

PROPERTY INSURANCE REPORT

The Authority on Insuring Homes and Commercial Property

Vol. 26#19/619 **March 30, 2020**

INSIDE

Landlord mandates help drive surge in renters insurance. Page 2

Renters policies as a percentage of homeowners policies, by state. Pages 2-3

Nebraska in top five for hail claims. Page 6

Nebraska law requires AOB disclosures. Page 7

J.D. Power Claims Satisfaction. Page 10

THE GRAPEVINE

With Reinsurance Costs Up, Florida Regulator Approves Big Rate Increase

The **Florida** property insurance market, heavily reliant on reinsurance, is struggling under rising reinsurance costs as prior year storms work their way into rates. Last week, regulators approved a 23% increase in homeowners insurance rates for **National Specialty Insurance**, the largest Florida subsidiary of **Markel**, which had sought a 28.1% increase, according to **A.M. Best Co.** Markel nearly tripled its written premium to \$75.5 million in 2018. A 47% homeowners rate increase is still pending for **Capitol Preferred Insurance**, which wrote \$122.7 million in 2018 homeowners premium, up three times from 2017.

Please see GRAPEVINE on Page 10

Fast-Growing Renters Insurance Isn't Just for Urban Youngsters

While insurers continue to view renters insurance as a gateway to more profitable home and auto insurance sales, our newest analysis of renters insurance data from the **National Association of Insurance Commissioners** throws a new wrinkle into the story: **Florida**, with among the oldest populations in the United States, is the nation's hottest market for renters insurance, and it has room to grow.

From 2012 to 2017, the most recent data available, the total number of renters insurance policies written on the HO-4 policy form in Florida rose 142.5% to 780,703, compared to the 39.4% rise in the U.S. total to 16.6 million.

Even better, the Florida renters insurance market appears to have room to continue growing. In 2017, renters insurance policies represented just 26.6% of homeowners policies, compared to the 34.2% national average.

It is still true, however, that renters insurance is the finest entry into newly forming households. After all, millen-

Please see RENTERS on Page 2

Nebraska Tackles Contractor Fraud With AOB Legislation

Nebraska is known for its severe storms, and last year was no exception. From historic spring and summer floods throughout the state to wind and hail events that damaged populated areas, property owners – and their insurers – have taken some hits.

While lawmakers can't control the weather, they have taken steps in the last two years that aim to help insurers mitigate losses by reducing abuses associated with assignments of benefits (AOB) for property claims and updating the state building code.

The effort to reduce the number of lawsuits and inflated claims follows a decade in which more often than not home insurers sustained big losses. The only state with a larger average annual loss for the decade ended 2018 was **Colo-**

Please see NEBRASKA on Page 4



RENTERS Continued from Page 1

nials can't afford homes because of student debt, and they're delaying auto ownership because they like riding their bikes and are even willing to tuck their pants into their socks to make it work. Low-cost renters insurance, which generates less premium and profit for insurers, is often the first insurance product they buy, with more lucrative auto and home policies coming later.

The data comes from the most recent report from the NAIC, the pithily titled *Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance Report*. Although we've checked everything twice, we're a little skeptical of the Florida spike in renters insurance policies as the increase is a true data outlier. But even if the growth is only half the reported amount it

would be the highest in the nation and worthy of attention.

Renters insurance as a business is a mere fraction of the more lucrative homeowners insurance business. (See PIR 3/16/20) The average premium, at \$180 in 2017, has barely changed from \$176 in 2008. Total renters premium captured in the NAIC report amounted to about \$3.0 billion in 2017, compared to \$75.1 billion written on homeowners policy forms, which is 80% of the industry total of \$94.2 billion. But homeowners policy count has been stagnant for years, while renters has been roaring ahead.

There are many reasons for the renters surge. Two of the most notable are that more landlords are requiring rental coverage, and households are forming more slowly. In addition, new insurers entering the market, such as insuretech darling **Lemonade**, made their initial big push with renters insurance because it is easier and

See **RENTERS** on Page 3

Renters Policies as a Percentage of Homeowners Policies

State	2017		HO-4 as % of HO-3	5-yr HO-4 Growth
	HO-4 Exposures	HO-3 Exposures		
Dist. of Columbia	88,038	72,766	121.0%	60.3%
North Dakota	49,430	75,370	65.6%	17.5%
Texas	1,391,768	2,647,766	52.6%	39.9%
Nevada	208,189	429,591	48.5%	46.7%
Washington	577,776	1,192,570	48.4%	47.6%
Oregon	320,415	676,825	47.3%	41.5%
California	2,199,754	4,684,127	47.0%	45.1%
Colorado	426,977	916,304	46.6%	40.1%
Maryland	465,679	1,057,151	44.1%	29.8%
Kansas	179,477	440,569	40.7%	22.6%
Virginia	606,687	1,504,774	40.3%	29.6%
New York	908,971	2,303,349	39.5%	32.0%
South Dakota	48,643	125,524	38.8%	12.2%
Minnesota	375,929	977,215	38.5%	33.3%
Nebraska	137,230	356,753	38.5%	22.9%
Missouri	348,067	970,090	35.9%	47.6%
Utah	138,411	391,085	35.4%	34.0%
Arizona	380,395	1,090,070	34.9%	33.5%
Wisconsin	332,482	953,877	34.9%	9.0%
Hawaii	66,042	199,354	33.1%	52.6%
Georgia	581,469	1,756,215	33.1%	62.3%
Pennsylvania	710,170	2,234,230	31.8%	21.7%
Illinois	588,752	1,861,133	31.6%	26.0%
Montana	50,967	169,067	30.1%	31.5%
Iowa	163,797	571,737	28.6%	13.9%
Kentucky	210,442	754,688	27.9%	33.8%

Source: Reports by the National Association of Insurance Commissioners: *Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance*. Calculations by *Property Insurance Report*. The NAIC does not endorse any calculation or analysis based on its data.

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RENTERS Continued from Page 2

safer to sell than homeowners. Once established in the renters market, Lemonade and others try and pivot to homeowners.

The tables in these pages offer important insights into the market. The **District of Columbia** is almost entirely urban, so the dominance of renters over homeowners, unique among state markets, is an excellent proxy for what other cities might look like, such as Chicago or Los Angeles. More dense cities, such as New York, are likely to have an even larger percentage of renters policies (or condominium owners policies on the HO-6 form) relative to homeowners policies.

Urbanization doesn't always drive the concentration of renters insurance, however. **North Dakota** has the second-highest percentage of renters policies even though its rural population, at 40%, is much higher than the 19% national average, according to 2010 **U.S. Census Bureau** data. The state's oil boom undoubtedly led to more renters than buyers due to a more transient population, but a close look at the data suggests North Dakota has had a high percentage of renters for longer than the oil boom. As a result, it seems this might simply be a housing market that leans toward rentals.

Texas, which has the third-largest concentration of renters policies and **Nevada**, ranked fourth, have

nearly as much open space as North Dakota, but they are far more urbanized, with 85% of Texans and 94% of Nevadans residing in an urban setting. Compare that to **New York**, which has a much lower concentration of renters insurance despite the fact that 88% of state residents live in urban areas (which include not just New York City, but also Albany, Buffalo, and more). New York has significant rural areas upstate, which

Please see **RENTERS** on Page 9

Renters Policies as a Percentage of Homeowners Policies

State	2017		HO-4 as % of HO-3	5-yr HO-4 Growth
	HO-4 Exposures	HO-3 Exposures		
Ohio	587,628	2,113,025	27.8%	21.2%
New Jersey	402,959	1,458,145	27.6%	59.9%
Idaho	69,164	251,561	27.5%	35.0%
Alaska	39,933	146,384	27.3%	24.2%
Oklahoma	143,299	525,401	27.3%	31.4%
North Carolina	432,726	1,607,770	26.9%	52.0%
Connecticut	170,932	638,023	26.8%	36.3%
Florida	780,703	2,932,519	26.6%	142.5%
Tennessee	312,698	1,197,600	26.1%	45.6%
Indiana	292,252	1,151,027	25.4%	23.4%
Wyoming	21,905	90,900	24.1%	20.5%
Michigan	411,452	1,725,460	23.8%	31.1%
Massachusetts	338,196	1,423,971	23.8%	50.7%
Delaware	52,766	222,183	23.7%	38.4%
South Carolina	211,939	909,595	23.3%	61.7%
Arkansas	88,793	384,894	23.1%	38.8%
New Mexico	69,517	305,633	22.7%	26.5%
New Hampshire	67,871	298,774	22.7%	28.1%
Alabama	164,278	733,473	22.4%	44.8%
Rhode Island	39,393	186,754	21.1%	23.8%
Louisiana	135,178	674,183	20.1%	41.8%
Vermont	27,646	153,416	18.0%	7.8%
Maine	57,690	322,184	17.9%	24.1%
West Virginia	46,504	283,480	16.4%	24.4%
Mississippi	60,358	374,888	16.1%	38.0%
United States	16,581,735	48,523,436	34.2%	39.4%

Source: Reports by the National Association of Insurance Commissioners: *Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance*. Calculations by *Property Insurance Report*. The NAIC does not endorse any calculation or analysis based on its data.

State Market Focus: NEBRASKA

Continued from Page 1

rado. With losses in six out of 10 years – two of them approaching 50% – Nebraska home insurers suffered an average annual loss of 11%. They received a reprieve in 2018 when the statewide profit margin surged to 17.8%.

As significant as the wind and hail losses were in 2019, they weren't as bad as in past years, especially 2008 and 2014, according to **Brian Smith**, warning coordination meteorologist with the **National Weather Service**.

Please see NEBRASKA on Page 5

Nebraska Homeowners Multiperil Insurers

Groups Ranked by Total 2018 Direct Premium Written (000)

Group Name	2018 Premium	Mkt share 2018	Loss Ratio 2018	2017 Premium	Mkt share 2017	Loss Ratio 2017	2016 Premium	Mkt share 2016	Loss Ratio 2016
State Farm Mutual	\$187,198	24.3%	62.2%	\$180,650	24.8%	131.8%	\$173,974	25.2%	107.4%
Farmers Mutual Ins Co. of Nebraska	\$86,958	11.3%	52.6%	\$85,514	11.7%	68.4%	\$83,606	12.1%	84.4%
American Family Insurance Group	\$71,468	9.3%	34.9%	\$65,553	9.0%	93.0%	\$62,191	9.0%	84.1%
Farm Bureau Financial Services	\$68,566	8.9%	37.3%	\$67,754	9.3%	104.7%	\$66,328	9.6%	100.1%
Nationwide Mutual Group	\$48,153	6.2%	53.4%	\$49,065	6.7%	129.7%	\$49,726	7.2%	134.5%
Allstate Corp.	\$42,134	5.5%	42.3%	\$38,369	5.3%	128.1%	\$37,145	5.4%	107.0%
USAA Insurance Group	\$40,791	5.3%	73.1%	\$37,685	5.2%	189.0%	\$34,301	5.0%	86.2%
Farmers Insurance Group	\$33,744	4.4%	30.0%	\$32,808	4.5%	99.3%	\$32,089	4.6%	92.4%
Travelers Companies Inc.	\$33,657	4.4%	53.0%	\$25,575	3.5%	115.4%	\$19,385	2.8%	102.7%
Liberty Mutual	\$30,805	4.0%	39.4%	\$30,877	4.2%	132.4%	\$27,236	3.9%	119.5%
Auto-Owners Insurance	\$17,991	2.3%	47.2%	\$13,806	1.9%	80.8%	\$11,154	1.6%	73.5%
Nodak Mutual Group Inc.	\$14,712	1.9%	57.6%	\$12,981	1.8%	87.8%	\$10,458	1.5%	71.5%
Shelter Insurance	\$12,907	1.7%	34.1%	\$12,157	1.7%	108.3%	\$11,604	1.7%	91.3%
Progressive Corp.	\$12,242	1.6%	34.5%	\$4,483	0.6%	68.1%	\$1,482	0.2%	34.3%
North Star Mutual Insurance Co.	\$9,478	1.2%	77.7%	\$8,587	1.2%	62.1%	\$7,969	1.1%	62.0%
Chubb Ltd.	\$7,290	0.9%	95.3%	\$7,249	1.0%	225.2%	\$7,286	1.1%	149.2%
MetLife Inc.	\$6,275	0.8%	56.4%	\$7,213	1.0%	136.6%	\$8,152	1.2%	183.4%
IMT	\$5,185	0.7%	58.4%	\$4,604	0.6%	100.2%	\$4,220	0.6%	74.2%
Munich Re/American Modern Ins Group	\$4,274	0.6%	38.7%	\$3,794	0.5%	115.0%	\$3,375	0.5%	70.9%
Farmers Alliance Cos	\$4,208	0.6%	54.7%	\$3,650	0.5%	76.5%	\$3,275	0.5%	93.4%
Hartford Financial Services	\$3,639	0.5%	20.1%	\$4,311	0.6%	72.7%	\$5,083	0.7%	80.2%
Horace Mann Educators Corp.	\$3,582	0.5%	54.0%	\$3,823	0.5%	125.9%	\$3,931	0.6%	132.3%
EMC Insurance	\$3,494	0.5%	41.4%	\$3,295	0.5%	171.3%	\$2,958	0.4%	173.5%
Encova Mutual Ins Group (Motorists)	\$2,661	0.3%	59.8%	\$3,555	0.5%	258.0%	\$3,920	0.6%	146.6%
Donegal Insurance Group	\$2,626	0.3%	90.2%	\$3,501	0.5%	228.3%	\$2,648	0.4%	346.1%
United Fire Group Inc.	\$2,405	0.3%	117.5%	\$2,245	0.3%	135.3%	\$2,238	0.3%	128.0%
Amica Mutual Insurance	\$2,304	0.3%	43.8%	\$1,969	0.3%	219.3%	\$1,670	0.2%	184.2%
WT Holdings Inc.	\$1,863	0.2%	44.3%	\$2,172	0.3%	140.4%	\$1,720	0.3%	143.4%
QBE Insurance Group Ltd.	\$1,594	0.2%	110.8%	\$2,699	0.4%	89.2%	\$4,370	0.6%	227.6%
Assurant	\$1,394	0.2%	32.4%	\$1,293	0.2%	37.3%	\$1,096	0.2%	54.1%
Statewide Totals	\$772,065		51.4%	\$728,567		117.3%	\$691,252		104.1%

Source: S&P Global Market Intelligence and the *Property Insurance Report* database.

Loss ratio = incurred losses/direct premium earned and does not include dividends or loss adjustment expense.

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State Market Focus: NEBRASKA

Continued from Page 4

Last year, on May 28, storms hit Nebraska's largest city hard, leaving hail several inches deep and requiring the use of snowplows on Omaha's roads. **State Farm** reported receiving 2,000 claims for wind and hail damage as a result.

In addition, Lincoln, the second-largest city in the state, was hit by damaging winds and two tornadoes on May 5. The reported damage included roofs of homes, damage to a small ice cream shop and part of the roof of a **Harley Davidson** dealership. A car wash lost its roof.

This year has been quiet so far, especially relative to the flooding that began in March 2019 and lasted through the entire summer, Smith said. The floods came from packed snow that melted, compounded by heavy rain. "The water couldn't go anywhere, couldn't permeate the ground, because the frost depth was so high," Smith said.

"All the water went into the creeks and rivers, and they flooded to record levels," he said.

The state "had really bizarre weather," that produced a large number of claims statewide, said **Ann Parr**, general counsel of **Farmers Mutual of Nebraska** and president of the **Nebraska Insurance Information Service**.

Insurance rates have been rising in the state in recent years, but Parr didn't think last year's experience would worsen that trend. "You can withstand a year like that as long as it doesn't happen every year," she said.

Rates for the top 10 insurance groups in Nebraska rose 4.1% in 2019, after increases above 5% in the previous three years and an 11.5% spike in 2015, according to RateWatch from **S&P Global Market Intelligence**. The biggest increase in 2019 came from **Travelers**, at 9.3%, followed by **Allstate** with 8.1% and **American Family** at 7.2%. **State Farm**, the largest company, increased rates by 2.2% in 2019.

A slowdown in rates would be welcome relief for Nebraskans, who paid the nation's

Please see NEBRASKA on Page 6

Nebraska Property Insurance Profit Margins 10-Year Summary, % of Direct Premiums Earned, With National Averages												
Line of Business	2018 Total Profit	2017 Total Profit	2016 Total Profit	2015 Total Profit	2014 Total Profit	2013 Total Profit	2012 Total Profit	2011 Total Profit	2010 Total Profit	2009 Total Profit	Avg Total Profit	
State Homeowner	17.8	-32.7	-25.1	23.3	-45.5	-47.8	7.9	-7.7	-6.1	6.3	-11.0	
Nat'l Homeowner	-2.0	-2.6	11.8	14.0	13.9	16.5	8.1	-3.8	7.2	5.7	6.9	
State Fire	16.5	24.1	15.7	33.8	21.8	14.3	30.8	-30.4	29.2	31.3	18.7	
Nat'l Fire	4.8	4.7	11.0	24.2	21.4	26.9	24.7	24.8	27.6	24.5	20.2	
State Comm MP	15.8	-5.5	4.4	26.0	-36.1	-12.9	12.7	7.3	-2.4	4.4	1.4	
Nat'l Comm MP	4.1	0.6	9.8	14.5	12.4	14.9	9.0	4.1	13.2	11.0	9.4	
State Allied	11.6	13.3	23.5	11.7	-25.2	5.0	-57.1	15.5	25.8	13.9	3.8	
Nat'l Allied	2.2	-37.6	10.6	19.2	15.7	6.3	-19.4	5.7	28.5	21.2	5.2	

Note: Profit calculations are by *Property Insurance Report* using data from the National Association of Insurance Commissioners. Calculations are estimates, some based on national averages.

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State Market Focus: NEBRASKA

Continued from Page 5

10th highest average homeowners insurance premium, at \$1,481 in 2017, compared with the national average of \$1,211. Nebraska homeowners are generally paying more for less coverage because of low insured values. For example, just

46.1% of Nebraska homes were insured for more than \$200,000 in 2017 compared to 69.5% nationwide.

On our HURT Index, a gauge of affordability that compares premium as a percentage of household income, ranked ninth, demonstrating the burden that Nebraska homeowners face in paying for insurance.

Hail losses contribute to the high cost of insurance. Nebraska ranks among the top five states for hail claims, according to the **National Insurance Crime Bureau**, which last year released an analysis that covered 2016 through 2018. In that time, Nebraska insurers paid more than 163,300 claims from hail loss, ranking third highest behind **Texas** and **Colorado**.

The ubiquity of hail damage has made the state vulnerable to unscrupulous contractors. State lawmakers took steps to mitigate that problem with legislation in 2018 that sets requirements for licensing public adjusters and for contracts in which consumers assign property insurance benefits to contractors. The law has begun to pay dividends, Parr said.

The assignment of benefits provisions of [Legislative Bill 743](#) aimed to stem a rising tide of abusive lawsuits alleging underpayment for inflated claims.

“Unfortunately, Nebraska is experiencing a trend exploding in other states like Colorado, **Florida** and **Texas** where the abusive activity by contractors and lawyers are not only driving up the rate of disputed claims and court actions but also the cost of insurance claims,” **Kelly Campbell**, vice president of state affairs for **American Property Casualty Insurance Association**, said in a news release when the law was being considered.

In testimony to the Banking, Commerce and Insurance Committee in 2017, Campbell cited a roofing company in Nebraska that filed a single

Nebraska

Commercial Multiperil Nonliability Insurers Groups Ranked by 2018 Premiums Written (000)

Group Name	2018 Premiums	Mkt share	Loss Ratio
Nationwide Mutual Group	\$27,954	13.6%	83.3%
State Farm Mutual	\$20,973	10.2%	102.5%
Travelers Companies Inc.	\$18,709	9.1%	40.5%
W. R. Berkley Corp.	\$10,564	5.1%	55.6%
Chubb Ltd.	\$10,144	4.9%	66.7%
The Cincinnati Insurance Cos.	\$9,756	4.7%	-26.0%
Columbia Insurance	\$9,658	4.7%	40.0%
Farm Bureau Financial Services	\$8,582	4.2%	33.2%
Auto-Owners Insurance	\$8,478	4.1%	53.8%
Tokio Marine	\$5,884	2.9%	11.3%
Liberty Mutual	\$5,215	2.5%	21.7%
Hartford Financial Services	\$5,108	2.5%	30.0%
American Family Insurance	\$4,763	2.3%	10.8%
Brotherhood Mutual Insurance Co.	\$4,086	2.0%	98.6%
Berkshire Hathaway Inc.	\$3,667	1.8%	73.6%
Donegal Insurance Group	\$3,523	1.7%	37.8%
Church Mutual	\$3,114	1.5%	82.1%
Markel Corp.	\$3,051	1.5%	68.5%
IMT	\$3,030	1.5%	58.9%
American International Group	\$2,626	1.3%	9.2%
Midwest Family	\$2,365	1.1%	63.2%
CNA Financial Corp.	\$2,363	1.1%	12.8%
Zurich Insurance Group	\$2,345	1.1%	241.6%
Farmers Insurance Group	\$2,025	1.0%	65.9%
QBE	\$1,991	1.0%	70.6%
Acuity Mutual Insurance	\$1,955	1.0%	33.8%
Grinnell Mutual	\$1,868	0.9%	24.7%
United Fire Group Inc.	\$1,781	0.9%	51.4%
AmTrust Financial Services	\$1,776	0.9%	44.9%
National General Holdings Corp.	\$1,729	0.8%	32.0%
Motorists Insurance Group	\$1,534	0.7%	15.3%
Allstate Corp.	\$1,346	0.7%	33.8%
HAI Group	\$1,139	0.6%	31.8%
Statewide Totals	\$206,157		56.1%

Source: S&P Global Market Intelligence and the *Property Insurance Report* database.

Loss ratio = incurred losses/direct premium earned and does not include dividends or loss adjustment expense.

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State Market Focus: NEBRASKA

Continued from Page 6

lawsuit against an insurance company using the assignment of benefits in 154 claims alleging underpayment. She also pointed to two other roofing companies that had filed more than 60 lawsuits involving more than 850 AOB claims.

“So regardless of whether or not the claim has been settled to the satisfaction of the homeowner, the lawsuits are still being filed,” she said.

The law requires disclosures from certain contractors and spells out rights for policyholders. When a homeowner assigns benefits to a contractor, the insurer must receive a copy of the assignment form within five days, in addition to a detailed itemization of work and materials. The AOB must also include a statement that the contractor has made no assurances that the claimed loss will be fully covered by insurance.

State Sen. **Burke Harr** testified that the itemized work and materials was intended to “avoid the situation of bait and switch where you have a certain amount agreed to, let’s say \$7,000, and then they all of a sudden come back with a

bill for \$24,000 after they quote unquote found new damages, without having a chance to talk to an insurance adjuster... So, it’s important that there be an itemized list so that the insurance company knows what to look for when the final item is complete, and to ask for proper proof.”

Harr said two major roofers in the state were involved in more than 100 lawsuits because of this practice.

In testimony, **Coleen Nielsen**, lobbyist for the Nebraska Insurance Information Service, described unethical contractors, known as “storm chasers,” who show up after large catastrophic storms.

“They send door-to-door salespersons to

Please see NEBRASKA on Page 8

Nebraska

Fire Insurers

Groups Ranked by 2018 Premiums Written (000)

Group Name	2018 Premiums	Mkt share	Loss Ratio
Farmers Mutual Ins Co. of Nebraska	\$5,531	8.6%	22.6%
Farmers Insurance Group	\$4,382	6.8%	52.0%
Travelers Companies Inc.	\$4,026	6.3%	23.6%
Auto-Owners Insurance	\$3,532	5.5%	40.1%
Munich Re	\$3,437	5.3%	16.5%
EMC Insurance	\$3,410	5.3%	51.0%
FM Global	\$3,316	5.2%	122.0%
Zurich Insurance Group	\$3,135	4.9%	161.6%
American International Group	\$2,376	3.7%	20.1%
Liberty Mutual	\$2,203	3.4%	89.1%
North Star Mutual Insurance Co.	\$1,985	3.1%	24.9%
Berkshire Hathaway Inc.	\$1,977	3.1%	53.9%
Nationwide Mutual Group	\$1,678	2.6%	48.3%
Chubb Ltd.	\$1,660	2.6%	84.3%
Farmers Mutual Hail	\$1,500	2.3%	7.5%
Swiss Re	\$1,482	2.3%	163.4%
United Fire Group Inc.	\$1,093	1.7%	-14.5%
AXIS	\$1,042	1.6%	8.7%
AXA / XL	\$993	1.5%	18.8%
Aspen Insurance Holdings Ltd.	\$935	1.5%	33.8%
Acuity Insurance Mutual	\$892	1.4%	13.3%
Statewide Totals	\$64,341		53.4%

Source: S&P Global Market Intelligence and the *Property Insurance Report* database. Loss ratio = incurred losses/direct premium earned and does not include dividends or loss adjustment expense.

Nebraska 2017 Insured Home Values (HO3 Policy Form)		
Home Value	Nebraska	National Average
<\$50K	0.5%	0.2%
\$50-75K	1.0%	0.4%
\$75-100K	3.2%	1.4%
\$100-125K	7.9%	3.8%
\$125-150K	12.9%	6.4%
\$150-175K	15.1%	8.8%
\$175-200K	13.2%	9.5%
\$200-300K	29.5%	32.8%
\$300-400K	10.5%	18.2%
\$400-500K	2.9%	8.1%
>\$500K	2.6%	9.8%
Total exposures	356,753	48,523,436
Source: NAIC, <i>Property Insurance Report</i>		

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State Market Focus: NEBRASKA

Continued from Page 7

homes in the disaster area,” she said. “And their purpose is to obtain signed contracts for the repair services as quickly as possible. Sometimes homeowners were even asked for deposits for these services before insurance companies had a chance to evaluate the damage.”

After the original Homeowners Protection Act was signed in 2012, residential contractors started exploiting homeowners by having them assign benefits to the contractors, Nielsen said. “Once an assignment of benefits is executed, the insured relinquishes their rights to the claim. This is often done without the homeowner fully understanding the consequences of signing an assignment of benefits contract. Even though this

process involves the repair of their property, the homeowner is entirely excluded from the claims process.”

This, she said, “creates an opportunity for an unethical contractor to inflate a repair bill or charge for things that were not damaged or provided. In the end, the unrestricted assignment of benefits often leads to litigation, complaints, confusion, and frustration.”

The law includes a provision that ensures the insurer can maintain contact with the homeowner regarding the claim, even if there is an assignment. In addition, the legislation clarifies that contractors may not rebate the deductible on a homeowners insurance policy, which may encourage consumers to contract for unnecessary work.

The **Nebraska Department of Insurance**, under the leadership of Director **Bruce Ramge**, introduced the public adjuster bill, which established criteria for public adjusters based on the model suggested by the **National Association of Insurance Commissioners**. Prior to the legislation, public adjusters were licensed more generally as “insurance consultants,” according to Parr. All previously licensed consultants had to reapply under the Public Adjuster Licensing Act.

Nebraska Gov. **Pete Ricketts** also signed legislation that adopted the 2018 version of the International Building Code from the 2012 edition. State Sen. **Dan Quick**, who introduced **LB 348**, said communities had two years to generally conform to the state building code. The bill retains an exemption from a mandate that one- and two-family houses have fire sprinklers.

The governor also signed legislation that made the state building code the default when local municipalities have not adopted any building code within two years after an update to the state code. Proponents said that **LB 96** protects homeowners from unscrupulous contractors building to less than the minimum standards. PIR

Nebraska

Allied Lines Insurers

Groups Ranked by 2018 Premiums Written (000)

Group Name	2018 Premiums	Mkt share	Loss Ratio
EMC Insurance	\$13,683	16.0%	18.3%
Farmers Mutual Ins Co. of Nebraska	\$5,675	6.6%	69.4%
FM Global	\$5,299	6.2%	61.7%
Nationwide Mutual Group	\$4,729	5.5%	57.7%
Travelers Companies Inc.	\$4,331	5.1%	17.6%
United Fire Group Inc.	\$4,288	5.0%	31.9%
North Star Mutual Insurance Co.	\$3,712	4.3%	58.4%
Farmers Insurance Group	\$3,388	4.0%	0.8%
USAA Insurance Group	\$3,001	3.5%	89.3%
Zurich Insurance Group	\$2,943	3.4%	-15.9%
Liberty Mutual	\$2,924	3.4%	72.8%
American International Group	\$2,095	2.5%	74.7%
Berkshire Hathaway Inc.	\$1,998	2.3%	65.3%
Munich Re	\$1,959	2.3%	71.7%
Alleghany Corp.	\$1,536	1.8%	58.6%
Federated Insurance	\$1,516	1.8%	11.2%
Assurant	\$1,463	1.7%	81.5%
Acuity Mutual Insurance	\$1,438	1.7%	66.6%
Shelter Insurance	\$1,424	1.7%	42.3%
Motorists Insurance Group	\$1,296	1.5%	59.1%
Chubb Ltd.	\$1,223	1.4%	59.3%
Statewide Totals	\$85,668		46.4%

Source: S&P Global Market Intelligence and the *Property Insurance Report* database.

Loss ratio = incurred losses/direct premium earned and does not include dividends or loss adjustment expense.

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RENTERS *Continued from Page 3*

tend to have more homeowners than renters. Even the New York City area has sprawling bedroom communities in nearby Rockland and Westchester counties, as well as on Long Island.

On the other side of the equation, **Mississippi** has the lowest percentage of renters insurance policies, even though it ranks as the fourth most rural state with just 49% of its population living in urban areas.

There are two clear drivers of the low level of renters insurance in Mississippi.

The first is price. Mississippi has the highest renters insurance costs in the nation at \$258 in 2017, 37.7% higher than the \$180 national average and relatively more costly at lower coverage levels. Policies covering \$20,000 to \$25,999 in losses represent the largest segment of policies sold in Mississippi and the nation. In this segment, Mississippi's average premium of \$250 is

51.2% higher than the \$165 national average. We don't have loss data to find support for that higher premium, but it is easy to see why Mississippi consumers don't buy the coverage.

The second driver is Mississippi's high level of homeownership. Almost 73% of Mississippi homes are occupied by their owner, the eighth-highest rate of homeownership in the country, despite having the nation's lowest median household income at an estimated \$44,717 in 2018. Mississippi's low housing costs surely contribute to that high rate of homeownership. The median home value in the state averaged \$114,500 for 2014-18, compared with the national average of \$204,900, according to U.S. Census data.

These low costs are reflected in insured values. In Mississippi, 58% of homes are insured for less than \$200,000, the second-lowest

Please see RENTERS on Page 10

Renters Insurance Average Premium By State

State	2017	Rank	State	2017	Rank	State	2017	Rank
Mississippi	\$258	1	Rhode Island	\$182	19	North Carolina	\$157	37
Oklahoma	\$236	2	Arizona	\$178	20	Vermont	\$155	38
Alabama	\$235	3	Nevada	\$178	21	Idaho	\$153	39
Louisiana	\$235	4	Ohio	\$175	22	Virginia	\$152	40
Texas	\$232	5	Indiana	\$174	23	Utah	\$151	41
Georgia	\$219	6	Missouri	\$173	24	New Hampshire	\$149	42
Arkansas	\$212	7	Kansas	\$172	25	Maine	\$149	43
Tennessee	\$199	8	Kentucky	\$168	26	Wyoming	\$147	44
New York	\$194	9	Illinois	\$167	27	Montana	\$146	45
Massachusetts	\$194	10	Alaska	\$166	28	Iowa	\$144	46
Connecticut	\$192	11	New Jersey	\$165	29	Nebraska	\$143	47
South Carolina	\$188	12	Oregon	\$163	30	Minnesota	\$140	48
Florida	\$188	13	Washington	\$163	31	Wisconsin	\$134	49
West Virginia	\$188	14	Maryland	\$161	32	South Dakota	\$123	50
New Mexico	\$187	15	Colorado	\$159	33	North Dakota	\$120	51
Hawaii	\$185	16	Delaware	\$159	34	United States	\$180	
California	\$182	17	Dist. of Columbia	\$158	35			
Michigan	\$182	18	Pennsylvania	\$158	36			

Source: Report by the National Association of Insurance Commissioners: Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance. Calculations by Property Insurance Report. The NAIC does not endorse any calculation or analysis based on its data.

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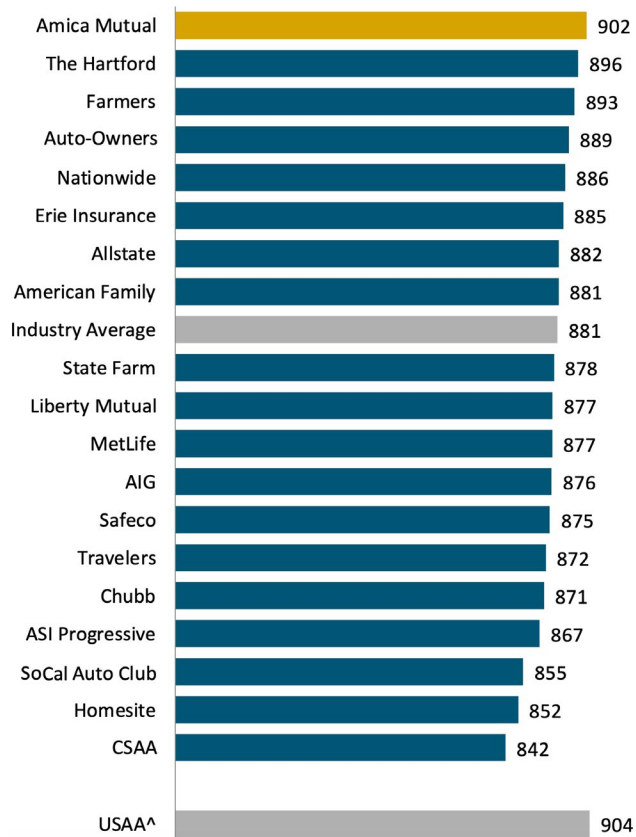
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Continued from Page 1

Property Insurers Outperform Other Industries in Satisfaction

U.S. property insurers reached a record satisfaction level in the latest **J.D. Power** claims satisfaction, reaching 881 in a scale of 1,000, up significantly from 873 in the 2019 study. Best of all, the research firm said this score represents the “highest overall customer satisfaction level among all current J.D. Power consumer-based service studies in the United States and Canada, including auto claims (868); mail order pharmacy (867); and direct banking (860). **PIR**

J.D. Power 2020 U.S. Property Claims Overall Customer Satisfaction Index Ranking



Source: J.D. Power 2020 U.S. Property Claims Satisfaction Study.
^ USAA not eligible because it does not meet award criteria.

PROPERTY INSURANCE REPORT

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RENTERS Continued from Page 9

insured home value in the nation after **Arkansas**, according to 2017 NAIC data. Nationally, only 39.5% of homes are insured for less than \$200,000. (See PIR 2/3/20) While just 2.0% of houses nationwide are insured for less than \$100,000, in Mississippi the figure is 9.2%, the highest percentage of inexpensive housing in the nation.

High levels of homeownership and relatively high costs for renters insurance make it hard for landlords to create a profitable rental market. Like Mississippi, **West Virginia** has a low income, low urban population, at 48.7%, and low home values, so its status as the second-lowest penetration of renters insurance probably has similar causes.

The bottom line: renters insurance is a small and quirky market, with significant differences by state. But given the policy count growth, property insurers would be wise to pay attention and capture these households in the hope that additional product sales will follow.

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