

P&C Insurance Industry Property Market Update

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28 disasters costing at least \$1 billion.

2023 highest number of billion-dollar disasters.

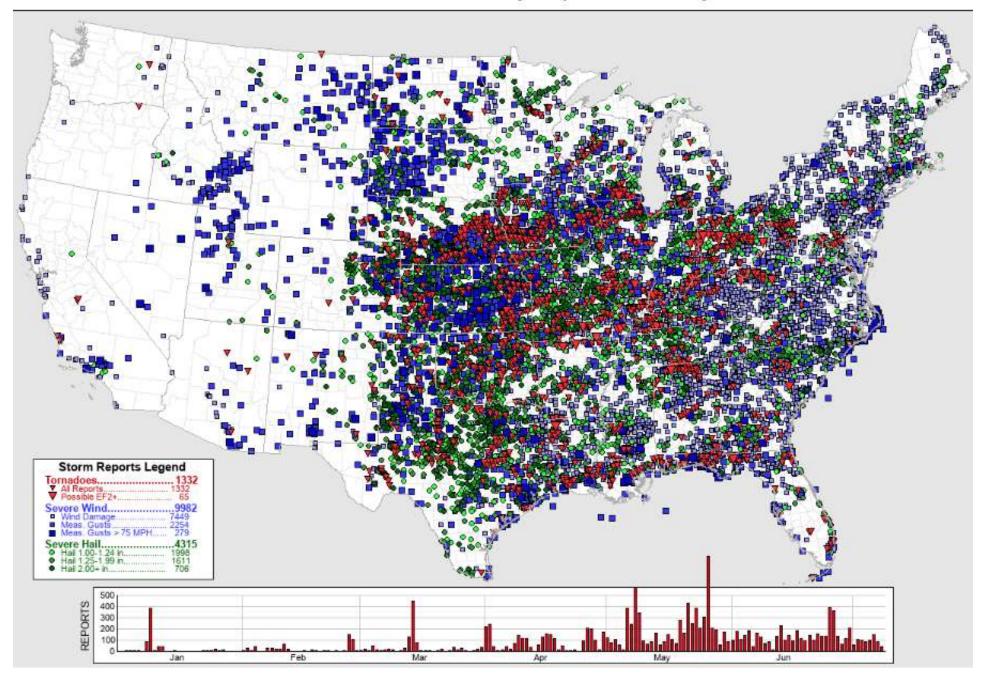
Colorado #2
U.S. hail
insurance
claims...#3 U.S.
wildfire risk.

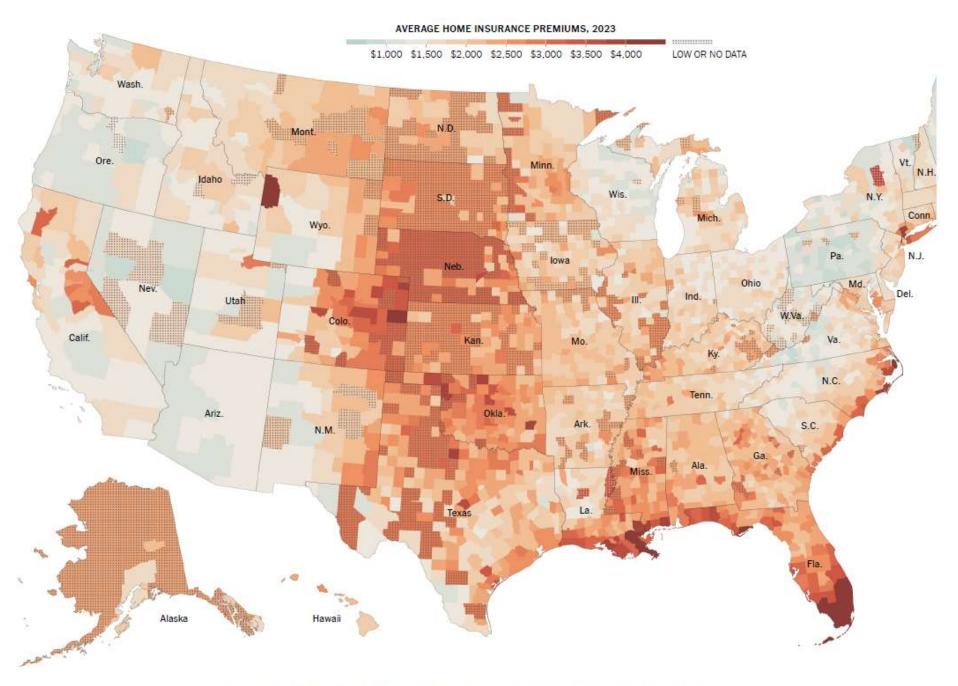
U.S. 2023 Billion-Dollar Weather and Climate Disasters Flooding Hail Murricane Severe Weather Tornado Outbreak Wildfire Drought/Heat Wave Winter Storm/Cold Wave North Central and Central Tornado Outbreak and Eastern Severe Weather July 28-29 Fastern Severe Weather Northeastern Winter March 31-April 1 Rockies Hail Storms, Central Minnesota Hail Storms Central and Eastern Storm/Cold Wave and Eastern Severe Weather February 2-5 August 11 Northeastern Flooding and June 21-26 April 4-6 North Central Severe Weather North Central and July 9-15 Southeastern Severe Weather California Flooding July 19-21 January-March East Coast Storm and Flooding December 16-18 Northeastern and Central and Eastern Eastern Severe Weather Tornadoes and Hail Storms August 5-8 May 10-12 Southern and Eastern Typhoon Mawar Guam Severe Weather March 2-3 Central and Southern Severe Weather Southern and Eastern June 15-18 Severe Weather March 24-26 Central Severe Weather April 19-20 Hurricane Idalia Southern August 29-31 Severe Weather Southern/Midwestern April 25-27 Central Severe Weather Fort Lauderdale Flooding Drought and Heat Wave Central and Texas Hail Storms June 28-July 2 April 12-13 Spring-Fall Hawai'i Firestorm Southern May 18-19 Severe Weather Central Severe Weather Southern Severe Weather . Southern Hail Storms September 23-24 May 6-8 June 11-14

This map denotes the approximate location for each of the 28 separate billion-dollar weather and climate disasters that impacted the United States in 2023.

 Over past two decades, Colorado natural disaster occurrences increased by 275%, 2nd highest after Kansas

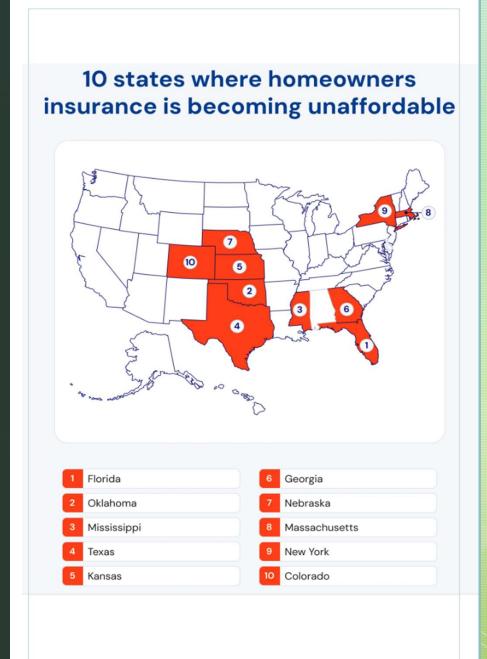
2024 Annual Preliminary Report Summary





Source: Keys and Mulder, National Bureau of Economic Research (2024) • Note: State average is shown in counties with few or no observations.

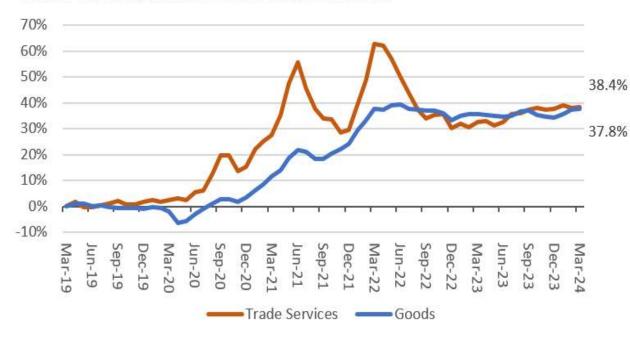
- Insurify identified top 10 least affordable states for homeowners insurance.
- Average annual homeowners insurance cost \$3,308, #6 in U.S.
- Colorado 87 % higher premium than countrywide.
- Insurers lost average of 13% over last decade making Colorado 3rd most expensive state with losses in 10 of 12 years.



Property Insurance Challenges

Cost Inputs: Homeowners Insurance

Producer Price Index, Cumulative Percent Change over Five Years



Source: APCIA, via U.S. Bureaur of Labor Statistics

Producer Price Index: Inputs to Single Family Residential Construction, Trade Services ("Labor")

Producer Price Index: Inputs to Single Family Residential Construction, Goods

Monthly data Mar 2019 through Mar 2024, as of Apr 29, 2024.

- Escalating Wildfire & Catastrophe Risk, Volatile Market Conditions: Increased Claims & Claims Costs
- Record inflation: 41year high of <u>8%</u>, Reinsurance increase: historic <u>37%</u>
- Skyrocketing repair/rebuilding costs: material costs/construction labor shortages.
- 2023 net combined ratio 111, industry's worst underwriting results since 2011. Every \$1 taken in, insurers paid out almost \$1.11 in claims and expenses.

Insurance Consumer Impacts

Increased Insurance Non-Renewals
It's scary to be non-renewed

If one company must non-renew, other companies are still selling policies

Shop with local broker FAIR Plans





Underinsurance Concerns

Now more than ever it is critical to update insurance

•Cost to rebuild has increased

Building code upgrades

Extended Replacement Cost Coverage



- HB23-1288: High Stakes for Insurance, Housing & State's Economy Creating 1st FAIR Plan, insurer of last resort in 40 Years.
- Nine-Person Governor Appointed Board Working to Build FAIR Plan and be Operational, Sell Policies in 2025.
- Hired New FAIR Plan Executive Director: Kelly Campbell
- History of FAIR Plans & Lessons Learned
 - Market of Last Resort vs. Insurance Market of Choice
 - Florida, California, Louisiana FAIR Plans
 - Protect Private Insurance Market NOT Drive it away
- LONG-TERM GOAL: Reduce risk & stabilize insurance market



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