

July 16, 2025

Montana Economic Affairs Interim Committee
State Capitol
1301 E 6th Ave
Helena, MT 59601

Re: Interim Study of Montana's Property Insurance Market

Dear Economic Affairs Interim Committee,

The Consumer Federation of America (CFA)* writes in support of the interim study of Montana's property insurance market and the causes of rising insurance rates, which was established by [HJ 61](#). We urge that this study be given substantial resources and expertise, and that the study include information on all policies in the state's property insurance market, not just insurance for single family homes.

As the Committee knows, homeowners are struggling to cover the cost of skyrocketing premiums, finding it difficult to obtain insurance because of withdrawals of insurers and non-renewals of insurance policies, and sometimes even going without coverage altogether. Data collected by the National Association of Insurance Commissioners (NAIC) and the Federal Insurance Office (FIO) found that from 2018 to 2022, average nationwide homeowners insurance premiums increased 8.7% faster than the rate of inflation, and homeowners in communities affected by substantial weather events paid far higher premiums than homeowners in other communities.¹

* Founded in 1968, CFA is an association of consumer organizations that works to advance consumer interests through research, advocacy, and education. CFA has worked for decades on researching insurance markets, making insurance more affordable and accessible, and opposing unfair discrimination. CFA's Director of Insurance Douglas Heller is a member of the Federal Advisory Committee on Insurance. CFA's Research and Advocacy Associate Michael DeLong is a funded Consumer Representative at the National Association of Insurance Commissioners (NAIC).

¹ "U.S. Department of the Treasury Report: Homeowners Insurance Costs Rising, Availability Declining As Climate-Related Events Take Their Toll." Federal Insurance Office, U.S. Department of the Treasury. January 16th, 2025. Available at <https://home.treasury.gov/news/press-releases/jy2791>.

However, the joint NAIC/FIO effort only collected insurance data until 2022 and gathered that data at the national level, instead of doing any state-level analysis. The NAIC has also refused to make additional data from their efforts public and Montana refused to participate in the NAIC's data call on homeowners insurance, making it more difficult for consumers and policymakers to understand the property insurance crisis and possible solutions. In requesting this study, the Legislature identified the critical information gap regarding Montana's property insurance market, and we applaud this committee for the work it is set to undertake.

In order to best use the momentum generated by this joint resolution, the Committee should work with the Commissioner of Securities and Insurance to craft a detailed and granular data call regarding prices, coverage, and claims throughout the state for all the lines of property insurance that Montana residents and businesses rely on.

At a minimum, the interim study on Montana's property insurance market should collect the information gathered by the NAIC in its 2024 data call. Specifically, it should collect data on HO-3 policies, the most common policies that protect single family homes. Beyond the information collected by the NAIC, we recommend that the study collect information on the following insurance policies:

- Renters (HO-4) and condominium/co-operative (HO-6) insurance policies, as well as master policies purchased by these associations;
- Property coverage purchased by affordable housing developers; and
- Manufactured housing and mobile home insurance policies.

Additionally, the study should examine the causes of rising insurance costs and how these causes are contributing to higher premiums, reduced insurer participation, and non-renewals of policies. A changing climate is increasing insurance risk and affecting costs—and it is essential that Montana prepare for the challenges ahead. According to the National Oceanic and Atmospheric Administration (NOAA), the annual number of weather/climate disasters costing over \$1 billion in damages

has increased over the last several decades. From 1980 to 2024, the average number of billion dollar disasters was 9 per year, but the average number of disasters for the five most recent years (2020-2024) was 23 per year.² And the number of disasters that cause smaller amounts in damages has likely increased as well. By compiling information about changing exposure to risk of loss, this study can help Montana policymakers and consumers prepare for the future.

The Committee should consider a range of options for addressing rising costs and reduced availability. This should include state support for home hardening and loss mitigation programs similar to others initiated around the country such as Strengthen Alabama Homes program as well as adopting a more rigorous review of insurance company rates before companies can raise them in the market place. There are many other potential strategies worthy of review, and we urge the Committee to bring consumer advocates to the table as you consider the options. The insurance companies will, of course, be actively engaged in the Committee's work, and it is important that experts with a consumer perspective also actively participate in evaluating and assessing the various proposals and approaches to make property insurance more affordable and accessible for Montanans.

We stand ready to help the Legislature conduct this study, with either insurance expertise or feedback on various proposals.

Please contact us at mdelong@consumerfed.org with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Heller", with a long horizontal flourish extending to the right.

Douglas Heller
Director of Insurance
Consumer Federation of America

² "Billion-Dollar Weather and Climate Disasters." National Oceanic and Atmospheric Administration. Retrieved on June 25th, 2025. Available at <https://www.ncei.noaa.gov/access/billions/>.

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