Coastal Resiliency and Property Insurance

Coastal Resources Commission

April 18, 2019

The Importance of Property Insurance

Homeowner, wind and flood insurance play a vital role in coastal communities and is mandatory if a homeowner has a mortgage.

The cost of property insurance impacts the affordability of housing - the ability to qualify for a mortgage and more importantly to maintain a mortgage. It impacts the investment in our communities.

Those without a mortgage are not required to maintain property insurance and can elect to have fire/liability coverage only.

What would the impact be after a disaster if the majority of homeowners did not have coverage?

When Insurance Becomes Cost Prohibitive

The NC rate making system is based on “if” not “when” – causing very high rates on the coast. We need other tools in the toolbox.

- Lower market values
- Cash only buyers
- No coverage
- Walk away
- Homeowners lose their largest investment

EVERY HOMEOWNER SHOULD HAVE COVERAGE!

Lower risk = Lower cost? Options!

Proprietary information? We need to be able to track losses based on structural aspects and any mitigation features. ISO, III Losses versus how much was saved.

Incentives and Mitigation credits – a great start but more work needs to be done. Alabama and Florida's hazard mitigation credits are twice that of NC's.

Community mitigation efforts included in the equation? Stormwater management plans, infrastructure maintenance, beach nourishment, etc.

Flood Insurance

RISK RATING 2.0 to begin OCTOBER 2020

?????

NCIUA – Model for Managing Catastrophic Risk

Reduced reliance on reinsurance

Lowered the cost of reinsurance - focused on building reserves

Roof Repair Program in place for a few years – low involvement

April 2019 – Strengthen Your Roof Program introduced

Coastal Resiliency

- Empower the POLICYHOLDER!
- Property buyouts
- Incentivize hazard mitigation – cost vs. benefit
- Data on losses versus construction features, age, etc.
- Rate making system revised
- NC flood insurance product
- Statewide catastrophe fund

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