



To: Transparency and Readability Working Group Members

From: United Policyholders

Date: December 15, 2023

Re: Proposed Premium Increase Transparency Guidance

United Policyholders appreciates the time and effort the Working Group has put in to drafting the proposed premium increase transparency guidance. We strongly support the implementation of renewal notifications that provide insureds with necessary information about their coverages and their premiums.

With rising property insurance premiums and the stress they're creating, it's important to give consumers detailed information on their risk profile and what they can do to improve it. In today's challenging P&C marketplace, it's critical that consumers be empowered to make good decisions and maintain adequate coverage. It's a seller's market in many regions of the country. Options are limited, the age and condition of a home and the owner's risk and credit scores play an ever-increasing role in determining what pricing and policy choices will be available to an individual consumer. As this Working Group is well aware, giving people the information they need to understand how insurers view them, what their risk profile is and what they can do to keep their premiums affordable is more important than ever.

The proposed disclosures are a good start, and we offer the following comments aimed at making the proposed disclosures more detailed and useful in today's marketplace.

We recommend that the proposed guidance be amended to include:

- 1) Critical information to enable the policyholder to validate the accuracy of the renewal premium;

This requires providing the base information used for rating factors including but not limited to the specific age of the home, the specific protection class, and the specific zip code of the residence or similar specific details that played a part in the rating formula. This is as opposed to only providing broad categories such as "age of home", "protection class" or "territory".

- 2) Specific, actionable information policyholders can use to reduce their premiums or amend their coverage.

This requires making the policyholder aware of key information including but not limited to the specific discounts/reductions in premium that the policyholder might be eligible for by increasing the deductible or through taking advantage of available discounts for mitigation steps to reduce the likelihood of loss to the home such as installing water shut-off valves, moisture meters, roof tie-downs, ember resistant vents, gutter guards, a class A roof, or residing in a Firewise Community as examples.

The disclosure should also provide details about the coverage limit for the dwelling structure and how that limit was derived so that policyholders can consider whether they have adequate coverage. We have found that in midst of every catastrophic loss situation involving broad scale damage to homes the majority of homeowners are significantly underinsured.

It is also critically important that such notifications allow sufficient time for the consumer to act upon the information provided. It is our position that 30 days' notice is inadequate for the consumer to search for other coverage in the case of a substantial premium increase or to initiate any mitigation actions that would reduce the renewal premium. A 60 day notice is much more appropriate as a lead time for such an important financial contract.

Finally, a key criterion for any disclosure document that is embedded in a multipage mailing is that the disclosure **draw attention to itself** and be dynamic and clear in its messaging. Thus, it is important that this disclosure have a bold heading in as large a type as any document in the renewal offer and that the language is direct (e.g., bullet points for each key criterion) in providing these critical details to the policyholder.

United Policyholders greatly appreciates that this endeavor to better inform insurance consumers is underway. We are hopeful that the standards adopted for these notices provide a very useful source of information that will allow policyholders to better understand and engage in this very important financial transaction.

Respectfully submitted,

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