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**NEVADA DIVISION OF INSURANCE  
P/C ADVISORY COMMITTEE  
JANUARY 2025**

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## NAMIC AT A GLANCE

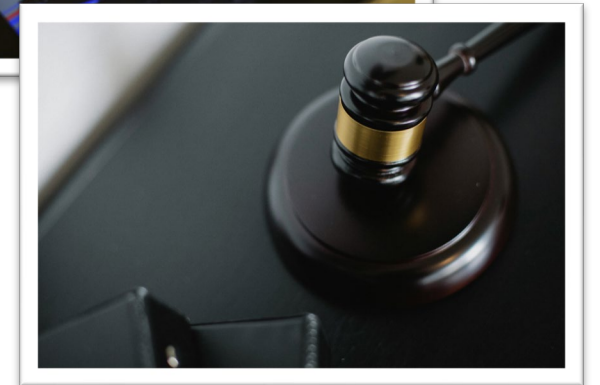
- Largest P/C insurance trade association in the U.S. with almost 1,500 local, regional, and national insurers and related companies
- Six of the top 10 property/casualty companies in the U.S.
- 67% of Auto, 55% of Homeowners', and 32% of Business insurance markets in the U.S.
- 25 advocates and policy experts in Washington, DC and across the U.S.
- Serving best interests of mutual property/casualty insurance companies and policyholders for more than 125 years





# WE HAVE ENTERED A “NEW ERA OF RISK”

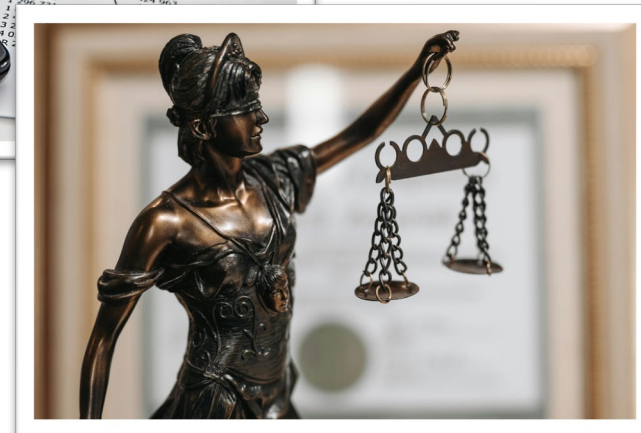
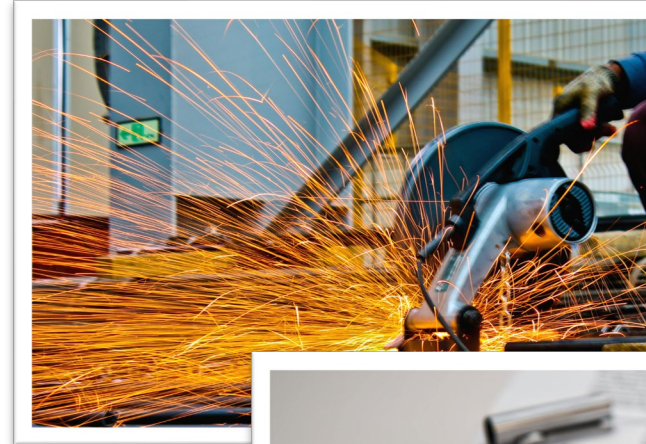
- Several pressures are converging on the P/C industry all at once:
  - Extreme Weather
  - Inflation & Economic Pressures
  - Litigation Abuse
  - “...Everything, Everywhere, All at Once...”





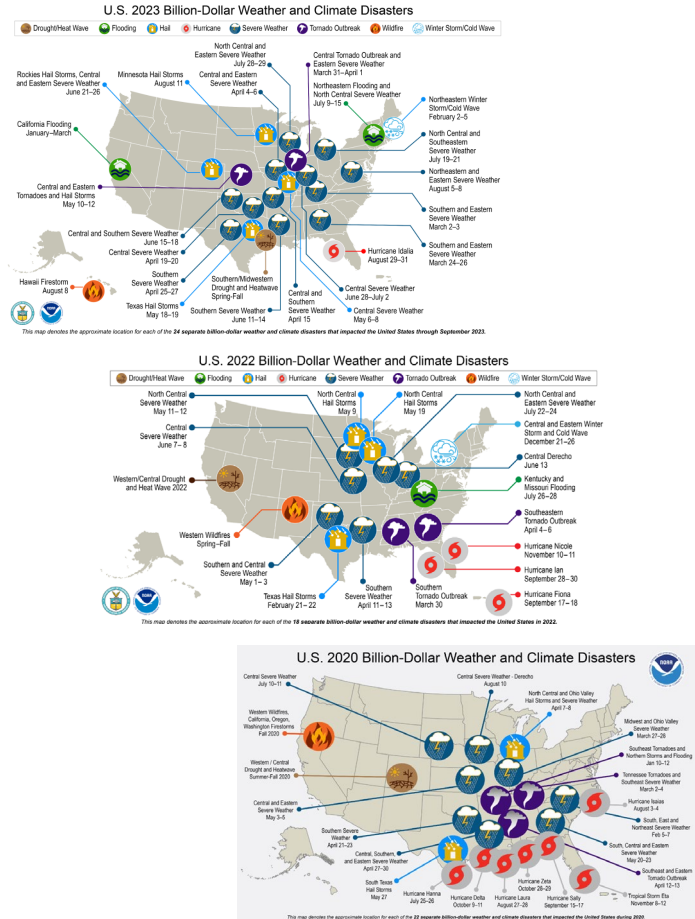
# MEETING THE NEW ERA OF RISK

- P/C insurers have always sought to help policyholders identify, minimize, and mitigate risks
- Best ways to protect companies and policyholders moving forward:
  - Promote mitigation and resiliency **before** extreme weather events
  - Preserve and expand tools for accurate pricing which increases competition
  - Identify potential solutions to rising costs – “bend the curve”
  - Put guardrails around litigation abuse



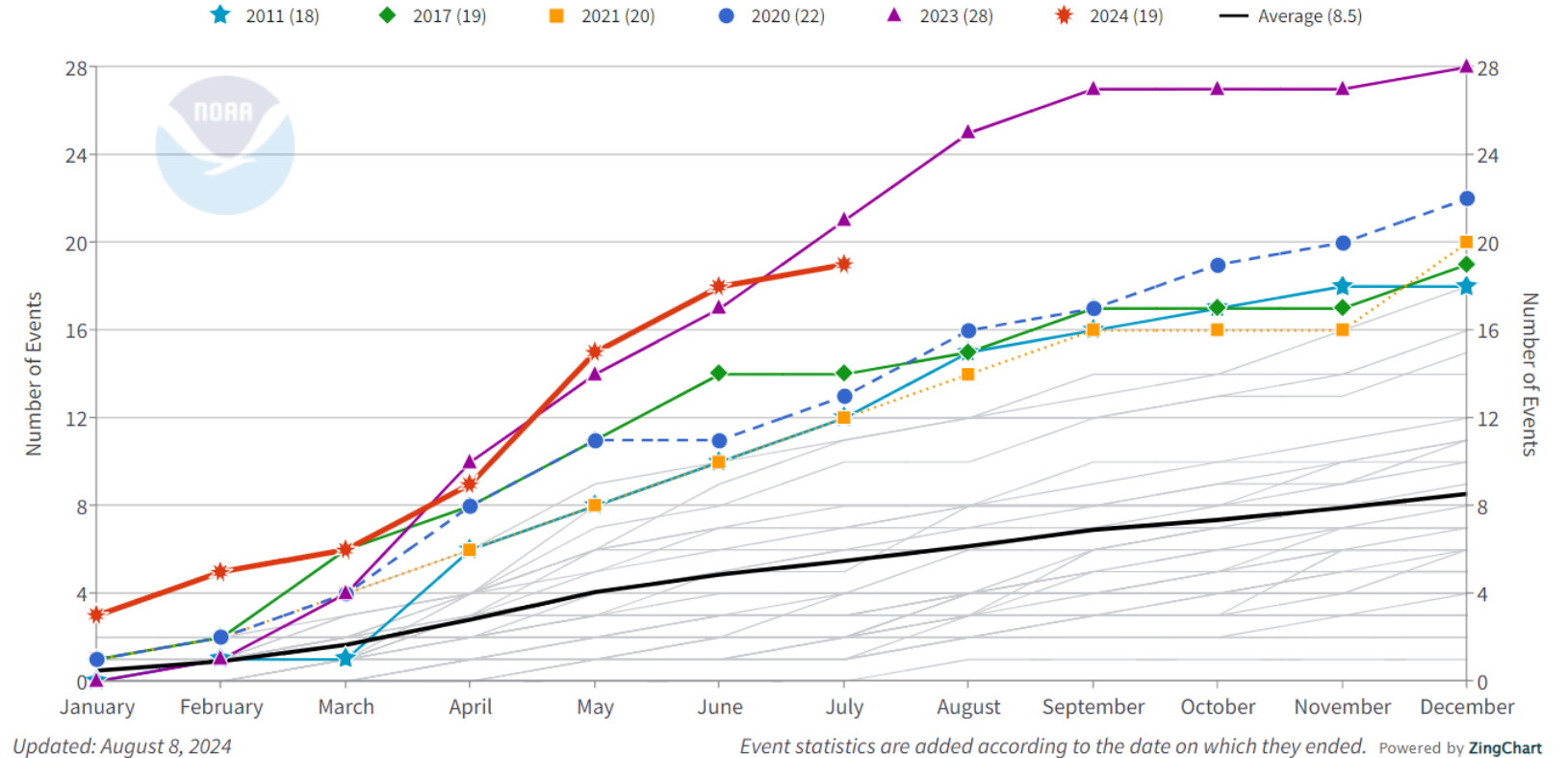


# NEW ERA OF RISK: EXTREME WEATHER



## 1980-2024 United States Billion-Dollar Disaster Year-to-Date Event Count (CPI-Adjusted)

Drought, Flooding, Freeze, Severe Storm, Tropical Cyclone, Wildfire, Winter Storm



**NCEI: For U.S. weather/climate disasters since 1980 where overall damages/costs exceeded \$1 billion (CPI adjusted to 2024), total costs of these 395 events alone were over \$2.770 trillion and 16,499 lives.**



# NEW ERA OF RISK: EXTREME WEATHER

- Weather is not new to insurers, but...
  - New frequency and severity of storms
  - More hurricanes, severe convective storms, and wildfires complicate carrier efforts to help policyholders rebuild
- So, let's work together to get ahead of it
  - State funding for mitigation
    - NCOIL passed "Strengthen Homes" Model Act
  - Building Codes
- Climate risk / Catastrophe Data
  - NAIC's PCMI Data Call
- Regulatory Reforms
  - Reinsurance restrictions
  - FAIR Plan Assessments
  - CAT Model Use in Rating / Underwriting
  - Rate Review and Approval Process





# NEW ERA OF RISK: EXTREME WEATHER SOLUTIONS

U.S. Chamber of Commerce Allstate U.S. Chamber of Commerce Foundation

## The Preparedness Payoff: The Economic Benefits of Investing in Climate Resilience

On average, 10 natural disasters occur in the U.S. each year that cost \$1 billion or more.

Every \$1 invested in resilience and preparedness saves \$13

<b>\$6</b>	<b>+</b>	<b>\$7</b>
in damage and cleanup costs		in economic savings

See: <https://www.uschamber.com/security/the-preparedness-payoff-the-economic-benefits-of-investing-in-climate-resilience>



# NEW ERA OF RISK: INFLATION AND ECONOMIC PRESSURE

- While general inflation is finally cooling, it's not that simple for P/C insurers
- Continued elevated prices and supply chain challenges for the things insurers most often pay for:
  - Auto parts
  - Auto labor
  - Building materials
- Frequency and severity trends are not promising
  - Continued deteriorated driving behavior
  - Safer cars but deadlier crashes
- Reinsurance capacity and cost challenges, while less dire than in 2022 – 2024, remain a going concern

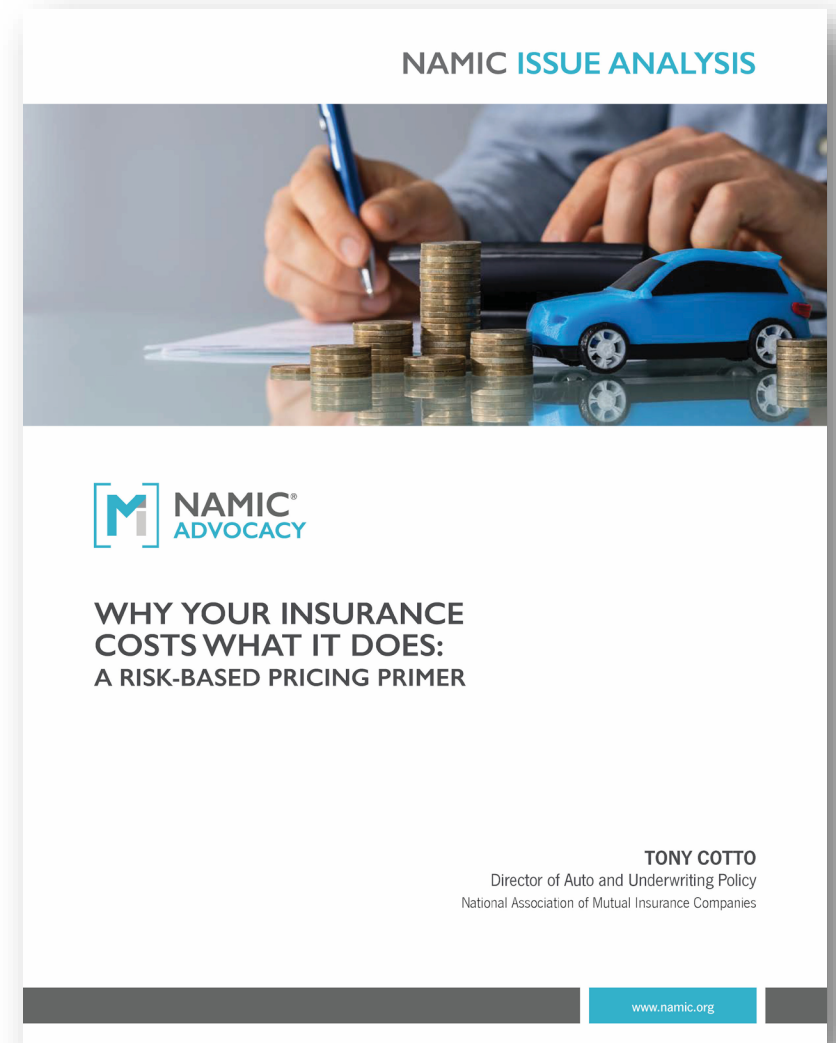






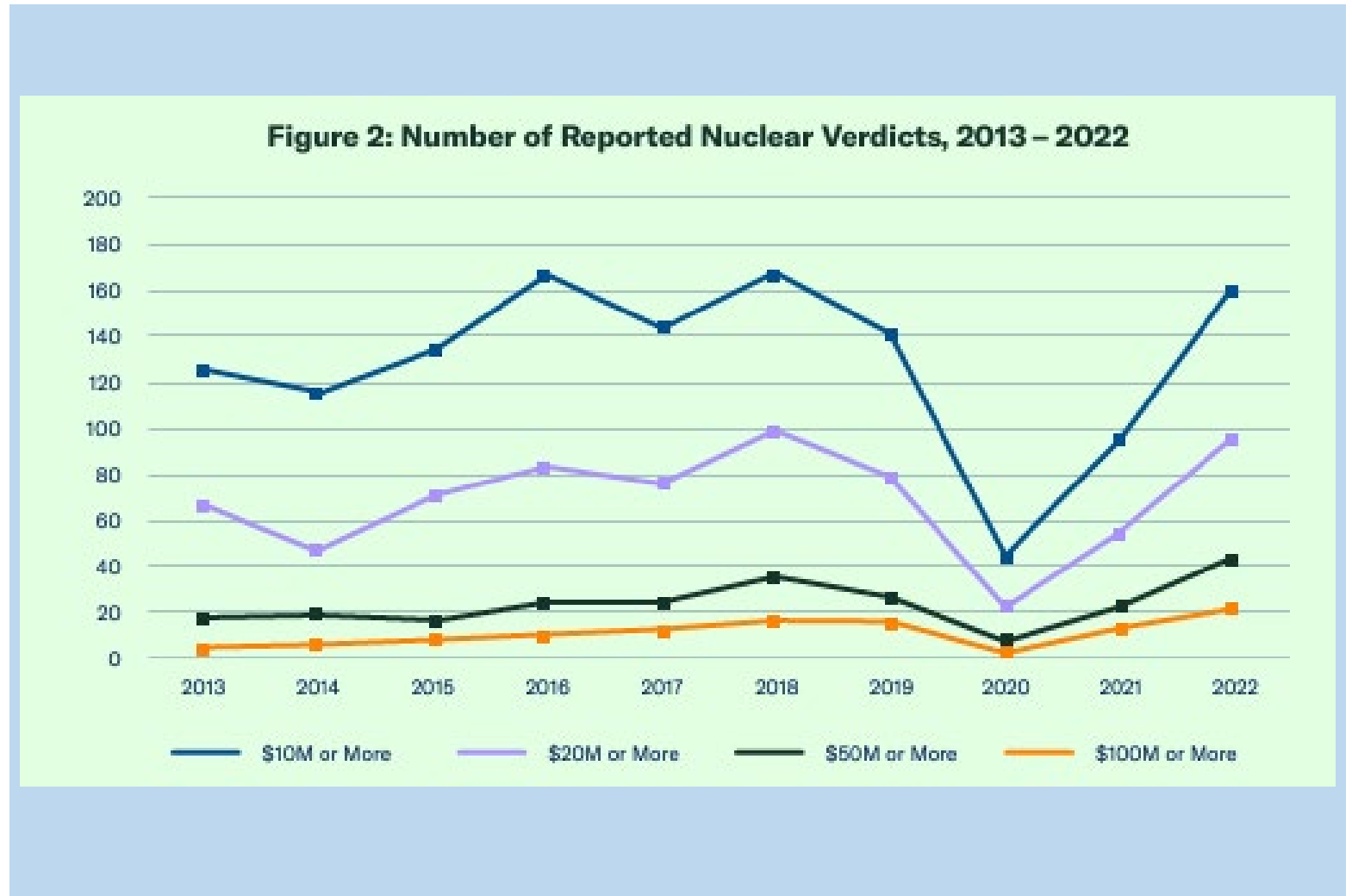
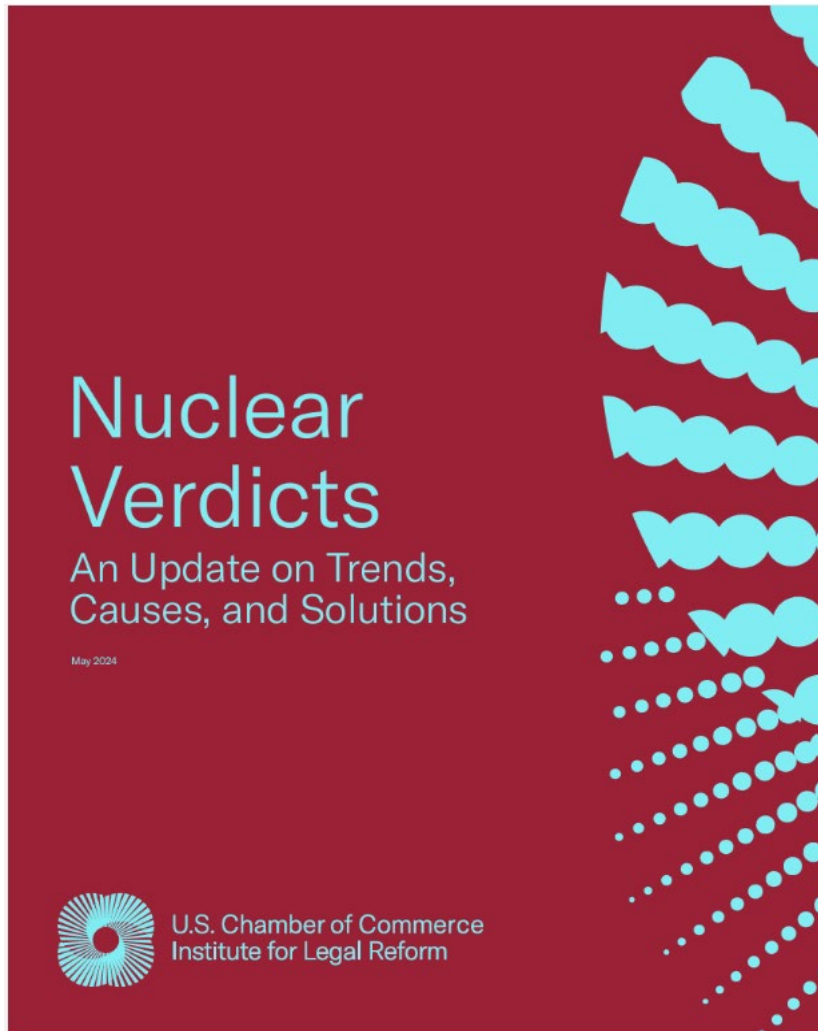
# NEW ERA OF RISK: ECONOMIC PRESSURE SOLUTIONS

- Promote sound underwriting
- Embrace consumer choice and competition
- Remove restrictions on discounts and rebates
  - Technology that benefits consumers
  - Aerial Imagery
  - Artificial Intelligence / Machine Learning
- Improve safety to reduce underlying risks
  - Auto safety
  - Building codes
- Improve financial education and literacy





# NEW ERA OF RISK: LEGAL SYSTEM ABUSES ESCALATE



Source: <https://instituteforlegalreform.com/wp-content/uploads/2024/05/ILR-2024-Nuclear-Verdicts-Study.pdf>



# NEW ERA OF RISK: CURBING LAWSUIT ABUSE

- Concerning trends and proposals from policymakers:
  - Nuclear and now thermonuclear verdicts
  - Expansion of bad faith provisions and *qui tam* provisions in law – disempowering regulators
  - Pre-judgment interest
  - Storm scammers
- Menu of solutions:
  - Third Party Litigation Funding reforms
  - Implement / preserve caps on non-economic damages
  - Limit fee-shifting and phantom damages
  - Prohibit assignment of benefits
  - More robust oversight of public adjusters
  - Look to Florida & Louisiana reforms

NAMIC ISSUE ANALYSIS

**SOCIAL INFLATION IS COMPLICATED AND COSTLY –**  
A FIVE-PART SERIES EXAMINING SOCIAL INFLATION AND ITS  
IMPACT ON INSURERS

[www.namic.org](http://www.namic.org)



# NEW ERA OF RISK: SOLUTIONS REQUIRE WORK

- **Bend the curve** via package of mitigation and resiliency steps – grants, savings accounts, building codes to land use...
- Retain discipline with **fundamentals** like risk-based pricing, consumer choice, and market-based competition
- Put **guardrails** around **litigation** and take steps to combat legal system abuse
- Insurers will work with consumers and regulators to reduce those risks we can control wherever possible



# QUESTIONS?

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