

March 14, 2024

# NAIC Issues Homeowners' Insurance Data Call

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## Comprehensive Data to Be Collected from U.S. P&C Insurers at ZIP Code Level to Aid in Assessment of Climate Risk; Separate FIO Data Call No Longer Being Pursued

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### SUMMARY

On March 8, 2024, the National Association of Insurance Commissioners (“NAIC”) announced that state insurance regulators intend to issue and coordinate a comprehensive, multi-state Property & Casualty Market Intelligence Data Call (“PCMI”) to collect and analyze homeowners’ insurance data.<sup>1</sup> The PCMI will cover more than 80% of the U.S. property insurance market by premium volume and will gather data from more than 400 property insurers. An anonymized subset of the data collected by the NAIC and state insurance regulators will be provided by the NAIC to the Federal Insurance Office (“FIO”)—and, as a result, FIO will no longer pursue its previously proposed data collection of homeowners’ insurance data.

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### BACKGROUND

In October 2022, FIO issued its initial proposal (further updated in November 2023)<sup>2</sup> to collect homeowners’ insurance underwriting data from U.S. property and casualty insurers writing homeowners’ insurance for purposes of assisting FIO’s assessment of climate-related exposures and their potential effects on the availability and affordability of insurance coverage. FIO was proposing to collect a total of six years of data, at the ZIP Code level. FIO initially proposed to collect this data from a total of approximately 213 insurers, but later expanded the scope of its proposed data collection to 240 insurers, representing approximately 70% of U.S. direct homeowners’ insurance premiums. FIO stated that this proposal was intended to further its work related to President Biden’s May 20, 2021 Executive Order on Climate-Related Financial Risk, which required the Secretary of the Treasury to direct FIO to assess climate-related issues or gaps in the supervision and regulation of insurers, and to further assess, in

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consultation with the U.S. states, the potential for major disruptions of private insurance coverage in regions of the United States particularly vulnerable to climate change impacts.<sup>3</sup>

The NAIC initially expressed “deep concerns” with FIO’s proposal to collect this data, expressing that state insurance regulators were “disappointed and concerned that Treasury chose not to engage insurance regulators in a credible exercise to identify data elements gathered by either the industry or the regulatory community indicative of climate risk”, and urged FIO to engage with state insurance regulators and the NAIC instead of proceeding with its proposed data call.<sup>4</sup>

The PCMI is the result of an agreement among FIO, the NAIC and state insurance regulators to collaborate on gathering this data, which will be provided by insurers directly to state insurance regulators. An anonymized subset of the data will be shared by the NAIC with FIO between June 2024 and September 2024. As a result, FIO will no longer pursue its own separate data collection at this time, and will instead collaborate with the NAIC on the PCMI.<sup>5</sup>

The PCMI is intended to help the NAIC and state insurance regulators to address an “insight gap” resulting from the fact that not all states currently collect ZIP-Code-level data on homeowners’ insurance markets, which makes it more difficult for regulators to analyze the affordability and availability of homeowners’ insurance coverage for consumers in some areas. The NAIC expects that the PCMI will provide insurance regulators with deeper insights into property insurance market costs, coverages and protection gaps “amid the increasing frequency and severity of natural disasters, escalating reinsurance costs, and continued inflationary pressures”.<sup>6</sup>

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### THE NAIC DATA CALL

On March 8, 2024, state insurance regulators sent letters to insurance companies subject to PCMI, requiring that such insurance companies submit responses via the NAIC’s Regulatory Data Collection (“RDC”) website.<sup>7</sup> These letters were sent to approximately 400 insurance companies, representing more than 80% of the U.S. property insurance market by premium volume—*i.e.*, a larger percentage of the U.S. property market than would have been covered by FIO’s data call. Similarly to the previously proposed FIO data call, the PCMI will collect ZIP-Code-level data from property and casualty insurers that issue homeowners’ insurance coverage. This data includes more than 70 data fields relating to homeowners’ insurance premiums, policies, claims, losses, limits, deductibles, non-renewals and coverage types (as compared to FIO’s amended proposal, which would have required only seven fields including premiums, losses, claims and certain other policy information to be completed per ZIP Code), and covers five reporting years (2018 through 2022).<sup>8</sup> Responses to the PCMI are required to be provided on an individual company basis; if an insurance group controls several insurance companies subject to the PCMI, each insurance company is required to prepare and submit a separate response.<sup>9</sup> Responses are due by June 6, 2024.

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According to the NAIC, insurance companies' responses to the PCMI will be kept confidential pursuant to state insurance laws granting confidential treatment to information obtained by the insurance regulator during an examination of an insurance company.<sup>10</sup> State insurance regulators participating in the PCMI also have confidentiality agreements in place with the NAIC, which require the NAIC to protect and maintain the confidentiality of information submitted by insurance companies as part of the PCMI.<sup>11</sup>

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ENDNOTES

<sup>1</sup> See NAIC, “States Issue Property & Casualty Market Intelligence Data Call Covering Over 80% of U.S. Market” (Mar. 8, 2024), *available at* <https://content.naic.org/article/states-issue-property-casualty-market-intelligence-data-call-covering-over-80-us-market>.

<sup>2</sup> See Department of the Treasury, “Agency Information Collection Activities; Submission for OMB Review; Comment Request; Federal Insurance Office Climate-Related Financial Risk Data Collection for U.S. Homeowners Multi-Peril Underwriting Data” (Nov. 2023), *available at* <https://home.treasury.gov/system/files/136/FIO-Revised-Data-Collection-Federal-Register-Notice.pdf>. For our previous memorandum describing FIO’s initial proposal, see Sullivan & Cromwell LLP, “FIO Requests Comments on a Proposed Data Call for Homeowners’ Insurance Underwriting Data to Aid in Assessment of Climate Risk” (Oct. 27, 2022), *available at* [https://www.sullcrom.com/SullivanCromwell/\\_Assets/PDFs/Memos/sc-publication-FIO-proposes-PandC-insurance-underwriting-data-call-climate-risk.pdf](https://www.sullcrom.com/SullivanCromwell/_Assets/PDFs/Memos/sc-publication-FIO-proposes-PandC-insurance-underwriting-data-call-climate-risk.pdf).

<sup>3</sup> See The White House, Executive Order on Climate-Related Financial Risk (May 20, 2021), *available at* <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/05/20/executive-order-on-climate-related-financial-risk/>.

<sup>4</sup> See NAIC, Letter to G. Steele, Assistant Secretary for Financial Institutions, U.S. Department of the Treasury (Nov. 22, 2022), *available at* <https://content.naic.org/sites/default/files/government-affairs-letter-fio-climate-related-financial-risk-data-comments-221122.pdf>.

<sup>5</sup> See U.S. Department of the Treasury, “U.S. Department of the Treasury and State Insurance Regulators Launch Coordinated Effort on Homeowners Insurance Data Collection to Assess the Effects of Climate Risk on U.S. Insurance Markets” (Mar. 8, 2024), *available at* <https://home.treasury.gov/news/press-releases/jy2162>.

<sup>6</sup> See NAIC, “States Issue Property & Casualty Market Intelligence Data Call Covering Over 80% of U.S. Market” (Mar. 8, 2024), *available at* <https://content.naic.org/article/states-issue-property-casualty-market-intelligence-data-call-covering-over-80-us-market>.

<sup>7</sup> The address of the NAIC’s RDC website is: <https://content.naic.org/industry/data-call/property-ho.htm>.

<sup>8</sup> The data fields are included in the NAIC report template for the PCMI, which is available at: <https://content.naic.org/sites/default/files/new-property-template.xlsx>. Definitions for certain terms used in this report template are available at <https://content.naic.org/sites/default/files/industry-data-call-property-ho-definitions.pdf>.

<sup>9</sup> See NAIC, “Property & Casualty Market Intelligence Data Call Frequently Asked Questions and Answers” (Mar. 8, 2024), *available at* <https://content.naic.org/sites/default/files/new-property-faq.pdf>.

<sup>10</sup> See NAIC, “Property & Casualty Market Intelligence Data Call Frequently Asked Questions and Answers” (Mar. 8, 2024), *available at* <https://content.naic.org/sites/default/files/new-property-faq.pdf>.

<sup>11</sup> See the NAIC’s RDC website, *available at* <https://content.naic.org/industry/data-call/property-ho.htm>.

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