

Oregon homeowners' insurance update

Presenters:

TK Keen, Administrator, Interim Insurance
Commissioner

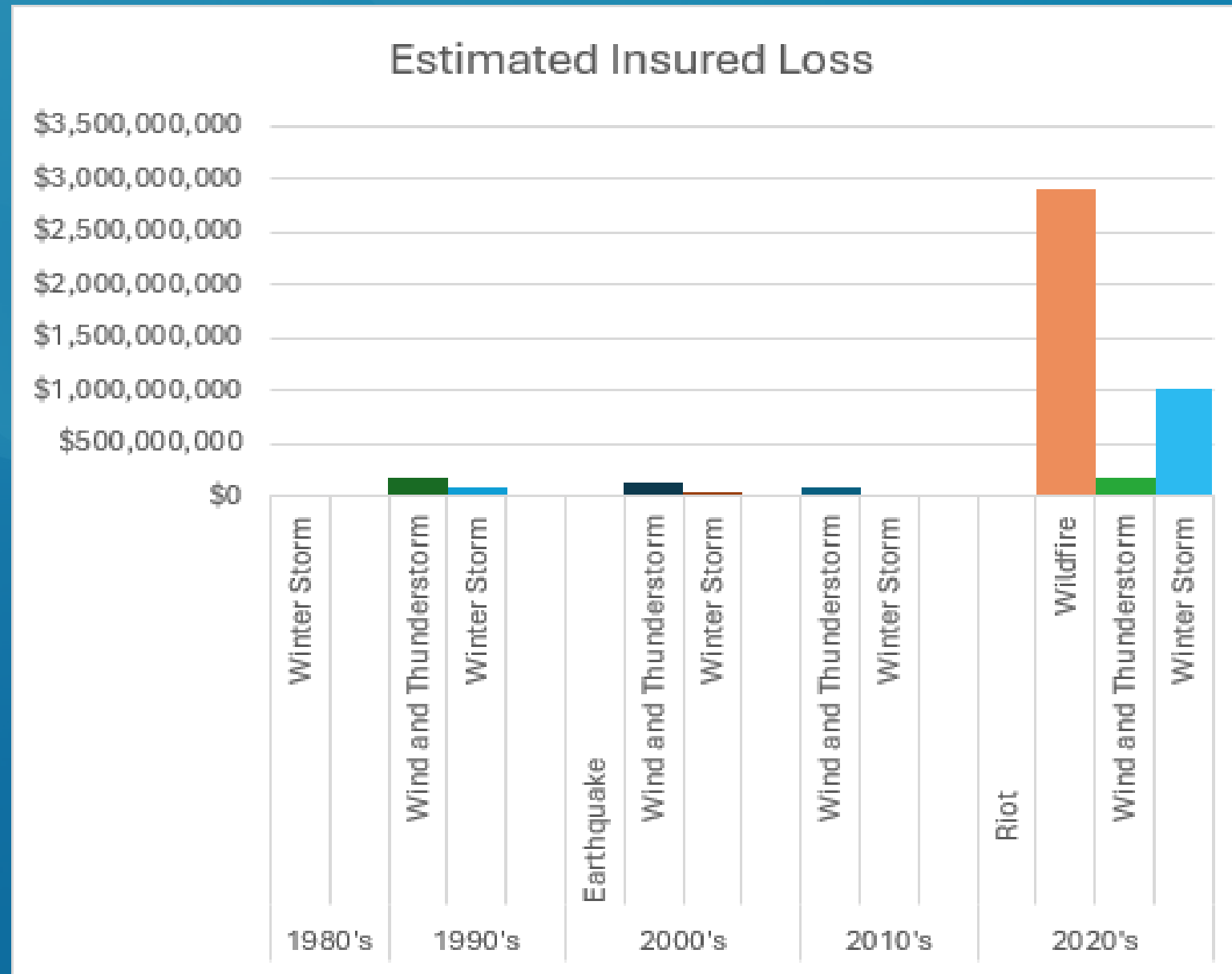
Jesse Ellis O'Brien, Policy Manager



Division of
Financial
Regulation

Department of Consumer
and Business Services

Increased wildfire risk



Big picture summary

- Over 100 companies writing homeowner's insurance in Oregon
- Signs of market tightening through latest data we have, 2018-2022
- FAIR Plan (market of last resort) numbers remain relatively stable
- Reinsurance is costing companies more and limiting system capacity
- Solutions: DFR action plan based on key data follow ups, recent legislation (SB 829, SB 85) and alignment of agencies

2018-22 homeowners' data collection summary

- NAIC and states created a nationwide data call to better understand the affordability and availability of the homeowner's insurance market.
- Insurers with the largest market share nationwide were required to report for 2018-22. These companies made up 80 percent of Oregon's homeowners insurance business.
- Data gathered in 2023 and curated in 2023-24.
- Next data call to include 2023-25 data and 100 percent of market.

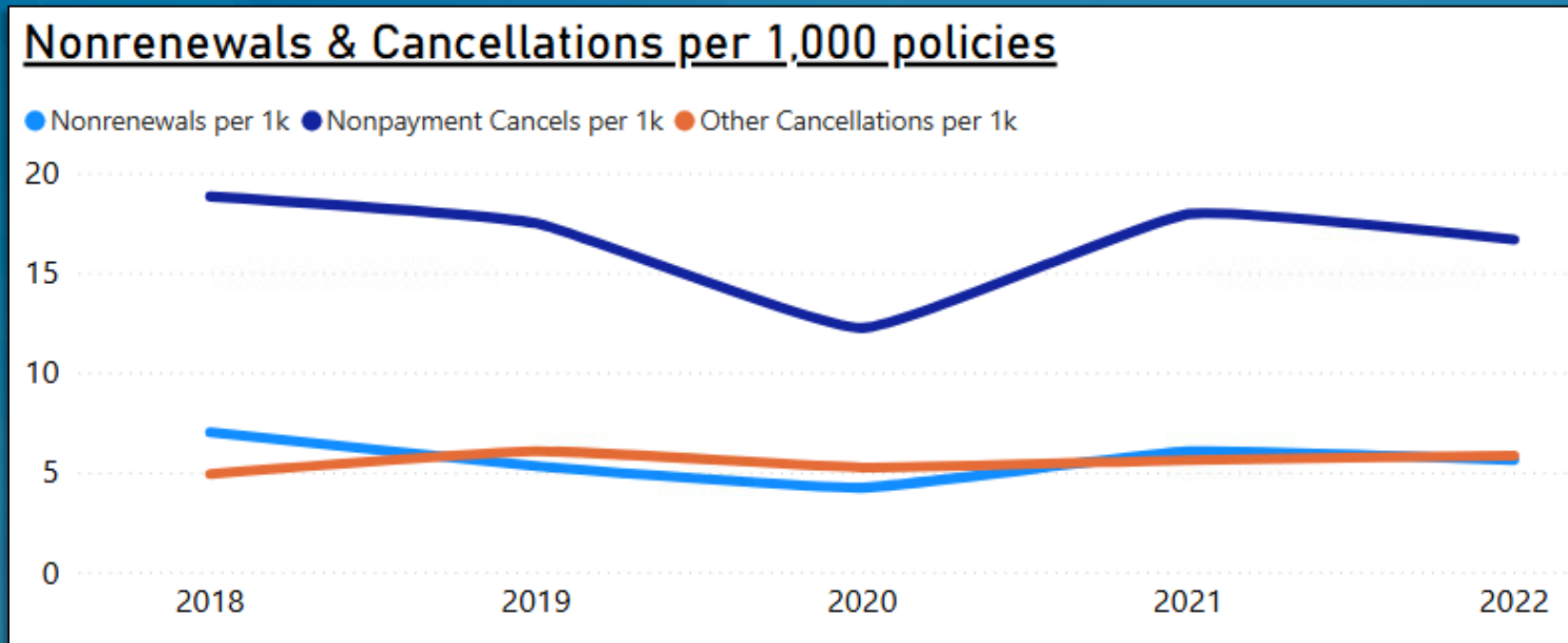
Homeowners' data call observations summary

- Average premium is growing at a rate higher than the consumer price index (CPI).
- Total losses and average losses per claim are trending upward, with a spike in 2020 driven by wildfires.
- The leading driver of nonrenewals and cancellations is nonpayment.

Homeowners' data summary

Data Year	# of Companies	Policies in Force at end of Year	Avg Prem per Year	Total Premium Collected	Total Losses Paid	Total Policies with Mitigation Discounts	Nonrenewals	Nonpayment Cancellations	Cancellations for Other Reasons
2018	50	713,191	\$806	\$620,001,980	\$268,726,708	5,206	4,986	13,412	3,496
2019	51	743,738	\$856	\$677,056,388	\$329,046,996	6,038	3,942	12,985	4,496
2020	54	786,885	\$886	\$740,915,256	\$928,609,698	7,865	3,317	9,613	4,113
2021	58	828,081	\$963	\$849,374,286	\$614,865,257	8,140	4,997	14,851	4,638
2022	57	854,845	\$1,092	\$987,371,434	\$584,893,411	7,330	4,786	14,227	4,977

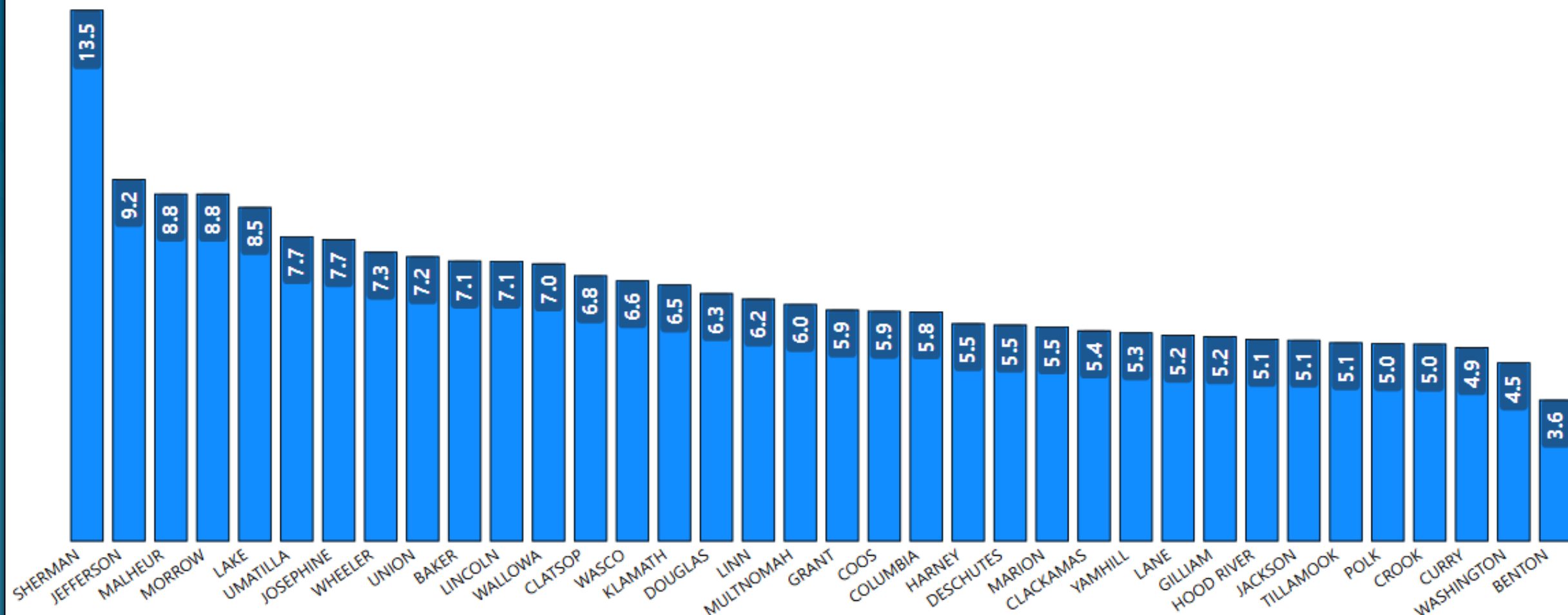
Homeowners' data observations



- Cancellations for nonpayment is the leading cause for consumers losing their homeowners insurance coverage.
- Nonrenewals remain relatively steady between 2018 and 2022.

Homeowners' data observations

Nonrenewals per 1k policies by County, 2018-2022 yearly average



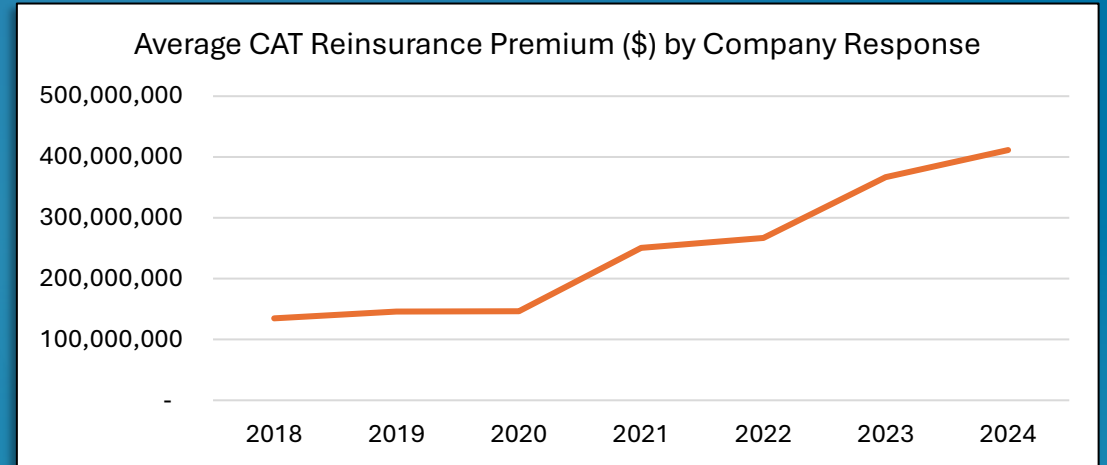
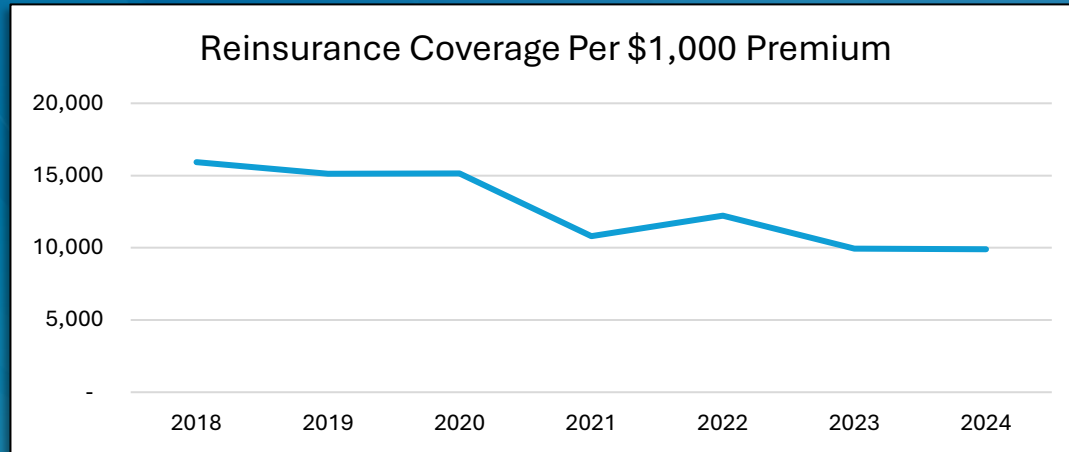
Oregon FAIR Plan data summary

Year	FAIR Plan Dwelling Fire Total Active Policies	Average Annual Premium for Active Policies	Cancellations for Nonpayment During Year	Policies that Canceled During Year
2014	1,934	\$412	206	195
2015	1,852	\$429	194	218
2016	1,795	\$443	172	209
2017	1,681	\$451	175	203
2018	1,583	\$462	157	195
2019	1,428	\$461	151	188
2020	1,395	\$474	121	134
2021	1,360	\$512	136	125
2022	1,438	\$560	117	133
2023	1,547	\$808	131	205
2024	1,942	\$835	167	214

Reinsurance study

- The focus of DFR's data call was on catastrophe treaties, a specific type of reinsurance agreement that protects insurers against losses from low-frequency and high-severity events.
- The data call focused on calendar years 2018 through 2024.
- Key findings:
 - Premium increased at a higher rate (205 percent) than coverage purchased (90 percent).
 - This is also reflected in the 38 percent decrease in coverage per \$1,000 of premium from 2018 to 2024.
 - The most significant change in all values took place between 2020 and 2021.

Reinsurance study



- Additional findings:

- All respondents identified affordability as a factor impacting the ease of reinsurance treaty placement since 2018.
- 75 percent of respondents stated that obtaining coverage was harder or significantly harder in 2024 as compared to 2018.
- 75 percent identified offered coverage, and 56 percent identified the number of options as other leading factors.

DFR work plan

- Refreshing on latest data collection of market capturing 2023-2025
- Implement affordable housing and related initiatives from 2025 session
- Continue to educate consumers on shopping and purchasing
- Investigate FAIR plan and other state solutions
- Alignment of agencies on approach

Legislative implementation updates

- Affordable Housing Premium Assistance Fund and Study (SB 829)
- Community based mitigation study (SB 85)
- Improved consumer notices (HB 2563)

Questions?

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Department of Consumer
and Business Services