settled amount of 7.9% is roughly 16 percentage points less than the request of 24.5%, and nearly 31 percentage points less than the rate indication. Additionally, to reach a settlement agreement, the North Carolina Department of Insurance required the NCRB to agree not to make another filing for a rate increase until 2024. Thus, four years later, amid the highest levels of inflation seen in forty years, North Carolina homeowners base rates are severely underpriced, drawing down the surplus capital (through underwriting losses) that insurers must maintain to pay future claims.

North Carolina Rate Bureau (NCRB) Filing History

Homeowners	Data Period	Indication	Filed	Settled	Effective
Oct 2012	2005-2009	31.8%	17.7%	7.0%	7/1/2013
Nov 2014	2007-2011	40.6%	25.6%	0.0%	6/1/2015
Nov 2017	2011-2015	24.9%	18.7%	4.8%	10/1/2018
Nov 2018	2012-2016	26.1%	17.4%	4.0%	5/1/2020
Nov 2020	2014-2018	38.7%	24.5%	7.9%	6/1/2022
Jan 2024	2017-2021	42.2%	42.2%	TBD	8/1/2024

Note: The 2024 Filing does not include industry loss experience from 2022-2023 (the years with the highest claims inflation following the COVID-19 pandemic).

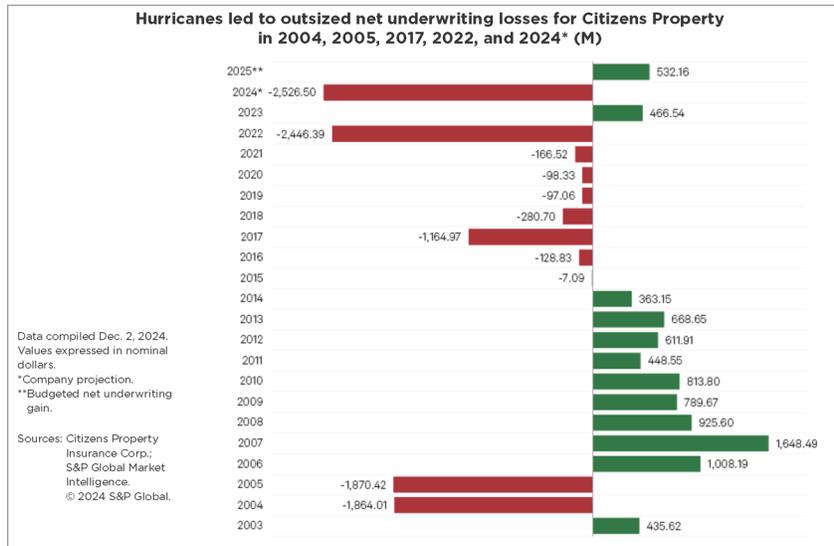
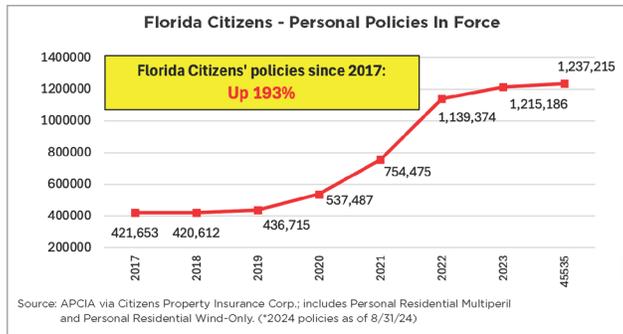
Considering these factors, the highest policy growth by county in North Carolina's residual market plans has occurred in coastal regions.



Case Study 2: Florida

Florida's residual market plan, Florida Citizens Corp., has experienced significant growth in earned premium and policy counts as a result of significant climate risks (losses and reinsurance costs), legal system abuse, and rampant claims fraud.

In 2023, data from PIPSO noted Florida Citizens had 1,542,316 habitational and commercial policies – the most of any state, and more than three times as many policies in force than the next closest state, North Carolina. Additionally, Florida Citizens represented 9.67% of earned premium, as a percent of the total market – the second highest of any state, just behind North Carolina.²¹ Since 2017, the personal policies in force have grown by 193%, as of August 31, 2024.²²

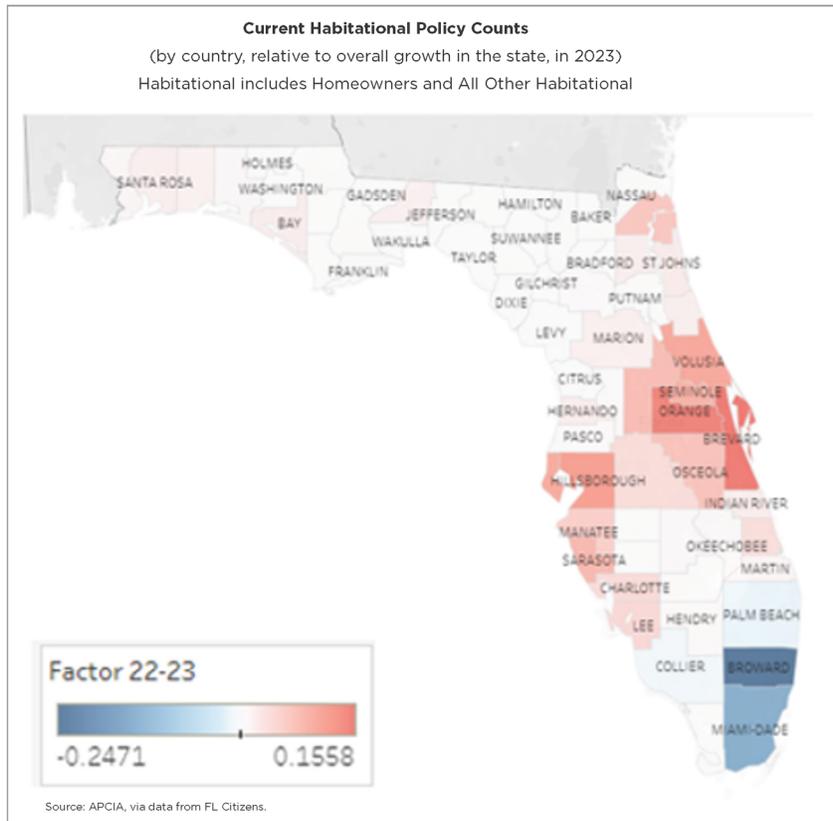


21 APCA, via PIPSO, '2024 Market Penetration Report' and '2024 PIPSO Report'.

22 APCA, via Citizens Property Insurance Corp.

S&P reported in December 2024 that a “new Citizens budget projects a net underwriting loss of nearly \$2.53 billion for the calendar year as compared with a \$466.5 million profit in 2023 and a \$2.45 billion loss in 2022 when Hurricane Ian hit Florida. The 2022 result stood as Citizens’ largest net underwriting loss on an absolute basis since its 2002 formation unadjusted for inflation, though it was smaller relative to the company’s premium writings than billion-dollar underwriting losses produced in the especially severe hurricane years of 2004, 2005 and 2017.”²³

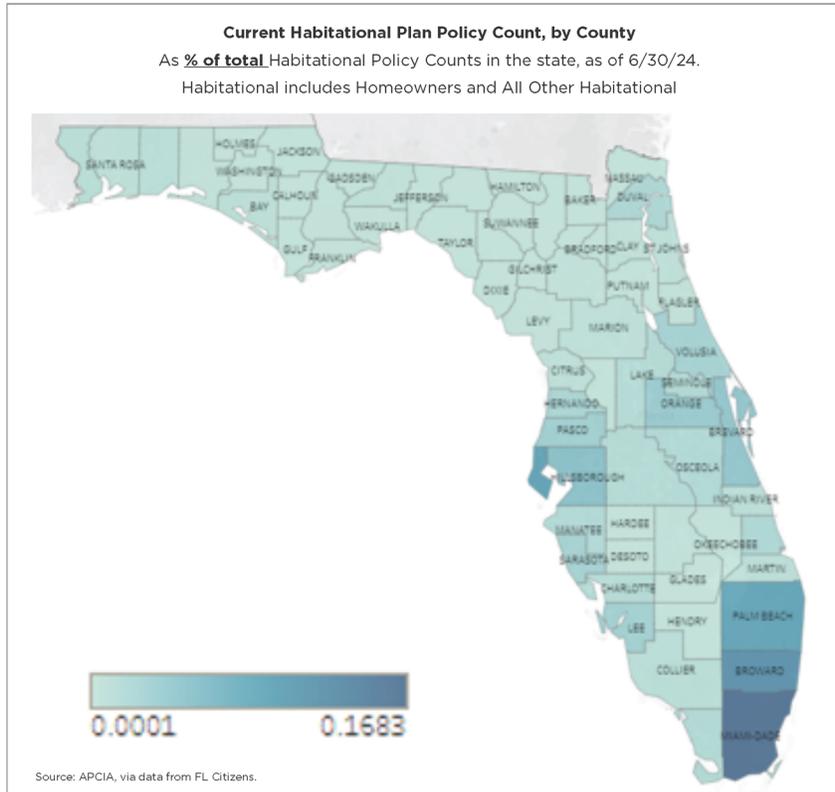
Despite increasing coastal wind/hurricane losses, recent reforms and no significant hurricane hitting major populated areas prior to Hurricane Helene in September and Hurricane Milton in October have helped to bring some stability to the market, reversing recent growth trends in Florida Citizens. In 2023, data from Florida Citizens noted the plan experienced a +6.7% overall increase in residential policy counts in 2023, with the largest growth concentrated in the central part of the state, though data indicates a -1.3% decrease in residential policy counts in 2024, year-to-date through the second quarter.²⁴



²³ S&P Global Market Intelligence, "Insurance Insight: Rapidly shrinking Citizens Property projects largest full-year underwriting loss" (Dec 3, 2024).

²⁴ APCA, via Citizens Property Insurance Corp.

While the property market became more stable, the number of policies in Citizens is still dangerously high, particularly in counties furthest south, and Citizens' rates are not adequate.



“By law, (a residual market) carrier’s rates must be actuarially sound and noncompetitive with the private market. This is done to ensure it is truly used as a last resort, but the legislature’s placed annual caps on rate hikes so policyholders wouldn’t be shocked by huge increase. However, even if Citizens received a 14 percent rate increase, the statutory maximum increase of 2025, 98 percent of its policies would still be competitive with the admitted voluntary market, Brian Donovan, Citizens’ vice president and chief actuary, said during the rate hearing.”²⁵ “To achieve a level that would be non-competitive, personal multiperil policies would need a 92.8 percent rate increase, he said.”²⁶ And “a 14 percent increase would not make the rates actuarially sound, according to the company. For example, personal multiperil rates would have to be increased 23.1 percent to be actuarially sound, while commercial rates would need a 27.9 percent lift.”²⁷

²⁵ AM Best: “Florida Citizens Asking for 13.5% Rate Increase Across Personal, Commercial Lines”; August 1, 2024.

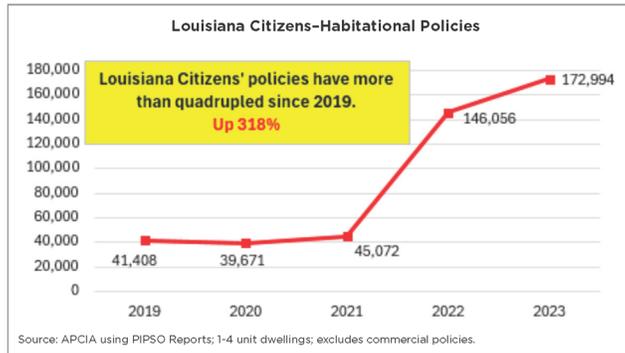
²⁶ *Ibid.*

²⁷ *Ibid.*

Case Study 3: Gulf Coast (Texas, Louisiana, Mississippi, Alabama)

Gulf Coast states are experiencing significant growth in residual market plans. Texas, Louisiana, Alabama and Mississippi each have increasing climate risk from coastal wind/hurricane, which has led to growth in the states' respective wind/beach plans, with the highest rate of growth in counties directly along the coast. In 2023, Texas had 336,559 policies between the state's FAIR and Beach/Wind plan-over 80% higher than Louisiana's 184,169 policy counts, and the coastal/beach plans in Alabama and Mississippi, which are each less than 20,000 policy counts.²⁸ When comparing the plans, based on earned premium as a percentage of the total property market, or habitational policy counts as a percentage of households in the state, Louisiana is considered the largest plan by roughly two to three times the scale of Texas.

In the aftermath of four landfalling hurricanes in 2020 and 2021, Louisiana Citizens habitational policy counts grew over 272% between 2020 through 2023, with the highest growth in coastal regions. If looking at only habitational policies in the state, these policy counts have more than quadrupled in a five-year period.



Comparing the Change in Habitational Policy Counts:

Texas:

- Since Pandemic (2020-2023): 33.9% (Coastal), -1.5% (FAIR)
- Last Year (2022-2023): 11.3% (Coastal), 18.2% (FAIR)

Louisiana:

- Since Pandemic (2020-2023): 272.2%
- Last Year (2022-2023): -0.3%

Mississippi:

- Since Pandemic (2020-2023): -1.0%
- Last Year (2022-2023): 11.12%

Alabama:

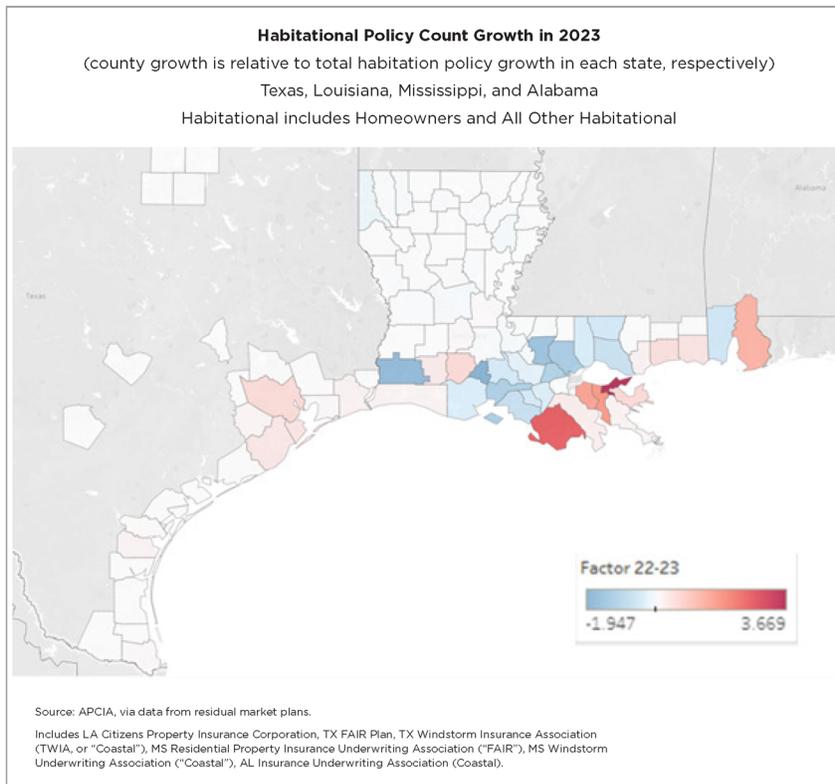
- Since Pandemic (2020-2023): 16.4%
- Last Year (2022-2023): 3.5%

Source: APCI A, via data from residual market plans.
 Includes LA Citizens Property Insurance Corporation, TX FAIR Plan, TX Windstorm Insurance Association (TWIA, or "Coastal"), MS Residential Property Insurance Underwriting Association ("FAIR"), MS Windstorm Underwriting Association ("Coastal"), AL Insurance Underwriting Association (Coastal).
 Habitational includes Homeowners and All Other Habitational.

28 APCI A, via PIPSO, '2024 Market Penetration Report' and '2024 PIPSO Report'.

Growth in Louisiana Citizens has slowed considerably, resulting in a relatively flat habitational policy growth rate in 2023 of -0.3% and decrease year-to-date of -1.1%, as of July 2024. However, there remains a significantly higher rate of growth in the greater New Orleans region, while other areas further inland from the coast have improved. The outsized growth observed in the greater New Orleans region is primarily due to an aging housing stock and other challenges insurers face in managing and pricing risk, particularly properties located south of Interstate 10.

In Texas, the Texas Windstorm Insurance Association ("TWIA"), the state's beach/wind plan, has seen substantial growth in habitational policy counts since the COVID-19 pandemic, while the growth in the state's FAIR Plan was relatively flat. Following significant weather events in the last couple of years, particularly convective storm losses, both plans in 2023 experienced double-digit percentage growth, with higher growth in the FAIR Plan. Though, the highest concentration of habitational policies in Texas, by county, remains along the coast and particularly the greater Houston region. When comparing Texas to other neighboring states along the Gulf Coast, including Louisiana in particular, recent growth in Texas' coastal counties relative to the rest of the state has not been as severe, as insurers in Texas have greater regulatory flexibility to timely adjust to volatile cost trends.



Case Study 4: Northeast (*Massachusetts, Rhode Island, New York*)

States in the Northeast face significant coastal climate risk, though not to the extent of the states in the southeastern U.S. Yet, in 2023 Massachusetts' residual market plan ranked among the top five states for each highest earned premium as a percentage of the total property market and total policy counts.²⁹

Similar to many residual market plans across the U.S., the residual market plans in Massachusetts and Rhode Island have seen an uptick in growth in the last year, although these plans and the New York plan have all shrunk in size since the COVID-19 pandemic.

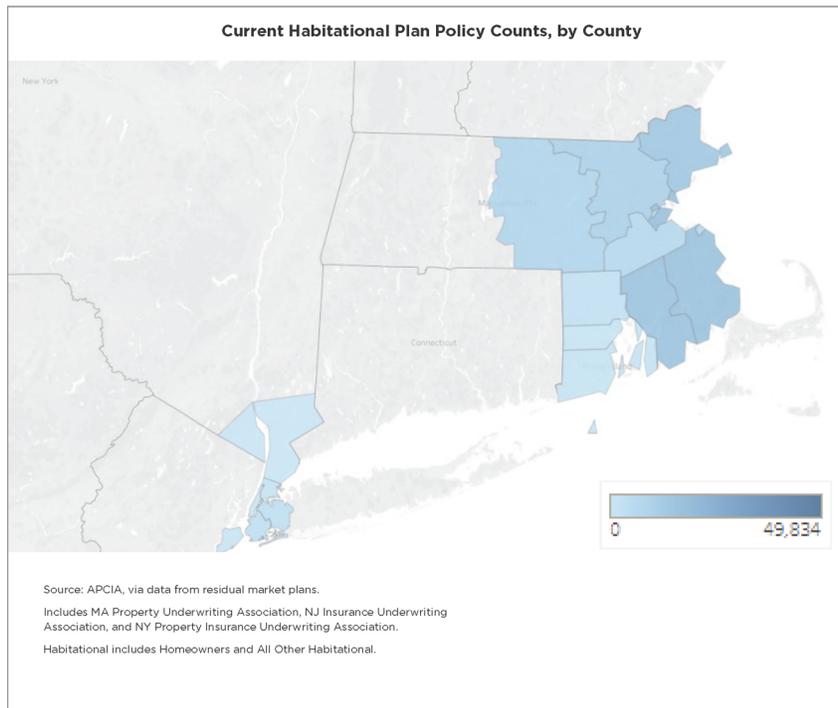


Of concern, in Massachusetts, rate suppression has resulted in the state's residual market plan offering increasingly competitive rates. As a result, for many years the plan has functioned for consumers as more as an insurance market of first resort, instead of the insurance market of last resort, contributing to much higher policy counts in the plan. The size of the Massachusetts plan is significantly larger than the residual market plans in the neighboring states of Rhode Island and New York. For example, in 2023, Massachusetts had 194,571 habitational and commercial policies—more than eight times the number of New York policies (20,687) and 13-times the number of Rhode Island policies (13,529).

Based on habitational and commercial earned premium as a percentage of the total property market, Massachusetts' 4.68 percent is roughly double the percentage share of the Rhode Island plan (2.42 percent) and 20 times the percentage share of the New York plan (0.22 percent). The margins of difference grow even larger if comparing the habitational policy counts as a percentage of households in the state.

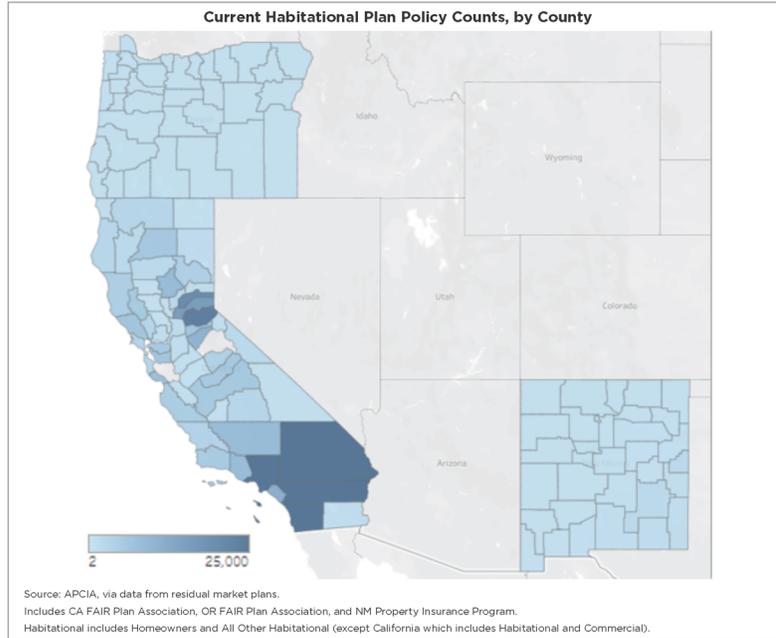
These numbers underscore the significant disparity between how the Massachusetts residual market plan is utilized, versus other plans in the northeast that serve as a more traditional market of last resort.

²⁹ APCA, via PIPSO, '2024 Market Penetration Report' and '2024 PIPSO Report'.

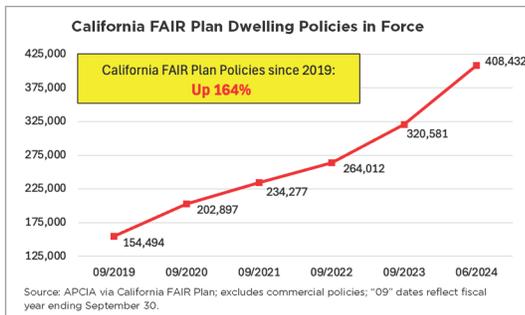


Case Study 5: West Coast (*California, New Mexico, Oregon, Washington*)

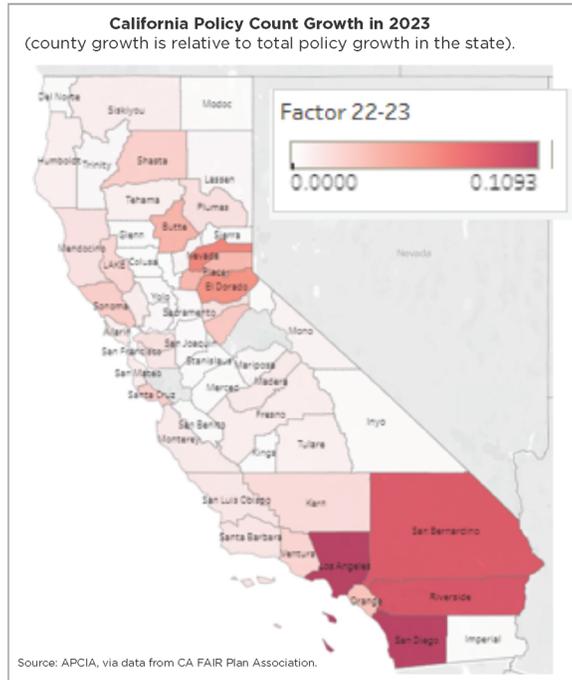
In western states, increasing fire risk is contributing to accelerating growth trends in residual markets. While California has a much higher population base than nearby states, such as Oregon and New Mexico, the concentration of policies in the California FAIR Plan in southern California and other inland, wildfire-prone regions of the state is concerning.



Since the COVID-19 Pandemic (2020-2023), the California FAIR Plan has grown 57.3% in total policy counts (habitational and commercial), including 20.8% growth in 2023 alone. Looking at only habitational policies, following the record wildfire losses of 2017 and 2018, habitational policies have surged 113 percent.³⁰



³⁰ APCA, via PIPSO, '2024 Market Penetration Report' and '2024 PIPSO Report'.



Rate suppression by government regulators, and other constraints that insurers in California encounter in managing increasing catastrophic fire risk, is increasing residual market policy counts in higher risk regions of the state.

CONCLUSION

APCIA's analysis above provides substantive insights into how residual market exposures and market challenges are worsening in the highest climate-risk regions. However, the underlying causes cannot simply be explained by growing weather and climate-related risks. We reiterate that government risk and market interference are the primary underlying drivers impacting consumers' ability to obtain coverage in a competitive private market or having to rely on a government managed residual market plan. States that are inhibiting risk-based pricing are masking increased climate risk and subsidizing overdevelopment in high-risk areas, contributing to growing losses, increasing risk exposure, and leading to the expansion of residual market plans.



555 12th Street, NW, Suite 550, Washington, DC 20004
8700 W. Bryn Mawr Avenue, Suite 1200S, Chicago, IL 60631-3512

The American Property Casualty Insurance Association (APCIA) is the primary national trade association for home, auto, and business insurers. APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers, with a legacy dating back 150 years. APCIA members represent all sizes, structures, and regions – protecting families, communities, and businesses in the U.S. and across the globe.

COUNTY OF NEVADA
STATE OF CALIFORNIA
BOARD OF SUPERVISORS



Heidi Hall
District 1 Supervisor
heidi.hall@nevadacountyca.gov
530-265-1480

December 16, 2024

The Honorable Senator Alex Padilla
United States Senate
331 Hart Senate Office Building
Washington, D.C. 20510

RE: U.S. Senate Committee on the Budget – Full Committee Hearing – December 18, 2024: Next to Fall: The Climate-Driven Insurance Crisis is Here – And Getting Worse

Dear Senator Padilla:

On behalf of Nevada County, I want to extend my deepest gratitude for your leadership in addressing the critical issues surrounding the availability and affordability of property insurance in California. Your ongoing efforts to shine a light on this emerging crisis and your advocacy for solutions are deeply appreciated by communities across the state, especially those in wildfire-prone regions like ours.

As wildfire risks continue to grow across the West, Nevada County – a small mid-sized rural county that is nestled within the foothills of the Sierra Nevada – has become an epicenter of the fire insurance crisis. Homeowners in our wildland-urban interface (WUI) – where over 75 percent of our residents live – are facing skyrocketing premiums, policy non-renewals, and, in many cases, an inability to secure coverage altogether. Over the past five years, residents in our Tier 2 and Tier 3 high-fire risk areas - a standard determined by the California Department of Forestry and Fire Protection (CAL FIRE) - have reported premium increases of 200-300 percent, forcing many to seek costly, under-regulated coverage from surplus line carriers or through the state's carrier of last resort.

Impact on Housing in Nevada County

The insurance crisis is compounding the nation's housing challenges, placing an overwhelming financial strain on Nevada County homeowners. Skyrocketing premiums force many families to choose between paying exorbitant costs or risking going without coverage. This situation disproportionately impacts lower- and middle-income households, as well as retirees, deepening economic inequality and financial instability. Without adequate insurance, lenders are often unwilling to issue mortgages, leaving prospective buyers unable to purchase homes. Existing homeowners who lose coverage

950 Maidu Avenue, Suite 200, PO Box 599002, Nevada City, CA 95959-7902
530.265.1480 | Fax: 530 265.9836 | toll free: 888.785.1480 | nevadacountyca.gov

face increased financial risk and difficulty selling their properties. Affordable housing developers have also reported dramatic insurance cost increases that, in some cases, have entirely halted critical projects.

The crisis has far-reaching consequences that extend beyond individual homeowners. Both new housing development and home sales have been severely disrupted. From Fiscal Years 2017 to 2021, new residential building permits were issued at a rate of more than one per week. However, that figure has plummeted to fewer than one per week in Fiscal Years 2022 and 2023, with projections dropping to just one permit per month for 2024 and 2025—an approximate 87% decline since 2017.

For existing homeowners, properties in high-risk areas are increasingly unsellable, driving down home values, reducing local tax revenues, and jeopardizing funding for essential public services, such as infrastructure, public safety, and emergency preparedness. Without affordable insurance options, families and communities face devastating financial risks and a growing threat to economic stability.

Impacts on Local Government and Emergency Services

The crisis has also severely affected Nevada County’s fire districts, public entities, and businesses. Since October 2022, most of our local fire districts have experienced either significant premium increases or outright loss of coverage. Fire districts, which operate under Joint Powers Agreements (JPA) to leverage economies of scale for insurance, have reported premium increases averaging 114 percent, with some districts facing hikes as high as 184 percent and 200 percent.

This untenable situation has forced difficult decisions, such as the temporary closure of the Graniteville Volunteer Fire Department when its insurance costs exceeded its small operating budget by 80 percent. Although Graniteville has since reopened, its future – and that of other departments – remains uncertain as renewal dates approach. For a small, rural county like ours, where fire protection relies on ten special districts, two incorporated city departments, and volunteer brigades, the affordability and availability of insurance for emergency services is a matter of life and death.

Local Mitigation Efforts

Despite having no authority over the insurance industry, Nevada County remains at the forefront of wildfire mitigation efforts. For several consecutive years, our Board of Supervisors has prioritized emergency preparedness, investing millions of dollars in large-scale shaded fuel breaks to reduce wildfire intensity. Additionally, we have supported grassroots efforts by establishing more than 85 Firewise Communities and funding dozens of micro-grants to reduce community-level risk. We have also expanded education and resources to help homeowners implement defensible space and home hardening. Despite these substantial efforts, insurers continue to withdraw coverage or

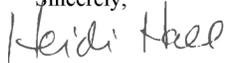
impose unsustainable rate hikes, undermining the investments and hard work of our residents.

Statewide and National Collaboration

Through our advocacy at the California State Association of Counties (CSAC) and the National Association of Counties (NACo), Nevada County has worked to elevate this issue as both a state and national priority. We are committed to collaborating with stakeholders at all levels to address this crisis, and we greatly appreciate your leadership and partnership in these efforts.

Thank you once again for your leadership and steadfast dedication to the people of California, especially in driving efforts to advance wildfire resilience and enhance emergency preparedness throughout the region. We look forward to continuing our collaboration with you and your staff to develop solutions that stabilize the insurance market, safeguard homeowners, and bolster community resilience in Nevada County and beyond. Please don't hesitate to reach out if we can provide additional information, insights, or support.

Sincerely,



Heidi Hall
District 1 Supervisor

