

NATIONAL COUNCIL OF INSURANCE LEGISLATORS
PROPERTY & CASUALTY INSURANCE COMMITTEE
2025 NCOIL SPRING MEETING – CHARLESTON, SOUTH CAROLINA
APRIL 26, 2025
DRAFT MINUTES

The National Council of Insurance Legislators (NCOIL) Property & Casualty Insurance Committee met at The Francis Marion Hotel in Charleston, South Carolina on Saturday, April 26, 2025 at 10:30 a.m.

Oklahoma Representative Forrest Bennett, Chair of the Committee, presided.

Other members of the Committee present were:

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| Rep. Rita Mayfield (IL) | Asm. Erik Dilan (NY) |
| Rep. Peggy Mayfield (IN) | Asm. Jarett Gandolfo (NY) |
| Sen. Jason Howell (KY) | Asw. Pam Hunter (NY) |
| Rep. Derek Lewis (KY) | Rep. Brian Lampton (OH) |
| Rep. Mike Meredith (KY) | Rep. Carl Anderson (SC) |
| Sen. Julie Raque-Adams (KY) | Rep. Dennis Powers (TN) |
| Rep. Edmond Jordan (LA) | Rep. Tom Oliverson, M.D. (TX) |
| Rep. David LeBeouf (MA) | Sen. Mary Felzkowski (WI) |
| Rep. Brenda Carter (MI) | Del. Walter Hall (WV) |
| Rep. Mike McFall (MI) | |
| Sen. Lana Theis (MI) | |
| Sen. Michael Webber (MI) | |
| Sen. Jeff Howe (MN) | |
| Sen. Paul Utke (MN) | |
| Sen. Walter Michel (MS) | |

Other legislators present were:

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| Sen. Jesse Bjorkman (AK) | Rep. Mike Harris (MI) |
| Rep. Justin Wilmeth (AZ) | Rep. Sarah Lightner (MI) |
| Rep. Eddie Lumsden (GA) | Rep. Jennifer Balkcom (NC) |
| Rep. Brett Barker (IA) | Sen. Bill Gannon (NH) |
| Rep. Elizabeth Wilson (IA) | Rep. Ellyn Hefner (OK) |
| Sen. Steve McClure (IL) | Rep. Perry Warren (PA) |
| Sen. Julie Morrison (IL) | Rep. Alex Finkleman (RI) |
| Rep. Adrielle Camuel (KY) | Sen. Hanna Gallo (RI) |
| Rep. Mike Clines (KY) | Sen. Matt LaMountain (RI) |
| Sen. Donald Douglas (KY) | Rep. Joe Solomon (RI) |
| Sen. Rick Girdler (KY) | Rep. Barbara Dittrich (WI) |
| Rep. Erika Hancock (KY) | Sen. Mike Azinger (WV) |
| Del. Mike Rogers (MD) | Sen. Cale Case (WY) |
| Rep. Robert Foley (ME) | |
| Rep. Joe Aragona (MI) | |
| Rep. John Fitzgerald (MI) | |

Also in attendance were:

Will Melofchik, NCOIL CEO
Anne Kennedy, NCOIL General Counsel
Pat Gilbert, Director of Policy, Administration & Member Services, NCOIL Support Services, LLC

QUORUM

Upon a Motion made by Rep. Rita Mayfield (IL) and seconded by Sen. Walter Michel (MS), the Committee voted without objection by way of a voice vote to waive the quorum requirement.

MINUTES

Upon a Motion made by Sen. Mary Felzkowski (WI) and seconded by Rep. Peggy Mayfield (IN), the Committee voted without objection by way of a voice vote to adopt the minutes of the Committee's November 24, 2024 and February 14, 2025 meetings.

PRESENTATION ON FLORIDA'S PROPERTY INSURANCE MARKET REFORMS

The Honorable Michael Yaworsky, Florida Insurance Commissioner, thanked the Committee for the opportunity to speak and stated that I have been the commissioner since about the second month of 2023 and have overseen the marketplace in its recovery phase from several years of a downward trend and near crisis. He stated that today he would speak about Florida's tort reform and some other reforms that Florida enacted at the peak of the crisis in 2022 and in the first part of 2023 to address the near collapse of the Florida marketplace. He gave a quick overview of Florida's property insurance market in the admitted space. Florida has about \$3.8 trillion in total insured value. On the property side, Florida has 7.57 million residential property policies in force as of last month. Florida operates with a corporation called Citizens that is its insurer of last resort. Florida has approved 1.3 million policies for takeout out of Citizens. Citizens property insurance has substantially depopulated in the past two years moving toward more sustainable space and at this point, the 30-day average for requests for homeowners property insurance rate increases stands at 0.5% in Florida. What led to the particular crisis in Florida and the near collapse of its marketplace in 2022 was primarily driven by four factors. Inflation was a key factor. The total insured value of Florida's property insurance market went up between 38% and 50% between 2020 and 2023. What we approve as state regulators in our system is the cost of the rate involved in insurance. The rate is setting the price per brick of insurance you need to rebuild your home. It is not setting a price around the number of bricks you need to rebuild your home. And so, when you have more value in that space and more cost in that space for labor or materials to replace the total insured value of your home, you're naturally going to need more bricks and your cost is going to go up in that space and that's an unregulated area.

The second key factor in the Florida market crisis is litigation. In 2019, Florida accounted for about 8% of all property claims in the U.S. and 76% of litigated property claims in the U.S. And then after about a decade of no storm activity, Florida had a series of storms beginning in 2017 that impacted the state with Hurricane Irma, all the way through to the most recent events we had, which were Debbie, Milton, and Helene. The third factor is the cost of reinsurance increased dramatically during that period. To give one example that's substantial in the pre-reform and post-reform eras, we saw rates of the cost of reinsurance for our insurers operating in the state go from about a 50% to 60% increase in the cost of reinsurance pre-reform to today about a 1% decrease last year post-reform. And we expect pretty good news coming out of this year. We gather data on a sophisticated level on what reinsurance is looking like year over year. We're in phase two of that and we're looking towards a moderate reduction in the cost of

reinsurance again in the state of Florida. Finally, one of the things that led to a calamity is if all of these events had occurred in a one-off scenario in Florida, it would have been sustainable. It was really all four of these factors kind of ringing each other's bells and exacerbating each other that led to an unsustainable situation in Florida. A number of things were enacted legislatively with the help of the leadership of the Speaker of the House, the Senate President, the Insurance Commissioner, and of the Governor. They enacted a series of reforms aimed at stabilizing our property market and building in some long-term sustainability into it. I won't highlight all of them individually but I would be happy to talk separately about them. There were a couple of key factors that influenced Florida, especially the social inflation factors such as litigation. Florida had a relatively unique law on the books - a one-way attorney fee statute. It had been on the books in Florida since reconstruction and it effectively said: if your insurer offers you \$1 for your claim and you do not refuse that and you hire an attorney during the course of that discussion, as the attorney is billing for that service, if the end settlement is \$1 more than \$1, so \$2, then all of the attorney fees were automatically paid for by the insurer as well. When we discuss attorney fees it is not a situation where a corporate entity is paying for those fees. Those fees go right into the rate next year and are incorporated into that leading to a higher loss adjustment expenses (LAE) form that winds up costing all consumers more. So, it's really a cost transfer from one policyholder to all policyholders.

Senate Bill 7052 was one of the first bills I worked on when I became commissioner - the Insurer Accountability Bill which said we can't just take away a concept that you can regulate through litigation. If you're going to pull that back and put some hamstrings on that, you've got to make sure that the state itself can step in that role and regulate this space appropriately and protect consumers. Part of that package was a number of new laws to ensure accountability in the space and make sure insurers were moving in the right direction. It gave the office several million dollars and more resources and added staff to the market conduct section for insurer accountability. Looking at the outcomes post-reform, the first one is the underwriting income and net income for our market over the past several years. The golden age of property insurance in Florida was in 2011 to 2014, where everything was just firing well. Companies were making a profit. There was income coming into the state. And then in 2016 and 2017, we started to see the opposite take place. Tremendous losses began to build and that correlates very well with our history that we have developed on the propensity for litigation in the state. Again, it wasn't the only factor, but it was a major factor. The state of Florida went from a tort heavy space in 2011 and 2012 when there were about 26,000 lawsuits a year in the property space, accelerating to the end of 2022 to over 100,000 lawsuits a year and that cost was all ultimately passed on to the consumer. When this kind of loss continues, you wind up in a situation with rate making where you simply cannot raise rates high enough or quickly enough to accommodate any increased losses.

Now you see post-reform going into 2022 and 2023 good solid profits are returning to our companies. Insurance is, in my view, not a space where you're meant to make massive profits. It's a moderate long-term strategy. Now we have healthy returns on profits that are coming in and we'll continue to monitor that to ensure that profits aren't in an excessive space. As I mentioned earlier Citizens is our state's insurer of last resort. Florida and Louisiana are unique in that we have an actual insurer, a corporation, that is owned by the state. The view that the state has taken is that Citizens should be an entity that is designed to provide comprehensive coverage to individuals who cannot find coverage elsewhere on a relatively affordable basis. It's designed to be able to have the capacity to rapidly grow when the market gets into a distress point and then rapidly shrink through legislation when the market conditions are improving. To give an example, when Hurricane Irma struck, Citizens had about \$9.2 billion on hand in additional surplus and capacity to be able to grow rapidly as that market deteriorated. Today,

post-reform, although the population needing an insurer of last resort has shrunk, it still sits at about \$5 billion in surplus. It's beginning to grow very rapidly to put away cash and surplus for another rainy day down the road. So far we've seen a pretty substantial depopulation over the past couple of years. We're down to about 800,000 policies from our peak of 1.3 million. We expect to continue to depopulate throughout the year. As for the litigation trend within Florida, we monitor a number of different systems and data points to determine the litigation frequency. This is our service of process database that we use to determine what's going on in that space. We see the litigation peak that took place in 2021 and 2022 and then we see a decrease that is beginning. We're now at a point where we still have a ton of litigation, but the numbers are at pre-crisis levels and hopefully continuing its decline. And then what we're seeing in the rate section, the approved average personal residential approved rates, excluding Citizens which can distort the numbers if you include it, we see kind of that peak and valley, but a general downward trend. In December of 2022, the average increase approved rate was plus 21%. As of March of 2023, the average rate increase request was plus 2.82%.

While we focused heavily on property insurance, one area that also impacted cost was bad faith reform that was having a negative impact on the price consumers paid for insurance in the auto space. We see a corresponding decrease within the average rate request that's taken place post-reform versus pre-reform. In January 2023 the average was 14.47% requested rate increase and last month the average rate request was a decrease of 0.52%. At the moment we see that continued trend although some of those global issues exceed the ability of a state insurance regulator and may have adverse impacts on rates. A noteworthy additional statistic that makes it difficult to capture the true cost of litigation is that while defense containment costs are included in the rate automatically in a specific category, the opposing side plaintiff's fees are not always captured in the same way. It's more of a general category. But here we see the defense containment costs for defending against litigation has reduced dramatically. And once again all litigation costs end up being passed on to the consumer through the rate-making process, so any time we see a reduction, we're ultimately able to reduce the rate and the experience, and that is done in an appropriate, actuarially sound way. So, as time goes on, the overall impact of litigation will decrease what consumers are paying as a whole and continue to drive prices down.

Sen. Bill Gannon (NH) asked with the property values plummeting, is that helping out a lot or is it just a coastal phenomenon? Cmsr. Yaworsky responded that property value in itself would not necessarily dictate what you're paying on the total insured value of a property. They can generally correlate with each other, but the total insured value of a home is not necessarily just your Zillow estimate, for example. It is truly the cost to replace that home or whatever the coverage is on that home. It's the cost it would take to put that consumer back in the same shoes they would have been.

Sen. Rick Girdler (KY) stated that in Kentucky, we got a lot of business from Florida when it did personal injury protection (PIP) reform and the business Kentucky got is not good. They want to do away with PIP in Kentucky. So, we're getting your lawyers and your chiropractors to come to Kentucky. What did you do specifically with PIP reform? Cmsr. Yaworsky stated that PIP is a regularly contentious issue among the legislature with often different elements of the trial bar and various actors. There's some elements of the trial bar that want it repealed. Some elements are comfortable. What we did do was Senate Bill 19 in 2012 that enacted cost containment measures around PIP that really set a standard. I think there were 19 reforms, but the biggest one was probably pending the cost of the service provided to Medicaid as part of the Medicaid fee schedule, to create some containment measures around that. PIP is an interesting system. Unfortunately, a great deal of waste, fraud, and abuse takes place in that PIP structure.

However, it is containing that cost at \$10,000, so a known quantity that can be actuarially indicated over time as to what the cost is going to be. Vigorous debate takes place about getting rid of PIP every year. The challenge is if you do remove that cost containment measure, that \$10,000, how do you then prevent it from moving into other spaces without those cost containment measures? So, it's a very tricky and delicate balance that we're trying to strike there with the affordability of insurance for those who can generally afford insurance the least, but then also ensuring that consumers have adequate coverage on the road. And it's a tricky, difficult space for us to be in.

Rep. Alex Finkelman (RI) asked if there's any correlation in both the underwriting profit and the depopulation of Citizens from people just not buying wind coverage? Cmsr. Yaworsky asked in that case, you'd say they don't have a mortgage and they're choosing not to? Rep. Finkelman replied yes. Cmsr. Yaworsky stated that they do see anecdotal information that indicates that there is some of that. However, when they look at the marketplace as a whole, and certainly Florida continues to grow, but we've seen, even during the crisis years, Citizens grow. At the same time overall, Florida saw the number of policies in force in the state of Florida continue to grow as well. They don't believe it is a systemic challenge that exists but there are certainly people who decided to go without coverage - they didn't have a mortgage, they're retired, and their house was in a tragic storm where it received significant damage. There's definitely stories like that out there we do hear about it. We don't see it as a systemic challenge at this point but it's certainly possible.

PRESENTATION ON LEGISLATIVE DEVELOPMENTS IN THE TITLE INSURANCE MARKETPLACE

Elizabeth Blosser, VP of Gov't Affairs at the American Land Title Association (ALTA), thanked the Committee for the opportunity to speak and stated that deed fraud is actually a pretty broad term that refers to a variety of types of crimes but the commonality is that you have a perpetrator who is seeking financial gain through some sort of crime that involves real estate. Generally, that includes recording false, fraudulent, or forged documents in local land records. With people having record amounts of equity in their homes, real estate has become a high value target for criminals. ALTA is seeing a significant uptick in deed fraud over the last couple of years. One popular instance was the attempt to steal Graceland last year. While that was unsuccessful it really did highlight these types of crimes and the fact that they can happen to anyone. It doesn't matter if it's Graceland, the house down the street or the place you call home - there is a risk. The type of fraud we are seeing most commonly in the marketplace over the last about 18 months is what we call seller impersonation fraud. This is where a criminal impersonates a legitimate property owner and attempts to sell the property that they do not own and abscond with the cash.

These criminals are really sophisticated criminals. They tend to know what types of property to target. Generally, they go after non-owner occupied properties like vacant lots, rental properties, and vacation homes so that nobody notices that the place is up for sale. They generally list below market value and are looking for a really quick sale. We did a survey of title insurance professionals and we found that in 2023, 28% of title companies had experienced at least one attempt at seller impersonation fraud. In April of last year, 19% of title companies had seen at least one attempt at seller impersonation fraud. If you look at those numbers, over half of those had seen multiple attempts. Certainly this is a trend that is growing. Fortunately, title companies are catching a lot of this fraud before closing, but towards the end of last year a bulletin from the secret service indicated that the seller impersonation fraud scheme had changed to include fake title companies. So, the criminals were like, "Oh let's all use the xyz title company", which is not

a legitimate title company. And that is certainly very bad news for consumers. If there's not a legitimate title company involved then there is no title insurance coverage. For reference we have seen fraud claims increase. They have more than doubled just over the course of the last two years. They tend to be pretty expensive claims. If a consumer hasn't been working with a legitimate title company, that's very concerning. The average cost for a fraud or forgery claim is about \$143,000. We have been working with law enforcement on this issue and we encourage our members to report any sort of real estate related crimes to the Federal Bureau of Investigation (FBI), to state Attorneys General and of course local law enforcement. Just a couple of days ago the FBI released their 2024 numbers, which showed an increase in real estate-related crimes. But you can see for the five-year period ending in 2023, there was \$1.3 billion lost in real estate-related crimes. The FBI says these numbers are low. Certainly, there is still a stigma around reporting these types of crimes. FBI agents have told me that they think that these numbers could be as low as a 10% representative sample of what's actually happening out in the marketplace. I do want to recognize the good work of a lot of state Attorneys General on this issue. There are dedicated staff that run sting operations with title companies and have been successful in really pushing back in states like Arizona where you have a lot of vacation properties and you see more of this type of crime occurring.

There are two victims of seller impersonation fraud. The first is the unsuspecting buyer and the second would be the legitimate property owner. So, how does title insurance come into play? So, for the unsuspecting buyer if they have any sort of owners title insurance policy, they will be covered because there was fraud or forgery within the closing process. Title insurance is kind of a unique line of insurance in that it covers things that occurred in the past that happened prior to closing or at closing. But about 15 years ago the industry did put out the homeowner's policy which is an enhanced policy compared to the traditional owner's policy. And one of the unique features of that policy is that it does cover forgery that occurs in the future. If a homeowner has chosen that policy and they are a victim of seller impersonation fraud as the legitimate property owner, then they will have coverage which includes coverage of their legal costs which is going to be the most expensive thing for the legitimate property owner. One of the things that's super important is just making sure consumers are aware of this. It's like every other type of fraud that people are trying to do a lot of education around. I do want to commend the Texas Dep't of Insurance for putting out this consumer alert on seller impersonation fraud, I think replicating this to consumers anywhere is incredibly beneficial. ALTA has had a national work group going for the last year and a half to help come up with legislative solutions to address deed fraud that includes other trade associations within the real estate space, the notary associations, county recorders and consumer groups like AARP.

One of the pieces of suggested legislative text that we've put forward that has been well received requires counties to let property owners know when a document pertaining to their property has been recorded in the land records. Legislation mandating that all counties provide that service has passed in Utah, Florida and Arizona. This is not an expensive thing generally for counties to do. This is a feature that typically is included with land record management systems. So, in many counties, it's a case of just turning it on. So, even in states where this has not been mandated for every county, many counties offer this for free. And we always encourage every consumer to make sure that they have registered for these free notifications through their County Recorder's office. So, given that we are at NCOIL I did want to talk a little bit about what might be some legislative solutions that a state insurance committee might look at. These are some thoughts that I prepared for this meeting. They're not legislative solutions that we've discussed elsewhere but we're certainly happy to talk with NCOIL or any legislators or regulators further about them.

One idea might be a requirement for notification of the ALTA homeowners policy. Where the homeowners policy is available, it's usually chosen by about 42% of consumers. It's usually several hundred dollars more than a traditional owner's policy, which can be a savings for consumers over other products that purport to protect your title and can cost hundreds of dollars per year versus a few hundred dollars as a one-time fee. So, that sort of notification might be helpful for consumers. Additionally, you'll note that the homeowners policy is not available everywhere around the country. My understanding is at the time the homeowners policy came out, there were questions in several states about how it would comply with monoline issues. So, that might be another thing where legislators could work with regulators to figure out if there's maybe an exception that can be made for things like forgery coverage. And another idea would be creating a task force in conjunction with the department of insurance and really looking at what can help locally to address this issue based on what's happening in your individual marketplaces. This has been a difficult topic to address because the criminal activity changes pretty rapidly. Anytime you put something in place the criminals adjust. And again, I would emphasize these are very sophisticated criminal organizations that are siphoning billions of dollars away from the American real estate market. So it doesn't make sense to upend an established real estate law to deal with the crime de jour but there are lots of things that can be done to be helpful and certainly we want to be a resource for that and help in any way possible.

Rep. Bennett stated that Oklahoma has taken up legislation related to this. One question that I have is about registering for notices. Do you see a world in which that is automatic for homeowners - an opt-out as opposed to an opt-in? This seems like a pretty pervasive issue and it feels unfair that it would be on the homeowner to sort of go out of their way to get that. Ms. Blosser stated that's a good question and one we've discussed. I sit on the board of directors for the Property Records Industry Association, which is an association of county recorders, land record management systems, and others that are associated with the land record system. We've tried to figure out how you can do that in a cost-effective way, how counties can have days where they sign people up. Generally, in order to keep these costs low, you get notifications by text or email. But there has been a push to say maybe counties need to mail out to the most recent tax records to the address on file every time. And it needs to be mandatory for every transaction, not just for people who have signed up for the system. So, it's really looking at the cost for that.

Rep. Peggy Mayfield (IN) stated I had a bill in Indiana this year to address title deed fraud and I'm almost glad that it didn't get the hearing because now it has developed in a way that I can really hone in on some other issues because it changes so quickly. So, right now we have the notification that something has happened. Someone has presented a document. Do you have thoughts about the possibility of that two-factor authentication or notifying them before someone is presenting a document and I need your approval before we move forward? Do you have some thoughts on that approach to prevent it rather than just notify somebody that this has been done and if it wasn't you, you need to act? Ms. Blosser replied there are really two things you have to think about: how do you quickly address it once it's happened, and then the prevention side. One of the things that we've worked with the National Notary Association on is legislation that would make it explicit in state law that notaries can ask for multi-factor authentication so that you're getting it at that point, especially for in-person notarizations where you're maybe just looking at an ID and it's hard to tell a fake. There's really great fake IDs out there. I think that's good. I think any sort of ID proofing measures can be helpful. The question really is, how do you make sure that you're not holding up the process where documents are getting recorded in a timely fashion. There are a couple of pilot programs. There's been one in a county in Florida kind of looking at how you do that and some other counties around the country about doing identity verification. I like the idea of trusted submitters, so you have to be a licensed

professional in the state to potentially submit otherwise you need to be showing ID and going through some sort of identification process. So, lots to think about in this space, and again, I go back to how difficult it is, because you don't want to upend established real estate law, but certainly things need to be done to combat this criminal activity.

CONTINUED DISCUSSION ON NCOIL MODEL ACT REGARDING INSURERS' USE OF AERIAL IMAGES

Rep. David LeBoeuf (MA) stated that the Model can be found on page 87 in your binders or on the website or app. I want to thank everyone that's been engaged in this process and the discussion. Since the last meeting, Rep. Brian Lampton (OH) and I have taken some feedback and we've worked to incorporate these suggestions in our Model. And I just want to make it clear that we've been consistent this entire time on making sure that we're not prohibiting the practice of using aerial imagery. We just want to make sure that it's done in a way that both protects the consumers and also provides a good standard for the industry. Some quick notes on the changes that have been made - we did remove the requirement to disclose the specific risk scoring system criteria. We recognize that there are some challenges there and didn't want to cross that line about disclosing intellectual property information and then also when it comes to the non-renewals we did recognize that we don't want to compel insurance companies to be mandated to renew policies, recognizing the market, but we did say if they cure the defect that's where the process to renew is. But if they do want to not renew for any other matters unrelated to the defects or conditions that have been cured, that's where that amendment came in. And I do also want to point out that recently because of a lot of local news things, and I'm sure many of you have had constituent cases around this, there have been many states that have opted to do bulletins from their insurance departments relative to this. That's what's actually happened previously in my state of Massachusetts but it relied predominantly on case law. And I recognize there always has to be a balance between legislation and regulatory innovation of the agencies but because this problem is continuing to evolve and it has come to the level that we're getting these matters, I feel very strongly that we do need to have some legislative guardrails along this, and this is why I put the Model forth.

Rep. Lampton stated that I agree with Rep. LeBeouf and I'm glad that NCOIL is taking this on. I also would like to point out I've submitted an amendment there on page 90. It's an amendment that the Ohio insurance industry used on a bill that I'm carrying in the Ohio House having to do more with the use of drones and trespassing. So basically this amendment would have notification requirements for insurers that are utilizing drones, and allow them to utilize the drones for things like underwriting and claims if they've established permission of the property owner. A lot of times, especially in the claims process, I've had some discussions with industry folks about the use of drones, and it speeds up the claims process by, in some cases, hours and in others, days. The amendment isn't specifically related to the original Model's intent, but I think it is somewhat related in that we want the customers, our policyholders, to know that the use of drones is here and that the industry is asking permission to use them in those examples that I mentioned. Technologies continue to change. In the old days, when an insurance company wanted to do an inspection, they'd have to drive to you at the residence, knock on the door, or walk around taking pictures. Well, now they can sit on the street and launch their drone and fly around, accomplishing the same thing, but saving quite a bit of time. So, that's essentially the purpose of the amendment - to obtain permission from policyholders for the use of the drones.

Amy Bach, Executive Director of United Policyholders, thanked the Committee for the opportunity to speak and stated that I had an opportunity to visit with Rep. LeBoeuf early on in this process, and I think for all of you, no matter where your district is, the property and casualty

insurance market is not the way it has been in the past, and a lot of your constituents are probably getting non-renewed. Some of you may have gotten non-renewed yourselves, so you're all aware that we are in the process of trying to find some solutions to the new normal, which is that insurers are now using technology that had not been available to them in the past, including aerial images, to decide who they're going to take and who they're going to put in the discard pile. So, this concept is really an effort to try to establish some guardrails so that we're not trying to say insurers cannot use this technology. Clearly, we want claims to get processed faster, and if that's helping, great. We don't want people's privacy to be violated, but clearly Google Earth has been surveying our homes from the air for many years, and I think the federal privacy laws, as I understand it, do prevent the images from having an identifiable human, and the technology already accounts for that by blurring. I really do appreciate being here, my organization is three and a half decades old. Some of you may not have heard of us. We've been very active at the National Association of Insurance Commissioners (NAIC), and I want to thank NCOIL for really bringing us into the fold here because a lot of important work is getting done here and we appreciate the opportunity to contribute to it. I have been an insurance consumer advocate since I got out of college. This issue has been very hot in the media. I know you all have been feeling it. This was an article that ran in Bloomberg last week about more states looking at legislation. Other articles here on the slides are from last year when the issue really broke in the media.

But this is still something very important. We support the model. I think Rep. LeBoeuf has taken some amendments to address industry concerns and, in a perfect world, we would have liked to keep the specific underwriting reference in there because the whole idea of this proposal, in my opinion, is to try to give the homeowner the information that will help them. So, the model as it's drafted even if you took out the specifics of the underwriting rules that they ran afoul of, you still want the property owner to know what the problem is from the insurance company's perspective and give them a chance to fix it. So we want to make sure the photos are reasonably current. you have that in the model. It gives them the benefit of that information that the insurance company is gathering by their ability to use this technology. What we like about the model is that it gives them a chance to make those improvements that will make it less likely their property will be damaged in a severe weather event. It appropriately rewards the property owner who takes action to reduce risk and that's the key. It provides an essential incentive for people to invest time and money to risk reduction property improvements, which we know is challenging. The amendment gives insurers that flexibility to non-renew for a business reason unrelated to what the aerial images reveal. So, in closing, I just want to say, and this is just for you all, you can go to our website. We do handouts. We do them in collaboration with insurance departments. We have one with Alabama where we are in the business of trying to help people get through this availability and affordability crisis by engaging in risk reduction. We know it's one of the only strategies we have to try to help people stay insured. So, in a perfect world, I would have said don't put that change into number four because we really do need the consumer to have a carrot. If I do these things, if I fix what doesn't seem to be broke, but you say it is broke, then I will get renewed. That's what people need. But I would encourage you to keep this model moving. I would really hope there wouldn't be further amendments. I think it's very fair as you've got it now, and it balances consumer and industry interests very well.

David Buono, Deputy Insurance Cmsr. at the Pennsylvania Dep't of Insurance thanked the committee for the opportunity to speak and stated that Pennsylvania is one of those states that put out a bulletin notice in relation to aerial imagery and homeowners insurance. So, some may wonder what sparked us to feel the need to do a bulletin notice. We were receiving complaints from Pennsylvanians that were frustrated saying that my roof doesn't have any damage or my company didn't give me the opportunity to fix it. As a regulator, we had to try to figure out what

is the best step forward in relation to the situation. So, one option that I have is market conduct, but that really felt like taking a sledgehammer to a gnat. And then we started thinking, have we really talked to folks about the expectations that the regulator has? So, that is where we decided to do the bulletin notice. We wanted to make sure to advise insurers of the department's concerns in relation to the use of the technology when you evaluate the roof. And we wanted to make sure that we clarified the importance of providing the residents the opportunity to challenge aerial results or correctly confirm roof deficiencies before they are canceled or non-renewed. And those were really the focus of the complaints that we received. What I want to do right now is show you a couple of pictures that kind of made us think through what was happening. This home is a home that received a non-renewal cancellation notice for the roof needing to be replaced. From the pictures, and I am not saying anything is wrong with how the pictures were taken or what the pictures were taken of, but when you're looking at that, you don't necessarily know what you're seeing.

This was another home that also had received a non-renewal cancellation notice. Once again, it's hard to tell if that's a tree shadow or a power line. So, we felt that one important thing to follow when non-renewing or canceling a policy is to ensure that the insurance company provides a specific reason as to why they are canceling, because this is kind of hard to judge. The focus of our bulletin notice, first and foremost is we do not seek to restrict the use of aerial imagery. We can absolutely see the benefit of the technology, and the last thing that we want to do is slow down technology but we want to make sure that folks are thinking about the ripples that can occur as you're rolling out the new technology. We also wanted to make sure that in the absence of unequivocal material damage shown, it would be prudent for the insurer to conduct a physical inspection to validate the damage. I spoke to a carrier at one point that said, "we'll send a letter and have the consumer send us pictures." If you send that to my 73-year-old dad, he will absolutely climb on the roof and take pictures. So, we wanted to say, "we get what you're saying there, and we understand that you want to maybe put that in the hands of the consumer, but if you want to use the technology, let's make sure that you may own the physical review a little bit closer". We also wanted to make sure that the insurers are providing the notice of cancellation and refusal. We did have some instances where folks just did not receive it. The cancellation is what they got. Now, that could have been just a situation where a company was confused in relation to the regulations or it could have been how it was being handled across the country, but we wanted to make sure to set that stage.

And we wanted to make sure that the insurers are providing the consumers the opportunity to identify and stress the importance that maybe the roof didn't need to be replaced. As a matter of fact, in one of the sets of pictures that I had shown, they actually hired a roofer at their own cost to go up on the roof to be told that there was nothing wrong with their roof, and they had received that non-renewal cancellation notice. And that's an expense for a consumer that shouldn't necessarily fall on their shoulders. So, what has the bulletin done for us? The first thing that we did do was we ground set what we would be looking at, because how fair is it for us to come down on someone without letting them know how we're reviewing it, what we're reviewing, and giving them the rules that we would be looking by? We reminded the insurers of the obligations under the Unfair Claims Settlements Practices Act. We didn't want folks being non-renewed that shouldn't be but we also want to make sure to strike the balance that if there are some roofs that need to be repaired or replaced then the consumer needs to act accordingly and get that done. Now since the bulletin announcement we've seen a significant decrease in complaints. We still need more time to better understand the impact because we released that in the summer. As you get into the fall and winter, a lot of times insurance companies are reasonable with saying we don't expect you to go up on the roof right now when it's January and snowing to get that fixed. So, we're still trying to learn and understand. We try to have an open

door in relation to any communication with new technology, because we want to make sure that it's successful. We want to make sure that the companies are put in a position to do well, and we don't want Pennsylvanians negatively impacted because of decisions that were perhaps premature or lacking the information to support the decision to non-renew or cancel.

On behalf of Nearmap, Jenna Deneault thanked the Committee for the opportunity to speak and stated that Nearmap is the company that actually collects the aerial imagery, processes it, and uses artificial intelligence (AI) to provide information to insurance companies that's then used in the context of, for example, this model act. Nearmap is an aerial technology company. We have customers that include insurance companies - a total of 200 insurance companies are our customers. We surveyed the U.S. collecting aerial imagery. Our surveys collect images for 87% of the U.S. population. We design camera systems that are then put on manned aircraft so someone is actually flying the plane and they zigzag their way across the U.S. collecting aerial imagery. Then Nearmap itself processes that imagery. They've developed multiple AI products so, depending on the customers' needs, that aerial imagery is fed into an AI system, which then provides information on a new pool, a new trampoline, tree overhang, or roof conditions that might have deteriorated. Insurance companies can make decisions based on that information. Nearmap basically controls every step in the process from image collection to the final outputs that are provided to the insurance companies. For our discussion here today, there are two points that I'd like to raise with all of you. They have to do with the resolution of the aerial images that would be provided to the insured as part of a non-renewal notice and the recency of the aerial images so that they're actually useful to the insured in understanding why there is a non-renewal notice.

Here I have proposed a potential amendment to the Model Act for discussion purposes. And what this would do is, it would require basically an image that isn't blurry where the insured could actually see what's going on with the roof and better understand what the issue is so that they can ideally address it, and continue being covered under whatever policy they have. So 7.5 centimeters GSD – which stands for ground sample distance - means that within an image for every pixel, it covers 7.5 centimeters. This is detailed enough where you can see roof deterioration, you can see tree overhang, you don't have the shadow issues, or you can tell, to Mr. Buono's point, whether something's a shadow or whether it's an actual physical tree. So, it gives you that level of detail but it's not giving you the level of detail where you have personal identifiable information and you can say "there's my neighbor in that picture" or "there's my dog." You wouldn't be able to make those distinctions. Here I have a comparison of 7.5 centimeter resolution with 15 to 20 centimeter resolution and you can see there is a difference. If you're sending a non-renewal notice to an insured and you're giving them a blurry picture, it's not going to bring peace of mind that I think the Model Act intends to give and it's not going to necessarily give them clarity on why their roof appears to be deteriorated in the aerial image and was detected by AI as having deteriorated to a point where a non-renewal notice is appropriate. And these images are collected by an airplane that's flying at around 13,000 or 16,000 feet so there isn't the invasive aspect of where you have a drone circling your home, or you have someone climbing up on your roof to inspect it. So there's efficiency in terms of collecting the information by the insurance company and there's a less invasive process for the insured. The second point that I'd like to raise is the 12-month recency of the aerial images. There's been some discussion as to whether that should be expanded to 24 months. We believe that 12 months is the appropriate period because a lot can change with a roof in two years because of wear and tear or because of natural events. So, we would propose the amendment to the Model Act with respect to resolution so that the images are more informative for the insured person receiving the notice and then on the recency point, we agree with the Model Act as it is.

Paul Martin, VP of State Affairs at the National Ass'n of Mutual Insurance Companies (NAMIC), thanked the Committee for the opportunity to speak and stated that as a general rule, I think the NAMIC membership would say that the bulletin route is the preferred route. There are about five or six states already who have issued bulletins clarifying on how best to use aerial imaging. It seems to be working for regulators and consumers when it's done that way. It's working for the industry. Having said that, the amended version of this draft bill is a marked improvement. We are working on some suggested amendments of our own, some of which are just technical changes. Others deal with not necessarily prohibiting the use or prohibiting giving the pictures to the consumer, but rather refining how you create that process by which the policyholder can get the pictures. Also, it's not simply enough to cure the defect, but the defects need to be cured correctly so that it's not me on my roof doing the repair and saying repair is done. It should be someone who actually knows what they are doing. So we're not opposed to the bill per se. There are some things that need to be changed. They are technical in nature, but I think we're probably getting closer to where we need to be than where we were at the onset. And we also are supportive of Rep. Lampton's amendment.

Hilary Segura, Dep't VP & Counsel of State Gov't Relations at the American Property Casualty Insurance Ass'n (APCIA), thanked the Committee for the opportunity to speak and stated I know I've spoken on this in the past and I for purposes of brevity I would echo some of the comments that Mr. Martin has made regarding the use of the bulletins and that does seem to have been working well. The amended version of this model has seen positive developments but I do agree that there needs to be some further clarifications within the bill. Aerial imagery is simply a different medium for obtaining underwriting information. It allows insurance companies to evaluate properties in a safer and more efficient way. It's not really different information, it's just a new way that we are getting the information. There are existing laws and regulations in every state that provide consumer protections. We do have some concerns that some of the language that remains in this model is overly burdensome for implementation purposes. It's incredibly important to allow insurers to make appropriate business decisions within their underwriting guidelines. I won't go into a list of some of the granular suggestions that we do have to make that will provide some further clarifications and I'll provide that to the NCOIL members. But I will echo the concerns regarding making sure that we clarify that the cure corrections are done correctly. Right now the amended language reads that you have to require an offer of a renewal policy after it's cured and we definitely need to make sure that something is cured. Curing can be a matter of opinion and the proof submitted may not meet requirements or expectations of both parties. The process of the cure, the curing itself, needs to be clarified to set standards so there's expectations that both the insurer and the insured understand going into the process.

Wes Bissett, Senior Counsel of Gov't Affairs at the Independent Insurance Agents and Brokers of America (IIABA), thanked the Committee for the opportunity to speak and stated that from our perspective, we strongly support the model. We appreciate Rep. LeBoeuf and Rep. Lampton bringing it to the table. I very much agree with and associate myself with the comments that Ms. Bach made earlier. This is a great technology, but one of the things that we are finding in the agent community is that we are hearing increasingly from agents who are finding that the images that are used are not always perfect. There are oftentimes faulty conclusions that result from that. So, we think this is a very important model. There is a gap in regulation right now. I know there's been some suggestion that state law imposes requirements of this nature already. That's not the case. We need a statutory framework, especially since states are beginning to consider this issue and take it up. Having interstate consistency would be important. We strongly support this. I don't know what the amendments are that the insurer community might

be contemplating, but we would urge you not to unduly weaken this model. It's pretty good as is, and we encourage you to adopt it as soon as possible so that states can take it up in 2026.

Rep. Tom Oliverson, M.D. (TX), NCOIL Immediate Past President, stated that to me, as I've listened to all this, I just think that the main issue here is privacy and consent. And I think just like a life insurance policy, if somebody was going to access your protected health information in order to be able to determine if they were going to cover you or if they were going to continue your policy, or what they were going to charge you, you can consent to that or not consent to that, but you should know upfront that we may fly a drone over your house at any time. I just think that's part of the way to solve this, to make sure people are informed and they understand and they have to sign a document that says, I know that part of this policy is that they may fly over my house at any time or get aerial images and I may not even be aware of it. I just think that people should know that that's part of the deal and then at that point they can say, "Well, I don't want to work with this insurance company" or, "I'm fine with that."

Sen. Lana Theis (MI) stated I have a couple of comments, one of them being that you mentioned the resolution of at least 7.5 centimeters. The term "at least" 7.5 does not prohibit you from doing a higher resolution. So, while you're saying facial characteristics are not recognizable at that distance, something more absolutely would be. And so, I wanted to mention to our committee members that the language that is recommended does not negate that as a possibility, even though it was discussed as such. And then I guess I take umbrage with the commentary of the caution around the cure. My house was built in 1937. My husband used to repair nuclear submarines and he has repaired so much around the house and he's really good at it. And just because he's not a professional at that doesn't mean he doesn't do a really good job. So, I would also caution us to make sure that language doesn't prohibit people taking care of their own homes and doing it well.

Rep. Mike McFall (MI) stated to piggyback off of earlier comments around consent, those photos also have their neighbors' houses in it, and they weren't blurred out, and they did not consent to those photos being taken. So, I don't know if there's a way that we can also make sure that their privacy is taken into account, because the focus, obviously, is on the main house, but everybody else's property was included in those photos as well.

Rep. LeBoeuf thanked everyone for this discussion. As we move forward, I do want to caution on a couple of things. When we look at the bulletin versus legislation angle, I think all of us have been in situations where there has been a great regulator that has done phenomenal work in their agency and then as soon as they leave, all that work is gone. So having some type of legislative guardrail is great. The second thing I want to say is about the over-specificity. Just to give you a short anecdote, I am currently fighting a budget amendment because there's a statute in Massachusetts that says every registry of deeds has to put their documents on microfilm, and there's a national microfilm shortage. So, if you're over-specific with the technology, as technology advances the statute will have to be amended constantly. So it's important to allow the regulators to implement the regulations that are necessary and provide the legislative structure so that if things change we have something in place.

CONTINUED DISCUSSION AND POTENTIAL CONSIDERATION OF NCOIL RENTAL HOME MARKETPLACE GUARANTEES MODEL ACT

Rep. Bennett stated that the last item on the agenda is the discussion and potential consideration of the Rental Home Marketplace Guarantees Model Act. We have the potential to vote on this at the end of this conversation, and I know that Rep. Lampton, the sponsor, has put

a lot of work into this since the San Antonio meeting this past November, and a lot of interested parties have been engaged in getting closer together on this so I look forward to hearing from everyone before we take potential action.

Rep. Lampton stated that you can view the clean version of the Model in your binders at page 92, and then again on 97 with the redlined version. Both versions also appear on the website and the app. We've had a lot of feedback and received a lot of interest on this Model from interested parties and committee members. The model has been significantly changed since the last version. Most notably, it's been limited to being applicable to only the rental home marketplace. As I mentioned at the beginning of the discussion, I've always been receptive to making changes to the model to make sure we get things right. As you can see from the latest version, there's been significant changes to ensure that concerns have been addressed. In fact, it might be one of the most changed models in recent NCOIL history. But it's important that we've collaborated and made these changes as discussions have continued. I also note that the original version of the Model has already been enacted into law in Arkansas. So, this important public policy has already been passed in that state. I want to especially thank all the interested parties who have been working on this to get to quite a bit of compromise. I think this model is ready for consideration and I would encourage the committee to support the model today.

Ms. Segura stated that I agree with Rep. Lampton that there has been a lot of back and forth on this as we have been working on language on this Model, and I appreciate Airbnb's efforts as we have worked on the amendment before you today. What I will say is we have moved the model to a much better place from where it originally started. The language in the amendment continues to narrow the focus to property damages that occurred to the property owner. It removes the damages, and perhaps the guarantee from the renter side, which was something we've been very concerned about all along, about the conflict inherent in that with the NAIC and NCOIL travel insurance models. We appreciate all of the work that Airbnb has done with us on this to get it to this place. I know we did hear from the regulatory community yesterday that they had some concerns. I don't know whether or not our agreed language alleviates their concerns, and I think that's up to this body whether or not you all think this is sound public policy.

Matt Overturf, Ass't VP of State Affairs at NAMIC, thanked the Committee for the opportunity to speak and stated that I just want to begin by thanking Rep. Bennett and Rep. Lampton for your patience as we've worked through this issue over the past several months. The version before us today is an improvement. However, we continue to maintain that the model is not necessary and I'll give you two primary reasons why. The first being that there's not been a demonstrated market failure that creates a gap in coverage that warrants this model. And the second is establishing a precedent of model law offering products that transfer risk outside of the insurance regulatory framework. To that last point, we would encourage this committee or NCOIL, the body at large, outside of the model law discussion, to have future conversations on what we've been calling the "insurance/not insurance/gig economy issue," in an effort to potentially establish policy principles for issues such as this that are likely to come in the future.

Brad Nail of Converge Public Strategies, representing Airbnb, thanked the Committee for the opportunity to speak and stated I'm here with Byron Wobeter, Associate General Counsel for Airbnb, and we'll both be available for questions that you might have. Thank you to Rep. Lampton and Rep. Bennett for working hard on this and thank you also to our fellow stakeholders here who have engaged, and we've worked toward agreeable language. For those of you who were here either at the summer meeting in July or at the annual meeting in November, this issue was discussed at length there. And since that November meeting, a couple of things have happened of note. First, as Rep. Lampton referred to, the prior version of

this model was filed in Arkansas by Sen. Justin Boyd (AR), Vice Chair of the NCOIL Health Insurance & Long Term Care Issues Committee, who unfortunately couldn't be at the meeting today. That was the broader version of this bill and it passed the Senate there 33-0. It passed the House 97-0, and has been signed by the Governor, so it is the law in Arkansas today. So, it has been thoroughly vetted by committees and a legislature. The second thing that happened is the stakeholders in the insurance industry had come forward in November and expressed their concerns mostly around the breadth of the model and a desire to narrow the scope. And so, we've engaged in extensive discussions along with the sponsor, and the version that you would be considering today is substantially narrowed. And there are really three main areas where it has been narrowed. First, it only applies now to the rental home marketplace instead of applying to any online marketplace. Secondly, it's important that anyone offering this guarantee be able to demonstrate their ability to have the financial wherewithal to satisfy it. And in the prior iteration of this model, there were three options for them to be able to do so. They could back it with an insurance policy, or they could have a certain amount of cash on hand, or they could have a certain market cap with their company. We've removed two of those, and now it has to be backed by an insurance policy. So, there is insurance involved in this now. And then thirdly, the most recent changes that were suggested by APCIA, as Ms. Segura described, were to narrow it to only applying to the owner or the controller of the property instead of the person who's going to be renting it. So, we think that this is an important model to provide clarity and consistency in the law and to provide direction for your regulators. We've discussed this for a year and we feel that this has been fully vetted and is ready to pass. And now that we have the insurer input into the model, we feel it's well positioned so we would ask for your favorable vote.

Sen. Walter Michel (MS) thanked Rep. Lampton for the work he has put into this as sponsor and I know that this committee has addressed this issue many times in our previous meetings and as a member of this committee, I've had multiple discussions with the various groups on this. I want to thank you all for getting together and for all the time and effort you've spent on working on a model that you are happy with, and I appreciate your efforts.

Asm. Jarett Gandolfo (NY) stated that I'd like to hear a little more about the coverage gap that we're addressing here. What exactly is happening for property owners in the marketplace that current insurance policies are not addressing properly? Mr. Nail stated that I think it's fair to say most homeowners' policies may not provide coverage during short-term rental. What Airbnb does, what they do currently, and what this would recognize, is that if you are the owner or the controller of the property and you would like to list it on Airbnb, the person who rents that from you is contractually obligated to pay you for any damage that occurs to the property. If they fail to satisfy that, if they fail to step up and pay you, Airbnb wants to be positioned to say to you as the owner, we'll pay for that damage and then we'll decide whether to keep going after the renter to pay that. And that's really the crux of this. There have been a couple of states where the regulators have questioned the arrangement, and that's why there are about half the states where there is an exemption in the statute that we think applies to this. There are about half the states where there's probably some case law. But in almost all the cases, that predates really the economy that we're talking about. And so, it would be beneficial to have the clarity in the statute and something that directly addresses the arrangement that we're involved in.

Asm. Gandolfo stated that I'm looking at the definition of "provider" and it includes "any affiliate or representative." What's the reason for that language? Mr. Wobeter stated that comes from other language within statutes and it could be a subsidiary of that company that actually provides it but it still has to be the company and if you go to the definition of "rental home marketplace", it still has to be a company that their primary business is not this. The primary business has to be something else like the rental home marketplace. Asm. Gandolfo further

stated, in terms of regulatory authority, what oversight would a Department of Insurance have over this guarantee, because in the model it says the guarantee itself is not an insurance product? Mr. Wobeter responded section 7 of the model has enforcement provisions and the way that is drafted is sort of broad right now, but that would be drafted in a state-specific way in a state bill, so that that's one thing. And then section 8 of the model sets forth the authority for the commissioner to promulgate regulations that are in line with the model, and we think those pieces are important so that it has the appropriate authority. Mr. Nail added that Rep. Lampton has expressed that in his state he believes that this might be better suited under the purview of the Attorney General rather than the Insurance Commissioner, and that's a decision that we think would probably be on a state-by-state basis.

Sen. Mary Felzkowski (WI) stated that as a legislator, when we become elected, we do it to solve issues for our constituents and to really take on and provide solutions. And I come from an area of Wisconsin that's heavily invested in tourism, and I am also an insurance agent. And I have to agree with NAMIC on this one. I have not had one host come to me and say, "I can't obtain insurance on my Airbnb, whether it's commercially because I have numerous ones or maybe it's because I have a summer home up north and I'm going to rent it out part-time to be able to help afford it." The insurance industry has stepped up and done an amazing job to provide coverage for those people and I'm greatly concerned with this model because I don't think that it's putting forth a product that is allowing our hosts to replace or to even provide a product. Because if I have a homeowner's policy and I'm renting it out as an Airbnb, you're not replacing that insurance product. If that home burns down while it's renting, you're not going to rebuild that home. You're putting a band-aid product out there in the form of a non-insurance product. There's no disclosure around what you're charging the host for that and I actually had a representative try to tell me last night, "it's free, we're not charging you." There is no free. You're baking these costs in, driving up the cost to the consumer, not being transparent on it, not allowing the host to opt out. I still have to buy and purchase a comprehensive product to insure that property. I wasn't at the NCOIL-NAIC Dialogue yesterday, but there were concerns around claim payment, filing of claims, and actual payment on this. So, whom are we passing this model for? Are we passing this model for the renters? Are we solving an issue for them? I don't think so. Are we solving an issue for the hosts? No, because those hosts still have to buy a comprehensive policy to fully insure and cover the home that they are renting. We are passing this for Airbnb and VRBO. And kudos to you, it's a great business model. And yes, you may pay out some claims. You may do some good with it. But let's just have an honest conversation about what we're doing.

Mr. Nail stated Sen. Felzkowski and I have talked about this, and I understand her perspective on it. Airbnb, despite the assertions to the contrary, does not even charge anyone for this. This is just a component of their overall costs, and it's necessary to provide the host, the property owner, with peace of mind that when something does happen, that Airbnb or the other rental marketplace will be there to back them up. That's really what we're seeking here, and what we're in need of is sort of the regulatory certainty to continue doing this, because it is a benefit to the hosts and to the guests. Mr. Wobeter stated I would just add that we feel that the consumer protections already in the model are comprehensive and adequate and the regulators will be able to regulate as well. And as Mr. Nail mentioned, this will be backed by an insurance policy, and so that reimbursement insurance policy will be required. Mr. Nail stated and just one more point - we have had numerous discussions with insurance departments in several states, and while there are a couple of states that have expressed concerns, the vast majority of them, when we have met with them and set forth what we're doing today, have told us that yes, they agree that it's appropriate, and that they have no problem with it. So, I don't want there to be a perspective that there's concern about this across the board from the insurance departments.

Rep. Edmond Jordan (LA), NCOIL Treasurer, stated I wasn't going to comment but I think it's fair to give a different perspective. I do think that this solves an issue for hosts. As many of you know, I'm from Louisiana, and while I don't represent New Orleans directly, it is, of course, obviously in Louisiana, but I also represent Baton Rouge. If you've ever been to New Orleans or if you've been to a Louisiana State University (LSU) football game, you know that there's a lot of partying that goes on, and sometimes with that comes destruction. And so, while this isn't an issue that has necessarily come before our insurance committee, I also serve on the commerce committee, and it is an issue that's come before that committee several times. And I will tell you I've heard from several hosts who have said that during the partying scene, either in Baton Rouge or New Orleans, destruction has happened to their properties. And a lot of these claims are relatively minor claims, but still, they want to be able to recover from that and feel like they can be made whole. So, from that perspective, I certainly don't have a problem with the model. From a consumer perspective, if somebody has caused destruction, I think that there should be some restitution. But if they're relatively minor claims, I would hope that Airbnb or VRBO or whoever it was wouldn't necessarily go and try to penalize somebody for taking 10 towels, but short of that I certainly don't have a problem with this because I do think it solves an issue for the host. And I've heard from those hosts directly and some of those are my constituents.

Rep. Bennett stated that we have discussed this issue for over a year and it seems to me that at this point the remaining issues are sort of philosophical differences about what is insurance, and I know that you all have worked together a lot on this here and you will continue to work together on this at the state level. But at this point I would like to entertain a motion first to adopt the amendments to the Model¹. Upon a Motion made by Rep. Lampton and seconded by Rep. Jordan, the Committee voted by way of a voice vote to adopt the amendments to the Model.

Then, upon a Motion made by Sen. Paul Utke (MN), NCOIL Vice President, and seconded by Rep. Jordan, the Committee adopted the Model as amended by way of a 12-6 roll call vote².

¹ Section 2. Definitions

B. "Rental home marketplace" means a person that meets each of the following criteria:

- (1) Provides an online application, software, website, system or other medium through which a service property is advertised or is offered to the public as available in this state and that connects platform users to enable them to share property ~~or perform services for other platform users through the same online platform.~~
- (2) Provides, directly or indirectly, or maintains an online platform ~~for services~~ by performing any of the following:
 - (a) Transmitting or otherwise communicating the offer or acceptance of a transaction between two platform users.
 - (b) Owning or operating the electronic infrastructure or technology that brings two or more platform users together.
- (3) If engaged in the offering of rental home marketplace guarantees, does so only in a manner that is ancillary to the conduct of its primary legitimate business or activity.
- (4) Is not a local or state governmental entity.

C. "Rental home marketplace guarantee" means a contract or agreement issued in connection with a rental home marketplace, whether or not for a separate consideration, to reimburse a user sharing property platform user for any damages for which ~~another platform user~~ the renter is responsible under the rental home marketplace's terms of service, with or without additional provision for incidental payment of indemnity.

² Some legislators who were present at the beginning of the Committee's meeting had left the room by the time of the vote.

Rep. Oliverson stated that we haven't had a Model go to a roll call vote in quite a while, so I'm going to make a recommendation that we revisit this Model more frequently rather than the standard five years from adoption just to kind of keep an eye on it and see if it's being adopted anywhere. Rep. Bennett stated that it would be good to have a conversation about that during tomorrow's Executive Committee meeting.

ANY OTHER BUSINESS

Mr. Martin stated that the number one issue NAMIC is working on across the country in state legislatures deals with the issue of utility immunity, particularly with regards to wildfires. There are about 12 states that have entertained these bills. Either they're currently pending or have been considered. The bills all have a different variation, but they go something like this - if a utility company has a wildfire mitigation program and they comply with it to some degree, they are immune from all damages they create, no matter how much property they destroy or lives they take or pets they kill or livestock that is destroyed in these cases. We're not asking for a model law from NCOIL on this, but we do suggest that at your meeting in the summer that you have a general discussion panel to discuss these issues because we think we're going to see this in other states in 2026. We just want you to be aware of all the issues. It's not that we're necessarily opposed to creating an articulated standard of care for utility companies. That makes perfect sense to us. But when you start to give immunity, you're starting to see some very unique relationships and unity between insurance companies, trial lawyers, firefighters, lumber companies, ranchers, and farmers. We just think this organization needs to be fully aware of what's going on so that you can make informed decisions back in your states³.

Sen. Jesse Bjorkman (AK) stated that this is a huge issue in Alaska, and I want everyone to be aware, even my utility pushes for immunity. Immunity doesn't keep the forest and people's communities from burning down. Someone has to be responsible to clear the right-of-way and keep trees from falling on the power lines. Everybody wants it to not be their fault. I don't care whose fault it is if my entire town gets burned down because we don't maintain our infrastructure. Everyone wants to say, "Oh I don't want to be responsible." Guess what? We're all responsible. And so, I'm involved in a member-owned co-op where that cost would fall on all of my constituents and all of my voters if the utility were responsible. But we all need to be responsible for clearing the right-of-ways and making sure that trees don't fall on lines. I think a more elegant solution for private property is to say, "Hey, as a utility we're going to go remove trees that we think can impact our facility." If the private property owner says no, then they need to sign a document that says, "I realize I have a risk and now and I assume that liability for the risk of trees falling on lines." Absolving people of responsibility for large-scale forest fires is not a solution that keeps anybody's community from burning up. It's a big deal. My community's been in danger multiple times. Someone has to be responsible.

Rep. Bennett stated that I look forward to that conversation this summer and I couldn't agree with you more, and Sen. Bjorkman, we'll invite you to be part of those discussions.

ADJOURNMENT

Hearing no further business, upon a motion made by Rep. Jordan and seconded by Sen. Utke, the Committee adjourned at 12:00 p.m.

³ Mr. Martin submitted a witness slip in support of NCOIL further discussing the issue of utility immunity and wildfires.