

NATIONAL COUNCIL OF INSURANCE LEGISLATORS  
PROPERTY & CASUALTY INSURANCE COMMITTEE  
INTERIM COMMITTEE MEETING – SEPTEMBER 22, 2023  
DRAFT MINUTES

The National Council of Insurance Legislators (NCOIL) Property & Casualty Insurance Committee held an interim meeting via Zoom on Friday, September 22, 2023 at 12:00 P.M. (EST)

Representative Edmond Jordan of Louisiana, Chair of the Committee, presided.

Other members of the Committee present were:

Rep. Tammy Nuccio (CT)	Asm. Jarett Gandolfo (NY)
Rep. Rita Mayfield (IL)	Sen. Bob Hackett (OH)
Rep. Matt Lehman (IN)	Rep. Forrest Bennett (OK)
Rep. Mike Meredith (KY)	Rep. Jim Dunnigan (UT)
Rep. Rachel Roberts (KY)	Del. Steve Westfall (WV)
Rep. David LaBoeuf (MA)	
Sen. Paul Utke (MN)	

Other legislators present were:

Rep. Deborah Feguson, DDS (AR)  
Rep. Elaine David (TN)  
Asm. David Weprin (NY)

Also in attendance were:

Commissioner Tom Considine, NCOIL CEO  
Will Melofchik, NCOIL General Counsel  
Pat Gilbert, Manager, Administration & Member Services, NCOIL Support Services, LLC

#### QUORUM

Upon a Motion made by Sen. Bob Hackett (OH) and seconded by Sen. Paul Utke (MN), NCOIL Secretary, the Committee voted without objection by way of a voice vote to waive the quorum requirement.

#### INTRODUCTORY REMARKS: CHAIR JORDAN

Rep. Jordan thanked everyone for joining the meeting and stated that we're going to begin with some new business which is the discussion of some proposed amendments to the NCOIL Delivery Network Company (DNC) Insurance Model Act. Then we'll continue with discussing the NCOIL Public Adjuster Professional Standards Reform Model Act, and then proposed amendments to the NCOIL Model State Uniform Building Code. There won't be any votes on any of these items discussed today. As you know, these interim meetings are extremely helpful in maintaining an open dialogue and ensuring that we're able to complete our agenda in an efficient timeline. One last thing before we get started. The latest version of the models that were distributed for the meeting are not necessarily what will be discussed or considered at our committee

meeting in November. We're likely to make more changes between now and the time for the 30 day materials deadline which is a few weeks away. And then we can also make more changes between then and the November meeting.

## DISCUSSION ON PROPOSED AMENDMENTS TO NCOIL DELIVERY NETWORK COMPANY (DNC) INSURANCE MODEL ACT

Rep. Jordan stated that NCOIL adopted this Model this past November and we really don't like to re-open Models for discussion so soon after adoption but it's come to our attention that some clarifying amendments might need to be made. You can review those amendments in the materials for this meeting. So, we'll go ahead and we'll hear from the interested parties first and I'm going to start with Brad Nail, representing Lyft, who led the interested persons discussion group on this Model last year and has been initiating many of the discussions this time as well.

Mr. Nail thanked the Committee for the opportunity to speak and stated that as was mentioned, the Model passed last year. It was run in a few States and I think the stakeholders identified some possible changes to make to help the Model move along in States better in upcoming sessions. And in the materials that were distributed for this meeting were some suggested revisions that were generally agreed to. There are three areas for continued discussion and that's where I think today's meeting could be particularly helpful. We can get a sense of direction from the stakeholders and the Committee members what direction you want to take and hopefully prepare language to address everything for the November meeting.

The three areas for continued discussion are further refinement of the delivery available definition, a different approach to the delivery service definition, and then whether or not to address independent contractor or worker classification issues in the Model. I'll just go over quickly the amendments in the material that you have and much of this is pretty technical in nature. You can see it starts really on page two of the Model with a technical correction of the placement of the word "and" at the top of that page and then a drafting note that clarifies that the insurance requirements are intended to apply to vehicles that are required to carry insurance in your state. That is something that we know varies from state to state - how you define what a vehicle is and when it's required to carry insurance. And we're not trying to apply insurance requirements to something that's not otherwise required to be insured like a bicycle or something like that.

Then we get to the delivery available period definition and the modification was made to make the insurance requirements apply to the period when a driver is eligible to receive work requests. The thinking is that the term "eligible" better captures the status of the driver under various business models used by the DNCs. And then under subsections G and H on that same page a technical change is proposed to better clarify that the location of the delivery may be different from the location of the customer who is placing the order. And the final technical correction is on page five where there's a change to a cross reference that got messed up in the printing of the model. So, these have been distributed and we solicited feedback and I think they are generally agreed on. We did get the suggestion for a further refinement of the delivery available period definition that I think needs additional discussion and the suggestion was instead of simply changing the definition to read "eligible" that it be changed to read "eligible and available." This was discussed among the stakeholders but has not yet been agreed to.

The second area for discussion is a proposed change to the delivery service period definition. Keep in mind that the delivery companies operate using different business models and that makes it a little trickier here. And some of the DNCs have suggested narrowing this delivery service period definition to limit the time when they're required to provide coverage, particularly among the DNCs that use scheduled delivery. They schedule folks for specific time periods as opposed to true on demand delivery when someone just turns an app on and is looking for work that they've not already been assigned. So, those DNC's don't want to cover the time when that driver is driving to their first pickup, as they view that more in line with commuting as opposed to work that they would insure. So the suggestion was circulated but not agreed to for a bifurcated approach that separately defines on demand DNCs from scheduled delivery DNCs. So that's an area for discussion and I think you will probably be able to hear from some of the stakeholders who have positions on that. And the third area is just whether or not to try to address the employment status and the independent contractor status of drivers who sign up and work on the DNC platforms. So, that lays out the suggested changes in the material that was distributed and those additional areas for discussion.

Jordan Bailey, Senior Legislative Policy Advisor at DoorDash, thanked the Committee for the opportunity to speak and stated that I just wanted to share from our perspective that we are fine with the technical changes that are being proposed and have been circulated as part of the materials. But I really do hope that there can be a broader conversation about the delivery available period definition and some of our concerns. I think separate from the amendments that Mr. Nail directly mentioned, we have also had conversations with several members of this Committee about some refinements to that definition to address our concerns around kind of the potential for fraud or folks just to leave the platform open and the challenges that creates for our model. Would the insurance coverage during the delivery available period apply? So we would love to work more on some potential guardrails to prevent kind of misuse of coverage during that period as it pertains to our model between now and potentially the meeting in November.

CJ Stolle, Senior Manager of Public Policy at Amazon, thanked the Committee for the opportunity to speak and thanked Mr. Nail for his work for trying to help us get through this process. I will say we are one of the different models where most of our deliveries are done in prescheduled blocks, where our delivery partners can select the date time and location that works best for them and it is a little bit different than your typical on demand drivers. So, while we do believe that drivers should have access to insurance coverage that protects them, we do recognize that different models work very differently and a one-size fits-all approach won't work necessarily for this legislation. We have shared some language to close that potential technical gap that exists for models like ours that are schedule ahead. We hope that we can continue to have this conversation and be able to clarify that the delivery available period is applicable to those orders that are truly on demand services.

Jon Schnautz, Assistant Vice President of State Affairs at the National Association of Mutual Insurance Companies (NAMIC), thanked the Committee for the opportunity to speak and stated that NAMIC has been engaged on this from the beginning trying to work toward a Model that everybody involved can support. I want to focus on the couple issues that have been mentioned. On delivery available, we understand the concerns from some of the DNCs that you don't want to create a situation where somebody registers for a shift three days in advance and is covered by the DNC's coverage for the

three days in between. I don't think that was ever the intention of delivery available. We are supportive of the change that some of the DNCs had suggested to go from the word available to the word "eligible." We are also willing to vet with our members the idea of "available and eligible." We do want more of an understanding of what that adds that isn't already there in the term eligible but we're open to that.

But the bigger conversation that I want to mention is what Mr. Nail alluded to on the delivery service period. This to us is going to be a more difficult issue to get a compromise on. So, as we understand it what some of the DNC providers want here is that the primary coverage obligation would not be on them for someone going to a facility to pick up packages that they then deliver. And just to remind everybody the context of this Model is specifically about people using their personal vehicles to make deliveries which is generally a commercial activity. From our perspective driving to a facility to pick up packages that I'm going to spend the rest of the day delivering is just as much commercial activity as actually delivering them. So, we think that obligation ought to be there. More pointedly, if the Model does not put that obligation on the DNC there are already many private passenger auto policies that exclude coverage for that period. So, unless we thread that needle, there could be a coverage gap at that point which we think would be a problem. All that said, we are very willing to continue working for something that accommodates everyone. I guess for us though that period in which you go to pick things up that you're then going to deliver is as much commercial activity as the rest of this and we think appropriately ought to be covered through specific coverage that individual needs rather than put that on every driver's private passenger auto coverage, when they may in fact have no need or desire for it.

Rep. Matt Lehman (IN), NCOIL Immediate Past President, stated that I know there's a lot of issues out there, and I really appreciate where we're going with some of these discussions. I really want to address driving to the first pickup. I'm going to take you all the way back to when we did the Transportation Network Company (TNC) Model. The reason we even got down this path was there was a gap between that standard insurance and when someone was in your car and it was that in route piece that we had to fill the gap. Well, we did that with the TNC and DNCs ended up having the same gap and so I think if we have some discussion of removing that in route coverage then we're right back to where we started which is we're having a gap. So, I look forward to the discussion. We passed this in Indiana this past session. I know Amazon was at the table and I understand they're concerned along with others like them but I think it's two things, one is making sure no one's getting insurance three days in advance and at the same time once I leave to pick up my standard auto policy will cease to cover me and we don't want to have that gap.

Rep. Forrest Bennett (OK) stated that I'm also interested in the conversation around that as I'm someone who used to do Postmates while I was campaigning the first time that I was running for office. Some of those initial drives can be quite a ways. I live in the fourth largest city by land mass in the country in Oklahoma City and I'd turn my app on and my first job would be picking up something up somewhere that is 30 minutes away. But my view was when I turned that app on that was when I started work. So, that's just an employee side of that or a worker side of that but that's the part of the conversation I'm really interested in hearing about.

Sen. Bob Hackett (OH) stated that I realize it's a different scenario than the ride sharing problem but we were able to solve the ride sharing problem. The problem a lot of times

is that commercial auto coverage is so expensive and so how we solved the ride sharing thing was we were able to go to the big insurance companies and have them create an endorsement or a rider that was very cost effective and then they could look at what claims would have come into play. And one of the TNC companies decided they'll cover the whole process because you're right there was a gap in coverage and they covered the other part of the coverage. But they wanted the people to put the claims in on the personal auto and it was business activity but the commercial auto didn't work. So, is this different? Do drivers have a commercial auto policy during this process? Or is it very similar to the ride sharing issue that we got resolved?

Mr. Nail stated that I think it's more analogous to the ride share issue. It's a personal auto policy and then the companies are carrying commercial policies that cover drivers on a non-owned auto policy so it's more analogous to that as opposed to drivers carrying their own commercial policy. Sen. Hackett stated that it's very expensive for the drivers to carry their own commercial auto. The model of the delivery won't work if they have to have a commercial a policy.

Rep. Jordan stated that I'm listening to this and I'm a little bit concerned because we did just recently pass this Model. I thought this effort was going to be sort of a technical cleanup but as I listen, and maybe I'm misinterpreting what I'm hearing, but this almost seems like more substantive changes are being sought and it's almost like we want to relitigate the Model and I'm not sure that that was necessarily the intent. Does somebody want to comment on that? Mr. Nail stated that I think the changes that have been circulated are more along the lines of cleanup. The areas for additional discussion that we've been having here are more substantive.

Rep. Jordan said to please just keep that in mind as we move forward. We'll continue the discussion on this issue during the meeting in November and please be sure to submit any thoughts or comments to me or to the NCOIL staff.

#### CONTINUED DISCUSSION ON NCOIL PUBLIC ADJUSTER PROFESSIONAL STANDARDS REFORM MODEL ACT

Rep. Jordan stated that next on our agenda is the continued discussion on the NCOIL Public Adjuster Professional Standards Reform Model Act (Model). I'll turn things over to the sponsor of the Model, Rep. Mike Meridith (KY)

Rep. Meredith stated that we've had some ongoing conversations since the initial presentation on this back at our July meeting in Minneapolis. And we've had some positive discussions. This Model that we brought before you is based on largely a bill that we passed in Kentucky and we've made some changes since July and so I just wanted to go through those a little bit. Certainly, this is not our final product but I want to do everything we can to be prepared for moving forward at the November meeting when we are in Columbus so I'm looking forward to a little bit more discussion today.

Rep. Jordan then recognized the co-sponsors of the Model, Rep. Lehman and Del. Steve Westfall (WV), for remarks.

Rep. Lehman stated that I do appreciate the work Rep. Meredith has done on this. We passed similar legislation in Indiana last year and it's an issue where the time is now to address this. It goes down really to making sure we don't get rid of an industry that can

be needed in certain cases and at the same time making sure we're dealing with those who have abused this situation. And think there's evidence of that. So, I appreciate Rep. Meredith bringing this and look forward to the continued discussion.

Del. Westfall stated that he agrees with Rep. Lehman and I think we just need some safeguards on this. We're not trying to stop it in its entirety but put some safeguards on it some with some guidelines. I think we're getting there and I appreciate everybody's work and look forward to today's discussion as well as the discussion in November.

Rep. Meredith stated that I don't want to get too deep in the weeds as far as the changes that are before you but I do want to kind of outline them quickly. Most I think would be considered clarifying the intent of what we were already working on. The first thing you'll see is we did add a few definitions in the beginning of the Model just to clarify what we're talking about through the entirety of the Model. We also removed references to independent and staff adjusters. That was something that was really kind of conforming to our language in Kentucky and we had agreed to remove that even prior to the meeting in Minneapolis. In section four on page nine we removed the provision that permits a public adjuster to be compensated for services provided to an insured prior to the execution of a written contract in emergency circumstances. That was again something pretty specific to Kentucky. We have administrative regulations that dictate what those emergency situations are and so we had heard from some folks from other states that it could be concerning if those guardrails along with those administrative regulations weren't there.

In section five on pages 13 and 14 we added some provisions dealing with requiring the public adjuster to use the terms of the insurance policy to resolve a claim. Again, that was just clarifying as the policy is going to govern the claim anyway but we just wanted to clarify that. And then prohibiting solicitation during the actual progress of a natural disaster, and clarifying language with conflicts of interest and non-licensed public adjusters not being able to charge for the service if they are not licensed. In section seven on page 16, we added some language regarding compensation and fee caps and that's a drafting note just to clarify that if states have tighter compensation or fee caps that we would not be suggesting raising those. In section eight on page 19 we added language that clarifies that contracts for services entered into by an insured with a person who is in violation of the Act is null and void.

And I think that is the crux of the major changes. Before we hear feedback on the changes I do want to note we did take into account the discussion and the information brought before us by the public adjusters at the July meeting and I want to just outline a couple of the things that they raised at that meeting. Lowering the amount of the surety bond required for licensure. I see that as a consumer protection piece and certainly we can continue to discuss that but I saw it as a consumer protection piece of the Model. Making optional the provision of the Model that deals with pre-filing and approving contracts by the Department of Insurance or the Insurance Commissioner. Again, we know that we have a highly regulated industry and the Department of Insurance is able to review policies and rates on policies on the insurance side and we thought it would be fair for them to be able to review those things on the adjuster side too.

Making optional the provision of the Model that prohibits public adjusters from acting as contractors or having a financial interest in a contractor. I think it's important with these contracts that the public understands that the public adjuster is working on behalf of the

insured and not on behalf of some other conflict of interest that might be out there, whether that's a roofing contractor that they have a part in or whether they're a contractor themselves. And so I think it's imperative that we ensure that they're working on behalf of the insured and not somebody else in the progress of the claim. And then they also ask not to set forth fee caps but rather leave that to the states and I know NCOIL doesn't normally address fee caps in a lot of things that they do but I find it very important in this Model. And I suggest strongly that we keep language in there with the fee caps and I say that simply because any amount of money that comes out of that claim is money that the insured will not have to be able to do repairs that are needed to their home or auto in this situation. And so I think it's very important that we understand that and don't have some large amount of compensation coming out of that because they're either going to have to dip into a huge amount of their savings or go borrow money to finish that.

Holly Soffer, Counsel for the American Association for Public Insurance Adjusters (AAPIA), thanked the Committee for the opportunity to speak and stated that I'll keep it really brief. Rep. Meredith I completely understand your concerns. You did a great job summarizing our concerns and I understand where you're coming from with the fees. But we still believe that the fee cap should be optional because especially with small claims we understand that whatever portion is paid to the public adjuster comes out of the eventual recovery and the homeowner in that scenario would have less money to make the repairs. But if you look at all the information we provided and the statistics, those funds wouldn't be available at all but for the public adjuster. On many of these cases the original offer and even final offer from the carrier was so much lower than the amount that the public adjuster was able to obtain when they use their expertise to present the damage that the homeowner is so much farther ahead it more than pays for the public adjuster. So, we still feel that sometimes with the cap of 15% on those smaller losses it deprives the homeowner of any professional representation because the public adjusters can't afford to do those smaller claims and then some claims they are sometimes undervalued by that small amount of money.

And that's where I just wanted to make sure that it's clarified that regardless of what the number is for the fee cap I know that back in Kentucky the Department of Insurance has recently put out an advisory bulletin that the cap on fees only applies to funds received after date of contract. And I just wanted to make sure that the language in this Model is very clear on if there is to be a cap where the cap would apply. In other words is it like states that already have fee caps like Texas? And others where it's the public adjusters can charge a higher amount on what's called like an over and above but not to exceed x% of the total amount? Or is that cap on the over and above which it seems to be interpreted as being the same as Kentucky which has of course the same language. But it can be interpreted in different ways when it's not clear and we can send some emails out with some suggestions on that.

And then with regard to the contract approval, we understand the concern but sometimes when the states have to approve contracts they don't have the time to do it and it can create very long delays. So, if we have to have contract approval maybe we can have some timeframes in there that a contract has to be approved within x amount of days because I know in California and Ohio and states that are understaffed and overworked it can take up to two months to approve a public adjuster contract so it's a real disadvantage to people trying to move from state to state or get a license in a certain state if it's going to take them more than two months to get their contract

approved. And I know that Kentucky has recently addressed this. They're drafting a regulation with some timeframes in there but without those timeframes and requiring contract approval I think that it could create problems.

Tony DiUlio, an attorney with the AAPIA, thanked the Committee for the opportunity to speak and stated that with regard to the other issues that were brought up with the public adjuster financial interest with contractors - one of the things I think we can all agree with is we want to make sure that the people who are assisting homeowners in claims are licensed professionals. There are states that have in essence made their entire model public adjusters who work with contractors and I would simply suggest that a disclosure might be able to do that trick as well rather than prohibiting it in its entirety. I completely agree with Rep. Meredith that we don't want there to be any confusion as to the conflicts or who's working for who but restricting a person as to what types of income they can have through multiple areas of business could also be resolved through a disclosure so the property owner can just make that informed decision. They'll want to try and streamline the process through a public adjuster who works with a contractor. As long as that disclosure is made and is clear that should I think resolve everybody's concerns while also leaving options for the property owner to kind of make it a one-stop shop when it comes to their claim.

Again, I think all of us agree that the main goal here is protecting the insureds. We all want to make sure that they are in a position to be able to best repair their property. And I want to hit on that fee cap issue as well. The language that was added to the Model, while it indicates that it's not intended to increase caps for other states, it doesn't make any indication from the states that have higher fee caps in places like Georgia where it's one third, that there's no intent that they reduce their fee cap either. Again, this comes down to our position earlier where it really should be left up to the individual states because when you've got an insured with \$10,000 worth of damage and a carrier comes out and says we're only giving you \$1,000 you reach the same exact conclusion that you're concerned about with the public adjuster in that they don't have enough money to do the job and if they don't have enough money to do the job they need a professional to step in and a public adjuster can do that but they can't if it's a \$10,000 loss and there's \$9,000 on the table if there's a fee cap like this.

So we are simply asking that we protect those insureds because they make up the mass majority of insurance claims across this country. Over I think 92% of claims are around \$22,000 or less so you're in essence telling all of those people if they're shortchanged by their carrier, or if their carrier just makes a mistake and they need a professional to come in and fix that they're going to be left without an option if this were to be accepted. So, we want to simply address that problem so that those people who make up the mass majority of insureds with claims can get that assistance. Again, I thank you for your time and I would love to hear any questions about this or concerns when it comes to addressing these people who have the lower value claims kind of what the hope is with this Model to be able to still help them.

Cole Kline, President of the AAPIA thanked the Committee for the opportunity to speak and stated that I have just one valuable piece of information I wanted to add. We did a study of 129 claims in 2022 and of those residential roof claims it took on average 377 days from the time the public adjuster was contacted to reach a settlement on those claims. So just a significant amount of time especially for these smaller but average size



claims. It just takes a substantial amount of time effort and work on part of the public adjuster to help these policyholders.

Eric DeCampos, Director of Gov't Affairs at the National Insurance Crime Bureau (NICB), thanked the Committee for the opportunity to speak and stated that I just wanted to go back to a comment that was made regarding putting disclaimers for any conflict of interests. So, from NICB's perspective we do have some concerns with this idea just because from an insurance fraud investigation standpoint, we have seen cases where disclaimers can easily be hidden or obscured when individuals are signing contracts. So, I think there would need to be a deeper discussion on that idea regarding fleshing out how exactly that can be implemented and what guardrails can be put in place to ensure that a consumer is not only educated but is fully aware that there is this interest that does exist between a public adjuster and a contractor. I'm happy to take part in those conversations with anybody who's interested in that but did want to express our concerns with this idea. Ms. Soffer stated that we would certainly love to work with you on those disclaimers because there are situations where in some states where the business model is for the contractor to actually hire the public adjuster to help them because we don't want contractors adjusting claims because they don't have a license. So, we want the two parties to be able to work together where there's no common financial ownership or interest. One is just hiring the other or referring the claim to the other. So, we can certainly work with any appropriate disclosure on that.

Mr. Schnautz stated first of all thank you, Rep. Meredith. We think the changes that were incorporated into the Model are improvements. I also want to add many of those changes are closely modeled on the Texas statute which has been in effect more or less for 20 years. I do want to clarify Texas does have a written contract requirement on a form approved by the Commissioner, and a 10% across the board fee cap. None of those issues have restricted public adjusters from operating in that state as we have a very robust market for them and I would just encourage the committee and NCOIL to keep the Model strong. Mr. DiUlio stated that I just want to make sure it's clear, it's not that we're concerned about the public adjusters being able to stay in business. We're concerned about the insureds who have these smaller claims and can't get assistance. So, I want to make sure that it's clear this isn't just about protecting a public adjuster's right to a free and open market, but about protecting insureds who will be limited in what they can do if a cap like that were put across the board on all claims.

Hearing no other comments from interested persons or legislators, Rep. Jordan stated that I'll just follow up briefly to say I know we had this issue in Louisiana and when it comes to charging a percentage we certainly don't allow it. We consider that engaging in the unauthorized practice of law. Our Supreme Court looks at it the same way. I can't speak for what other states would want to do. I can tell you in Louisiana that it would be something that would be very difficult to get passed and it would receive lots of opposition. But we do want to keep the Model strong and so I hope that we can continue our discussions with it.

#### CONTINUED DISCUSSION ON PROPOSED AMENDMENTS TO NCOIL MODEL STATE UNIFORM BUILDING CODE

Rep. Jordan stated that we'll move to the last item which is a continued discussion on proposed amendments to the NCOIL Model State Uniform Building Code and with that I'll turn things over to the sponsor of the amendments, Rep. Jim Dunnigan (UT).

Rep. Dunnigan stated that since the Committee met in July, I've have been able to have some very valuable discussions on this issue and I'm glad to work on these amendments which generally speaking where we started out kind of was to incentivize homeowners and renters to take steps to strengthen their residences from natural disasters by providing them with insurance discounts if certain standards were met. In my home state of Utah, we've been dealing with some very horrific wildfires along with much of the western United States. So, I'm really interested to see if we can find a public policy that ultimately strengthens homes and neighborhoods. However, in the discussions with various stakeholders I've had since introducing these amendments I'm not convinced that what I've been working on is really going to move the needle so to speak. If a person's homeowners policy is \$3,000 and they get a 10% discount of \$300, that's unlikely to motivate them to redo their roof and put a more fire resistance roof on it. I'm told that Oklahoma has had a similar type of law where they provide a discount on insurance since 2018 and the take up rate has been very minimal. I would encourage you to look at the chat feature here on Zoom that talks about the destruction of the homes in Hawaii as a result of the wildfires.

You probably heard about the wildfires that took place on Maui Lahaina Town. I was actually in Hawaii when that happened and I found it very interesting. If you can take a minute and look at the image or the photo all the houses there and the structures were completely torched except for one that came through virtually unscathed. And the reason is as part of a restoration the homeowner or the building owner had put on a metal roof and cleared away all the shrubs immediately adjacent to the building and then put in some pavers. He didn't do it to fireproof it. He did that to remove the vegetation to keep termites away. But it protected him. I mean it's a stark contrast showing what can be done if people move vegetation away and have a more fire resistant roof. I want to invite suggestions and I've had several given to me about what can we do that would actually move the needle. And so I I'm interested and I'm open to other policy choices that this organization could endorse and support. I've heard of promising things done in Alabama and Louisiana with some grants and I want to keep working on this but I want to shift the direction a little bit and try to find something that'll actually end up with a product that will be worthwhile.

Rep. Jordan stated that before we open this up to discussion I do want to tell you a little bit about Louisiana since you mentioned what we are doing and we're following the model in Alabama because in speaking with them it was difficult to get people to participate in a program or upgrading their roofs to a fortified roof without some type of grant. So, what we've done this last session we set aside \$30 million for \$10,000 grants and that program application opens up on October 2nd. And we've been advertising it and we hope it's going to be very successful. I can tell you in Alabama they've been doing it for a while and once they started offering the grants there was a significant uptake in that so I'm hoping that if you want to look at something like that I think it'll be very beneficial to you.

Matt Overturf, Regional VP, Ohio Valley/Mid-Atlantic Region at NAMIC, thanked the Committee for the opportunity to speak and stated that we appreciate Rep. Dunnigan's comments. I know we've had several conversations on this issue since July and we've been working through coming up with some alternative ideas. You've hit on a couple of those but I'll just kind of go through our list and look forward to continuing to work with you on some language around some of these ideas. So, in no particular order, obviously the readoption of the building code model is important but also looking for ways to

improve and strengthen building code requirements would be one. Funding mechanisms such as grants for mitigation efforts which Rep. Jordan just touched on is something that we find would be successful. In addition to that, state tax incentives is another one that has come up that has really incentivized folks to take on some of these efforts. And another one that's out there is catastrophe savings accounts. I know there's been some effort at the federal level but like most things at the federal level it moves pretty slow so, that could be something that we could look at on this end.

In addition, potentially maybe outside of this Model but maybe an NCOIL Resolution that would support changes to the Federal Emergency Management Agency's (FEMA's) Building Resilient Infrastructure and Communities (BRIC) program. NAMIC joined 50 other organizations at the end of August and sent a letter to FEMA outlining some changes that they could make to the BRIC program to make it more accessible to states and communities across the country so that could be something there as well. And then finally, if discounts is something that is going to continue to be part of the conversation, doing those in a voluntary manner is important and we also find it important to include an anti-rebating safe harbor with that piece. That would not only cover discounts but other services and resources that insurers may offer to their policyholders for disaster mitigation. And in that line there may also be an opportunity to have a conversation around a transparency component with that as to what insurers offer to mitigate against disasters.

Amy Bach, Executive Director of United Policyholders, thanked the Committee for the opportunity to speak and stated that my organization is a national 501(c)(3) insurance education and advocacy for policyholders group and we've had the pleasure to be at quite a few NCOIL meetings over the years and I just want to share that we are based in California so we know a lot about what's been going on here in the wildfire context and trying to speed up wildfire risk reduction and get us closer to where the hurricane prone states have been, the states that have very robust fortified home programs, catastrophe savings accounts, that sort of thing. But we also keep an eye on things nationally. I was at a conference last week and in Washington D.C. where a lot of these similar conversations were going on and I'm also part of the National Association of Insurance Commissioners (NAIC) consumer representative program and with all these conversations I would recommend that we look at Alabama and see what they've been doing. I think people certainly at the conference last week a lot there were reinsurers, insurers, environmental groups, and public officials from the state and federal level. And everyone seemed to kind of think that Alabama is a shining example of how to do things right in terms of funding risk reduction and having insurers incentivize risk reduction and reward it.

And I know there's a tension between mandating that insurers give a specific discount that insurers may feel isn't necessarily warranted by the data. At the same time what I have heard in a lot of conversations in other forums is that states that didn't mandate a discount and just left it to the insurers – they wish they had mandated it because it's just a much slower adoption. And I think we all feel the pressure those of us who are concerned about the health of the property and casualty ecosystem feel like it's really imperative that we figure out how to give property owners as much help and as much clarity on what's effective in risk reduction and as much rewards as we can in the insurance context. And Rep. Jordan it's good to see you and I remember Louisiana Insurance Commissioner Jim Donelon saying we did all this work to fortify our levies after Hurricane Katrina and the insurers are still kind of questioning things. And I get

that insurers like to see a lot of data on the efficacy of risk reduction before they will have their rates and their underwriting reflect the reduced risk but obviously we've got to keep moving forward here.

Hearing no other comments or questions from interested parties or legislators, Rep. Jordan stated that again, Alabama is the model. I would also suggest for everyone to go to the Insurance Institute for Business and Home Safety (IBHS). They are in South Carolina and they do a lot of research in this area and in fact, Alabama and Louisiana have both relied on them heavily for some of the research that they've done in this area. So, I would tell you to take a look at the great work that they've done as well.

#### ANY OTHER BUSINESS

Rep. Lehman stated that I brought an issue forward in Indiana last session regarding litigation funding. If you're familiar with this process a third party will fund a lawsuit in support of the plaintiff and in exchange they will get part of the settlement or other end result. That has been around for some time and I would say it was kind of a small industry helping people get through paying their mortgage and some food money. It's turned into really now a much more larger industry and you're seeing private equity is entering this and foreign money is coming in and I was on a panel during our Summer NCOIL meeting in Minneapolis and I went up to my room and I got on a panel and started talking about how are we going to get our hands around this? It's become a national issue especially in the area of these kind of nuclear verdicts that are coming out. And so I do think it's time because of this kind of interest on a national scale I think it's time for NCOIL to kind of re-engage and be a part of this. I've never had the intent of prohibiting this practice. I think we just have to put some pretty strong parameters around it.

We had this issue at NCOIL several years ago. Some of you may recall. We never got a lot of traction. I don't think it was as big an issue maybe then as it has become today. But with the issue as it's progressed I think we need to get back involved. I've relayed this interest to the NCOIL staff and we've put it on as a general session in November in Columbus. But I want that to be a jumping off point to develop a model law that I want to sponsor and lead to discussion next year. Like I said we did pass some of this in Indiana this year. We didn't go probably as far as I would have liked but we're starting to have that discussion. So I look forward to working with everyone on that and anyone who has interest can reach out to me or the NCOIL staff.

#### ADJOURNMENT

Hearing no further business, upon a Motion made by Rep. Lehman and seconded by Rep. Dunnigan, the Committee adjourned at 1:00 p.m.