

Biden wades into home insurance mess

Politico

Climate change may be forcing millions of Americans to go without home insurance, as unpredictable weather and intensifying disasters prompt major underwriters to flee hard-hit neighborhoods.

In response, the Biden administration is asking top insurance companies — for the first time — to provide detailed, ZIP code-level data about their policies, claims, premiums and losses from 2017 to 2022, write Thomas Frank and Avery Ellfeldt.

The inquiry aims to identify regions that could lose coverage in the coming years. Treasury Secretary Janet Yellen said her agency will also assess “the increasing impacts of climate change on household budgets” and help officials improve insurance “availability and affordability.”

But House Republicans oppose the effort, as does the insurance industry. GOP lawmakers have introduced two bills that would block the Treasury’s data probe, one of which would gut the Treasury’s Federal Insurance Office altogether.

The Treasury office “is attempting to bypass state insurance commissioners and add massive new costs onto policyholders’ bills through an unprecedented mandatory climate data call,” Rep. Warren Davidson (R-Ohio) said last week.

A growing problem

In recent years, wildfires and hurricanes have destabilized insurance markets in California, Colorado, Florida, Louisiana and Texas.

California insurers, for example, lost \$20 billion in 2017 and 2018 from wildfires that ravaged the state. Since 2019, seven of the state’s 12 top underwriters have fled the California market.

The result is rising premiums for homeowners — and some areas where insurance is hard or impossible

to get. Consumer advocates say no one knows the scope of the problem, with little data on how disasters have affected insurance in individual communities and regions.

“We know the problem is out there. We just don’t know how big a threat it is to the safety and soundness of the banking system,” said Amy Bach, executive director of United Policyholders, a California-based consumer advocacy group.

The Treasury isn’t the only one looking into the issue.

Democratic Sens. Sheldon Whitehouse (R.I.) and Ron Wyden (Ore.) are launching a separate investigation into the issue, sending letters to 40 insurers requesting information on how companies deal with climate risks and where they pulled back coverage.

States, not the federal government, regulate insurance companies. While the Treasury Department could make recommendations, it would face difficulty setting policies that regulate insurers. Whitehouse and Wyden would similarly face obstacles in enacting any laws on the issue.

But the efforts will likely increase pressure on insurance companies to address how climate change is increasing property damage and threatens insurers. State regulators are also looking into the issue: A group representing state insurance regulators, the National Association of Insurance Commissioners, opened a probe in August to collect data from property insurance writers.