



2024 HOMEOWNERS INSURANCE RATE FILING TALKING POINTS

Comments must be submitted to NC Department of Insurance by February 2, 2024

EMAIL: 2024Homeowners@ncdoi.gov

MAIL: Kimberly W. Pearce, Paralegal III, 1201 Mail Service Center, Raleigh, N.C. 27699-1201

- Homeowners' rate increases of 45.1% for territory 110 (beach areas of Dare and Currituck) and 33.9% for territory 130 (inland areas of Dare and Currituck) are not sustainable for property owners in these counties.
- The base rate dollar values should be examined in addition to the percentage rates included in the filing documents. For territory 110, the requested base rate, if approved, would be \$4,220 and for territory 130, the base rate would be \$1,775. This is based on \$200,000 coverage. Premiums increase exponentially as home values increase. As a result, many homeowners will be forced to use higher deductibles to avoid exorbitant insurance premiums. These higher deductibles will impact the ability of homeowners to recover from storm damage or other disaster events. Higher deductibles result in smaller insurance claim payments penalizing homeowners at their most vulnerable time following disaster events.
- For those property owners with homeowners' coverage provided by the North Carolina Insurance Underwriters Association (beach plan), an additional 15% surcharge is imposed by NC law. Coupled with the 2024 filing, this is a rate increase of 60.1% for territory 110 and 48.9% for territory 130. Most homeowners are not aware of this additional surcharge associated with the NCIUA policies. There should be more clarity in the rate filings and a full disclosure in simple terminology, so policyholders understand the true costs of their insurance coverage and how the premium is calculated.
- Many North Carolina residents will not be able to afford these requested high insurance rates. These residents include our teachers, hospital employees and first responders, government employees and service workers. Residents who live in their family generational homes will not be able to absorb increased insurance premiums of several thousand dollars. All North Carolina policyholders need attainable coverage at reasonable rates.
- Admitted carriers in North Carolina are limiting their exposure in coastal areas by discontinuing coverage in these areas. The NC Department of Insurance should research alternatives to ensure that admitted carriers provide coverage statewide and are not selective in their coverage. This should be a top priority in 2024. The NC Department of Insurance should advocate for an insurance reform and clarity act to ensure appropriate consumer protection for North Carolina policyholders.
- Public notice procedures for rate increase filings should be expanded to provide written notification to all policyholders like those procedures mandated by the NC Utility Commission for requested utility rate increases.
- NC law states that insurance rates shall not be excessive, inadequate, or unfairly discriminatory. It is implausible that the requested rates can be determined to be anything other than excessive. The NCIUA dedicated \$20 million to their certified roof program in 2023 which demonstrates the current insurance rates are adequate. Rates in eastern North Carolina are substantially higher than other areas of North Carolina. The 2024 homeowners' rate increase should be denied by the Insurance Commissioner, or a hearing be held. Previous homeowners insurance rate filings in 2017, 2018 and 2020 were settled through negotiations with the NC Rate Bureau. The last hearing on a homeowners insurance rate increase was in 2014 at which time the Insurance Commissioner made a finding that the NC Rate Bureau did not meet the statutory burden of proving the requested homeowners' rates were not excessive, inadequate or unfairly discriminatory. The practice of the filing homeowners rate increases of significant amounts then relying on a settlement process with the Insurance Commissioner for decreased premiums is a disingenuous process and not representative of good consumer protection advocacy for the policyholders of North Carolina.