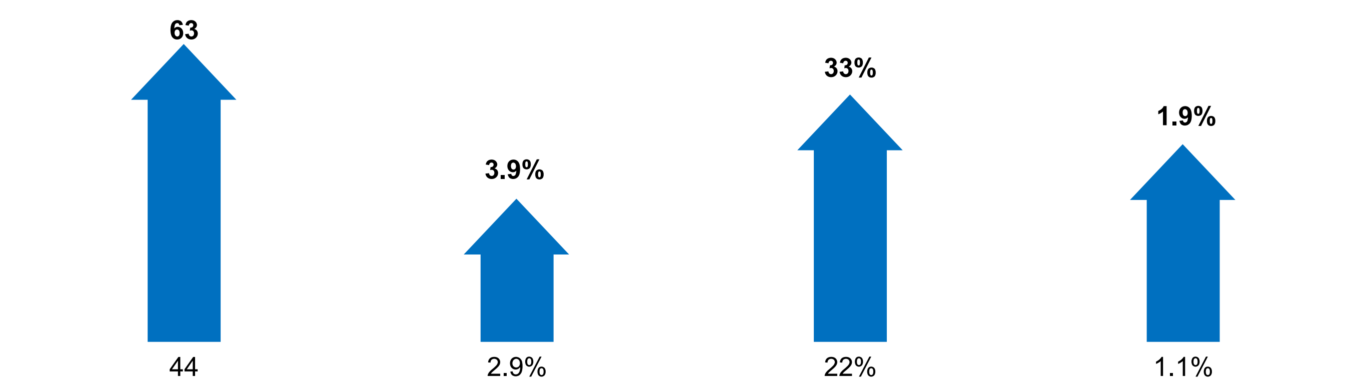
Rate Regulation in Homeowners Insurance: Comparison of State Systems

INSURANCE RESEARCH COUNCIL
Affiliated with The Institutes

- This study examines state regulatory environments for homeowners insurance. Key measures of rate regulation are examined countrywide over time, across different regulatory systems, and across states. The report also looks at how the health of homeowners insurance systems varies by regulatory environment in terms of underwriting profitability, competitiveness, residual markets, and excess and surplus homeowners markets.
- The study finds that the processes to achieve approved rate filings for homeowners insurance grew more cumbersome countrywide and across regulatory environments from 2010 through 2024. Ultimately, these protracted processes are causing more disparity from timely and necessary rate increases by insurance carriers to achieve adequate rates, contributing to the poor combined ratio performance of homeowners insurance in recent years.

KEY FINDINGS FROM 2010 TO 2024:

The average number of days from request for a rate adjustment to approval has grown by 41 percent.	The number of filings withdrawn across all rate filings has grown by 34 percent.	The frequency of filings receiving less rate impact than requested grew by 10.5 points.	The severity of difference in Approved Rate Impact grew by 0.8 points.



- The number of rate filings is growing at a compound annual growth rate of 3.3 percent from 2018 to 2024 countrywide.
- Market concentration (as measured by the Herfindahl-Hirschman Index, or HHI) has decreased by 14.6 percent, indicating increased competition.
- Filing process measures and market outcomes vary by regulatory systems.

Visit insurance-research.org to purchase the full report
or learn about the Insurance Research Council.