

What are the 3-5 most significant concerns do you see associated with extreme weather events? For each identified concern, identify 2-3 pieces of concrete evidence demonstrating why the concern is real and significant.

# Concern #1 - Severe WX Impacting HO Premiums

- **Evidence #1:** In 1998, MN had three large storms with \$1.5-billion in losses, more than previous 40 years combined!
- **Evidence #2:** Since 1998 Minnesota has become a major catastrophe state. In 4 of the last 7 yrs, MN has been a top 3 CAT state.
- **Evidence #3:** Since 1998, average HO premium has gone from \$368/yr to \$1,056/yr – increase of 287%

**Concern #2** Some claims are becoming increasingly driven more by storm chasers than actual damage.

- **Evidence #1:** After storms towns and neighborhoods get besieged by out of town 'storm damage experts.'
- **Evidence #2:** State is seeing big increase in # of claims that go through the appraisal process.
- **Evidence #3:** Contractors now charging insurers far higher than what they used to. Ave. roof in 1998 = \$5K. Ave. roof in 2013 = \$15K.

# Concern #3: HO Insurers could begin to limit coverage or leave the market

- **Evidence #1:** Insurers have asked Commerce Department for rating flexibility, but were denied. MN is the only state that does not permit this.
- **Evidence #2:** The Florida HO market collapsed when insurers were not allowed to obtain adequate premiums.
- **Evidence #3:** MN insurers are already taking action, increasing deductibles and adjusting based on ACV.

What 3-5 adaptive strategies are you (your organization) pursuing to respond to these concerns?

For each strategy, explain:

- 1) How it addresses the concern
- 2) Proven or expected results (how the strategy contributes/will contribute to health, resilience and prosperity of the community)
- 3) What costs (resources, trade-offs, lost opportunity, etc.) are associated with this strategy?

# Strategy #1

- Use available law to modify risk classification
  - Higher deductibles for hail damage
  - Adjusting on ACV, rather than Replacement Cost
  - Paying the homeowner directly, rather than contractor

# Strategy #2

- Lobby legislators to change the rating law
  - Allow surcharges for policyholders with multiple weather related claims
  - Allow non-renewals for policyholders with multiple weather related claims

# Strategy #3

- Encourage stronger building codes and storm resistant materials
  - Conduct research on what works
  - Provide premium discounts to homeowners that utilize hardened techniques and materials

# In what ways might community members work to address these concerns?

Stay current on trends and issues

Contact lawmakers with your concerns

Consider using storm resistant building materials and techniques

Get a relationship with a trusted local contractor