Downgrading coverage to ACV only = Short Term Gain, Long Term Pain

NCOIL Summer National Meeting

Boston • July 18, 2026

About United Policyholders

- A 35 year-old insurance consumer advocacy 501(c)(3) non-profit with a Platinum GuideStar rating and a national corps of professional and disaster survivor volunteers.
- Advocating for fair insurance practices and improving disaster resilience and recovery since 1991.
- Trustworthy, plain language info and expertise on buying home insurance and navigating claims after a loss.
- 3 programs: Roadmap to Preparedness, Roadmap to Recovery® and Advocacy and Action.
- Closely monitoring the property insurance marketplace, coordinating with stakeholders to restore affordable options and working hard to help people reduce risk and keep homes and businesses adequately insured despite a current crisis.

Amy Bach, Esq.

- A professional insurance consumer advocate since 1984, Co-founder, United Policyholders
- Published author, experienced trial and regulatory attorney
- Appointed Member, Federal Advisory Committee on Insurance (US Treasury)
- Official Consumer Representative, Nat’l Ass’n of Insurance Commissioners
- Associate Board Member, Redwood Credit Union Services Group

Shrinking Coverage for Roofs

The Federal Housing Finance Agency's (FHFA) recent rule revision allows homes with federally backed mortgages to reduce coverage to Actual Cash Value

While we recognize that marketplace forces are driving the move, we urge lawmakers to recognize the downside risk of this initiative

The roof is key to both the structural integrity and the real estate value of a home

ACV only coverage causes significant protection gaps and leads to devalued mortgaged collateral

RCV vs. ACV and Why RCV Matters

- **Replacement Cost Value (RCV):** pays what it actually costs to repair or replace damaged or destroyed property

- **Actual Cash Value (ACV):** pays a depreciated amount reflecting age and condition – often far below actual replacement cost

- **The gap:** with ACV, the homeowner must come up with cash, take on debt, or leave the home unrepaired

- **Why RCV matters:** in United Policyholders' 35 years of experience, RCV coverage makes a huge difference in a disaster survivor's ability to restore their assets and regain financial health.

Why properly maintaining and insuring roofs matters:

- **Structural integrity:** A roof’s water resistance is critical to the overall structure’s strength
- **Real estate value:** roof condition drives appraisal value, marketability, and insurability.
- **Mortgage collateral:** an unrepaired or patched roof degrades the asset that secured the loan.
- **Consumer confidence in the value of insurance:** Consumer trust in insurers is at an all time low. Blue tarps, images of lawn sign messages to insurers and the Internet are drivers.

The ACV only coverage experiment in FL

- Florida had a law that recognized that when 25% or more of a roof is damaged, construction/structural engineering principles require it to be replaced, but that law was changed in 2022 to expressly allow ACT only coverage on roofs.
- They also authorized separate roof deductibles of up to 2% of the dwelling limit or 50% of the roof replacement cost (s. 627.701(10), Fla. Stat.)
- Insurers may hold roof claim payments to ACV until the policyholder proves they've paid the roof deductible (s. 627.7011(3)(a), Fla. Stat.)
- The result: households with older roofs need to either pay out of pocket or leave tarps over their damaged homes

floir.gov/home/hurricane-milton

Data provided is as of December 9, 2025

	Residential Property	Homeowners	Dwelling	Mobile Homeowners	Commercial Residential	Commercial Property	Private Flood	Business Interruption	Commercial Auto	Private Passenger	TOTALS
Number of Claims	304,408	242,719	30,466	27,456	3,7,67	23,901	2,046	466	1,388	43,397	385,146
Open Claims With Payment	8,944	7,417	958	269	300	7,339	88	9	20	63	16,572
Open Claims Without Payment	8,672	7,211	1,130	120	211	5,202	68	23	42	62	14,403
Claims Closed With Payment	172,135	132,246	16,451	21,591	1,847	4,154	1,386	320	994	34,326	219,994
Claims Closed Without Payment	114,657	95,845	11,927	5,476	1,409	7,206	504	114	332	8,946	134,177
Percent of Claims Closed	94.2%	94.0%	93.1%	98.6%	86.4%	47.5%	92.4%	93.1%	95.5%	99.7%	92.0%
Total											

floir.gov/home/ian

OIR required insurers report estimated and paid losses. Estimated or case incurred losses include indemnity case reserves and payments to date.

Lines of Business	Number of Claims Reported	Number of Open Claims with Payment	Number of Open Claims without Payment	Number of Claims Closed with Payment	Number of Claims Closed without Payment	Percent of Claims Closed
Residential Property	565,101	16,176	9,665	381,815	157,445	95.4%
Homeowners	458,743	13,689	8,207	302,125	134,722	95.2%
Dwelling	58,140	1,920	1,314	40,147	14,759	94.4%
Mobile Homeowners	44,050	219	52	37,094	6,685	99.4%
Commercial Residential	4,168	348	92	2,449	1,279	89.4%
Commercial Property	32,850	5,332	1,296	13,290	12,932	79.8%
Private Flood	5,731	324	60	3,821	1,526	93.3%
Business Interruption	591	16	11	424	140	95.4%
Other Lines of Business*	184,793	917	282	154,863	[illegible]	99.4%
TOTALS	789,066	22,765	11,314	554,213	200,774	95.7%

Data as of March 4, 2025

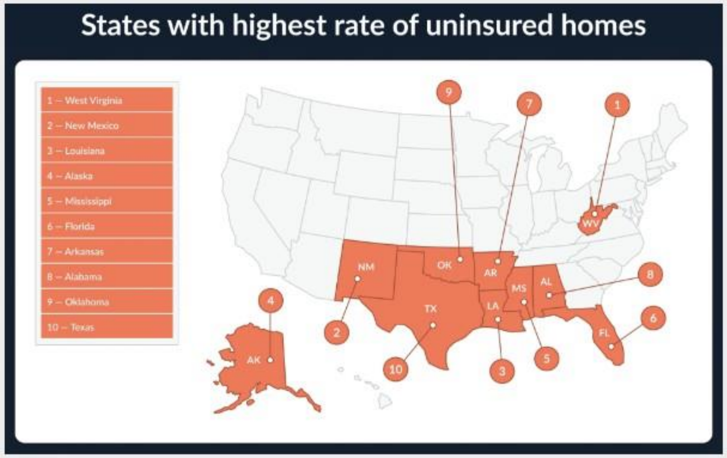
floir.gov/home/hurricane-helene

	Residential Property	Homeowners	Dwelling	Mobile Homeowners	Commercial Residential	Commercial Property	Private Flood	Business Interruption	Commercial Auto	Private Passenger	TOTALS
Number of Claims	72,037	57,992	6,550	6,617	878	7,137	4,344	146	1,424	62,578	155,182
Open Claims with Payment	2,564	1,998	262	275	29	757	300	9	45	414	4,398
Open Claims without Payment	2,204	1,860	239	50	55	3,329	721	30	26	225	7,195
Claims Closed with Payment	29,315	22,385	2,124	4,446	359	993	1,910	65	1,174	54,822	93,451
Claims Closed without Payment	37,951	31,748	3,925	1,846	435	2,058	1,413	42	179	7,117	50,138
Percent of Claims Closed	93.4%	93.3%	92.4%	95.1%	90.4%	42.7%	76.5%	73.3%	95.0%	99.0%	92.5%

SHRINKFLATION
Property insurance premiums go up, but your coverage goes down
1992
HURRICANE deductibles appear
1998
COLLAPSE COVERAGE drastically reduced
2000
MOLD exclusions
2004
%
PERCENTAGE DEDUCTIBLES appear for "other perils"
2006
FENCE, AWNING AND SCREEN ENCLOSURES excluded
2008
MANDATORY MANAGED REPAIR PROGRAMS business model introduced
2010
SINKHOLE exclusions and separate 10% deductible
2012
OTHER STRUCTURES limits reduced from 10% to 2 or 3%
2016
WATER LOSS exclusions and managed repair programs proliferate, flooring exclusions, limits on emergency services and mitigation
2020 AND BEYOND
1. Roof actual cash value
2. Aesthetic exclusions
3. Flooring sublimits
4. Tear out exclusions
Brought to you by Florida Association of Public Insurance Adjusters

Homeowners Going Bare

Homeowners Going Bare: Lagging metrics show the importance of bringing costs down. A new study by LendingTree shows nearly 20% of Florida homes were uninsured in 2024, the sixth-highest percentage in the country according to the latest available figures. That's an 8% increase from 2023. The Lakeland area saw the largest increase (up 45.7%) of those without homeowners insurance, with 28% total uninsured. Other areas that ranked high include Miami (22.5% uninsured), Tampa (19.1%), and Cape Coral (18.6%). Nationwide in 2024, nearly one in seven homes (14.1%) were going bare. Experts say affordability has been a big reason. "Many people who go without home insurance aren't ignoring the risks, they're making a trade-off they feel they can't avoid," said LendingTree home insurance expert Lindsay Bishop. "Rising home insurance rates are making home insurance harder to afford, especially for people on fixed incomes."



Source: LendingTree

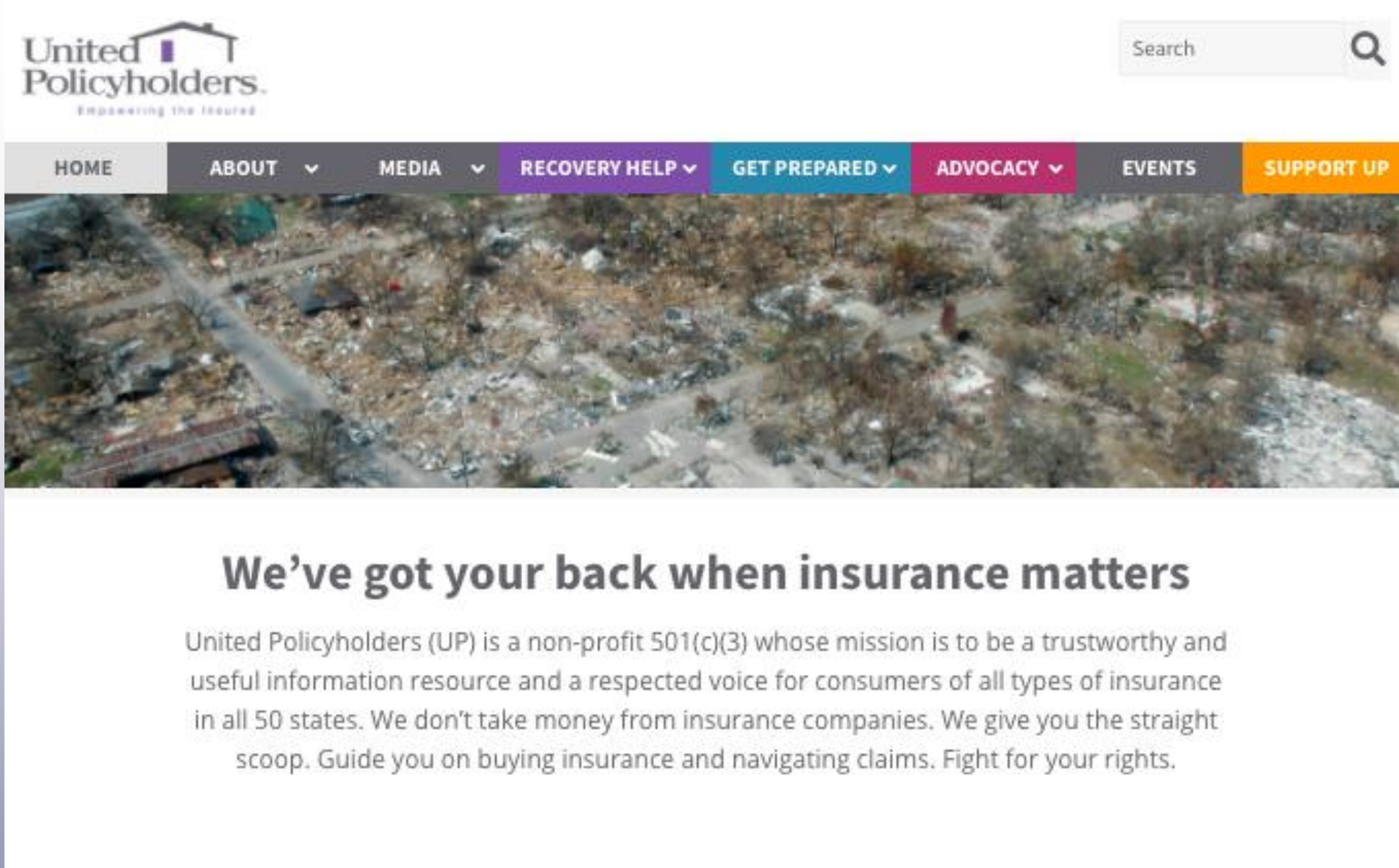
Source: Lisa Miller & Associates Newsletter

Consumers need help prioritizing the most important coverages, choosing the right deductible *and* making risk reduction home improvements

- Affordability is a challenge, so we need to help consumers find ways to economize without losing essential protection
  - Allow lower contents limits, make “Other Structures” optional

- Now that ACV roof coverage is legal and ok w/Fannie Mae, still promote RCV

- Increase funding for fortifying roofs and boost insurer engagement in incentivizing and rewarding roof fortification



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