

Resolution No. 1

Date: 2/2/2023

City: Las Vegas, NV

NAHB Resolution

Title: Facilitating New Affordable Homeowners' Insurance Options
Submitted by: Randy Noel

WHEREAS, the National Association of Home Builders (NAHB) has advocated for affordable homeownership for close to eight decades;

WHEREAS, increased regulations, building code requirements, mortgage interest rates, and insurance premiums for homeowners' coverage, among other things, add significant costs to homes and further harm housing affordability;

WHEREAS, private insurance companies are increasingly denying the sale of new insurance policies and the renewal of existing coverages required to obtain or maintain a mortgage due to potential damages and claims for wind, flood, fire, blizzard and other perils;

WHEREAS, the failure of state insurance regulators to address the challenges associated with inadequate insurance coverages and excessive premiums for single family, multifamily, and attached dwellings has resulted in annual rate increases of over 3,000%, with increased deductibles by more than 2,000%, and in worst case scenarios the complete cessation of the construction of new dwellings within a state;

WHEREAS, reinsurance companies also are rapidly increasing the costs of insurance for insurance companies on all lines of coverage due to recent national and global disasters, and burgeoning bureaucratic expenses and in an effort to make up for loss of participation, further exacerbating the challenges of securing available and affordable insurance;

WHEREAS, although homes built to modern building codes (e.g., post-2000) and especially current building codes, have been shown to be more resilient and energy efficient than homes built to prior building codes, private insurance companies often charge premiums that are higher than actuarially justified to make up for losses from policies on homes not built to current codes;

WHEREAS, offering lower premiums for new homes that are built by NAHB members in compliance with current building codes may increase membership, maximize the resiliency benefit for customers, and lower insurance costs for new home buyers;

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders (NAHB) urge Congress to explore the creation of a new “All Perils” reinsurance fund to serve as a backstop for private insurance companies in the event of catastrophic disasters (those where total loss is over \$1 billion in claims in a 12-month period).

BE IT FURTHER RESOLVED that NAHB petition the National Association of Insurance Commissioners to recognize the challenges associated with the lack of available and affordable homeowners’ insurance and multifamily property insurance and its impact on homeownership and affordability of rents, and urge them to take the necessary steps to address this problem.

NOW, THEREFORE, BE IT RECOMMENDED that NAHB create a Working Group to explore the possibility of partnering with an insurer or facilitating the formation of an insurance program that would be unique to NAHB members’ homeowner customers whose homes are built to current building codes or above and provides preferred coverage and preferred premium rates. This Working Group will be made up of a National Area Chair, a State Representative, a Senior Officer, a member of the Budget & Finance Committee, a member of the Construction, Codes & Standards Committee, and general members familiar with property and casualty insurance.

BE IT FURTHER RECOMMENDED that NAHB regularly report on the progress of the actions directed herein to the membership.

Leadership Council Action:	Approved
Resolutions Committee Action:	Recommends Approval
Housing Finance Committee Action:	Recommends Approval
State and Local Government Affairs Committee Action:	Recommends Approval
Federal Government Affairs Committee Action:	Recommends Approval
Multifamily Council Board of Trustees Action:	Recommends Approval

This resolution was submitted after the 30-deadline and will require a two-thirds majority for approval by the Leadership Council.

2023 IBS Board Meeting

Recommendation No. 1

Title: Facilitating New Affordable Homeowners' Insurance Options

Check one of the four boxes below:

- This recommendation requires additional budget appropriations, which will be presented and considered as part of NAHB's normal budget review process. The amount of the new budget request to be presented to the NAHB Budget Committee is _____.
- The above recommendation can be implemented using already approved budget and staff resources, but may require some shifting of priorities in terms of staff time and other resources. The preliminary cost estimates for implementing the above recommendation are (**bold** one):
- Less than \$20,000.
 - Between \$20,000 and \$50,000.
 - Between \$50,000 and \$100,000.
 - More than \$100,000.
- Impractical to provide a preliminary cost estimate at this time.
- No cost implications.