



August 26, 2025

Commissioner Michael Conway, Chair  
Property and Casualty Insurance (C) Committee  
National Association of Insurance Commissioners

Re: [Affordability and Availability Playbook Outline](#)

Dear Commissioner Conway,

On behalf of the American Academy of Actuaries' (Academy)<sup>1</sup> Homeowner's Insurance Task Force, we appreciate the opportunity to share our feedback on the Property and Casualty Insurance (C) Committee's (Committee) Affordability and Availability Playbook Outline (Playbook). We believe that the Playbook is a comprehensive outline of topics which will be a helpful resource not only for state regulators, legislators, and policymakers as you note, but also for insurers and consumers. We share your interest in improving, as well as the broader concerns about the challenges of availability and affordability of insurance products within the property/casualty markets.

The following comments are intended to inform the Committee of our thoughts regarding the Playbook:

1. **Impact of Costs.** Insurance rates, which bear directly on both affordability and availability, are driven by costs within the insurance system. Actuaries regularly estimate expected future costs in order to arrive at the rates required to cover them. These costs include expected losses incurred (both catastrophic and non-catastrophic), operating expenses, reinsurance, cost of capital, profit, and taxes.
2. **Drivers of Incurred Losses.** There are several drivers of incurred losses. They include the increased frequency and severity of extreme weather events, including storm-related losses, which are top of mind. General inflation is also a long-term driver of costs, as is the impact of populations moving to areas that are considered higher risk. As the price of goods and services paid by insurance changes, similar changes are reflected in premiums. Recently, supply chain disruptions have also added to costs. While not an exhaustive list of cost drivers, these examples highlight the myriad points of influence, all of which impact how cost enters the insurance system with the ultimate result in changes to insurance premiums.
3. **Evolving Methods of Estimating Catastrophic Loss.** The methods of estimating catastrophic losses incurred have evolved over time and will continue to do so. It is important to note that these methods focus on long-term averages, which can differ significantly from short-term results. As such, insurance industry capitalization is a critical factor in covering the short-term variation. The Playbook acknowledges that catastrophe modeling is critical for insurance pricing. We encourage and support the ongoing efforts to ensure that the models continue to evolve appropriately. This also requires broad regulatory and industry understanding of what the data reflect and how they can be better leveraged to enhance the appropriate use of the models.

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<sup>1</sup> The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For 60 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

4. **Enhancing Affordability.** Availability and affordability of insurance products are not independent of one another. Unintended market disruptions occur when we do not provide for the costs discussed above. Consequently, efforts to remove costs or reduce the rate of increase in costs that are based on true and measured mitigation are likely to have the best chance of enhancing affordability. There is considerable documentation within the Playbook describing state-specific efforts to do just this. A clear understanding of how well these efforts have mitigated losses could prove useful in expanding beneficial effects.
5. **Consumer Education.** Finally, enhanced consumer education regarding the risks they face, ways to mitigate the risk, and how insurance helps manage that risk could prove helpful. We encourage the Committee to expand the intended audience of the Playbook to include insurance customers, as it could prove to be a powerful tool in our mutual goal of improving insurance literacy and understanding by the consumers who are purchasing the insurance products.

We appreciate the opportunity to share these comments with the Committee. We look forward to further engagement as efforts evolve to make the Playbook an actionable resource. Recognizing that availability and affordability concerns are not limited to homeowner's insurance, we would also suggest that other property/casualty lines of business may have similar thoughts and suggestions to share. The Academy's Casualty Practice Council could be a valuable resource, as it includes a variety of relevant groups, including our Auto Insurance Committee, Commercial Liability Task Force, and Extreme Events Committee. If you have any questions or would like to discuss these comments further, please contact Rob Fischer, the Academy's Policy Project Manager, Casualty ([fischer@actuary.org](mailto:fischer@actuary.org)).

Sincerely,

Ken Doss, MAAA, FCAS  
Chairperson, Homeowner's Insurance Task Force