



Regulatory Alert

Regulatory Insights Across the States



August 2025

State Series: Property & Casualty Insurance

- *State legislatures and insurance regulators are responding to rising weather-related events/risks, rising prices/costs, and advances in technology by introducing or enacting regulatory reforms that aim to enhance transparency, affordability, and consumer protections.*
- *The NAIC's 2025 initiatives are driving states to collectively focus efforts around "catastrophe resiliency" and pre-disaster mitigation, cybersecurity, and data privacy in addition to fraud prevention, market stability, and price transparency.*

State Property and Casualty (P&C) insurance laws and regulation are undergoing a transformation. Numerous weather-related events—including hurricanes, wildfires, and floods—have raised public awareness of policy coverages, claims processes, valuations, and premiums/rates on a broad scale. Advancing new technologies, including AI, further focus attention on decision-making in the context of claims and rates.

In the 2025 legislative session, states have individually and collectively introduced and/or enacted legislation consistent with the NAIC's announced 2025 initiatives, including enhanced consumer protections across key areas related to losses/claims from weather events (referred to as

"natural catastrophes", technology/ cybersecurity/ data privacy, and rate setting. Their efforts are reinforced by enforcement activities undertaken by state insurance commissioners and state attorneys general (AGs).

Notable state activity in 2025 includes:

- 1. Regulatory Transparency & Oversight** (e.g., rate setting, AI Use, reporting)
- 2. Affordability & Availability** (e.g., consumer protection, weather & disaster risk, minimum liability coverage)
- 3. State Coordination & Enforcement** (e.g., NAIC initiatives, multistate licensing, fraud prevention)







1. Regulatory Transparency & Oversight

Recent legislation (introduced and/or enacted) looks to provide consumers with more information

about the costs of and changes to their policies. Key features of these bills can include:

| Key Features | |
|--------------------|--|
| Key Feature | Description/Examples |
| Rate Setting | <ul style="list-style-type: none">Required disclosure/ explanations of rate-setting practices at policy issuance or renewal (e.g., HI, OR, KS, NY)Public disclosure of rate increases over certain thresholds (e.g., CA, NJ, IL)Restrictions on factors/inputs to rate setting such as education, job title (e.g., NJ, MD) |
| AI Use | <ul style="list-style-type: none">Required disclosure of the use of automated decision-making tools in areas such as claims processing and evaluations (e.g., FL, DE, NJ, RI, MA) |
| Policy Change | <ul style="list-style-type: none">Notice and/or explanation/disclosure of material policy changes including rate in/decreases, non-renewals, and reductions in coverage (e.g., HI, NY, OR, CT) |
| Reporting | <ul style="list-style-type: none">New and/or amended requirements for reporting submissions to the state commissioner/department of insurance, including complaints and dispositions, loss reserves, trends in claims and market conditions, financial data, etc. (e.g., AK, LA, MI, IN, NY, FL)Trend toward complaints data reporting by commission/department to state legislature (e.g., LA, HI) |
| Enforcement Policy | <div>Establish penalties for violations relating to:</div> <ul style="list-style-type: none">Limitations on premium rate increases (e.g., IL, HI)Insurance rate disclosures (e.g., IL, HI)Reporting false or misleading information (e.g., GA)Unfair and deceptive practices (e.g., PA, NE)Rate underwriting rules (e.g., PA, CA, NE, CT, IA)Licensing (e.g., NY) |

27 “natural catastrophes”

in the U.S. in 2024 generated **at least \$1 billion** in insured losses

Source: NAIC P&C Insurance Industry, 2024 Full Year Results; NOAA National Centers for Environmental Information (2025)

\$371 billion - \$415 billion

combined **total damage and economic loss** estimate caused by extreme weather events in 2025

Source: <https://www.insurancejournal.com/news/southcentral/2025/07/07/830621.htm>

14 weather events over \$1B

in the first half of 2025

13

9

of which were in the U.S. annual average of such events from 1980-2024

Source: PropertyCasualty360, July 21, 2025.

Premiums

13.4%

increase YoY in Homeowners Direct Premiums Written (DPW)

14.4%

increase YoY in auto physical damage DPW

12.7%

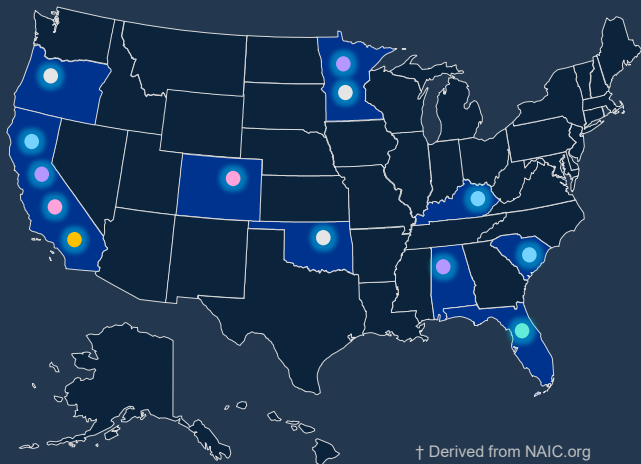
increase YoY in liability DPW

Source: NAIC P&C Insurance Industry, 2024 Full Year Results

U.S. State Insurance Laws and Regulations

“Catastrophe resiliency” and disaster preparedness are among the NAIC’s key initiatives for 2025.

As part of the National Climate Resilience Strategy, states have implemented **consumer protection laws, regulations, and services to safeguard consumers against weather-related events** (e.g., hurricanes, wildfires, floods).



States introducing resiliency and regulatory measures in 2025[†]

Select measures include:

- Public-facing information portals/guidance
- Grants/Rate incentives to retrofit properties
- Accelerated payments for personal/living expenses
- Dedicated fraud hotlines re: service providers
- Claims tracker/data transparency
- Coordinating on information sharing (data, research, programs)

2. Affordability & Availability

State legislative activity in 2025 targets consumer protections, including issues of affordability and fair access, with measures directed toward risk factors

in rate setting, premium relief, minimum coverages, and protections against cancellations in disaster zones. Key features may include:

| Key Features | |
|----------------------------|---|
| Key Feature | Description/Examples |
| Consumer Protection | <ul style="list-style-type: none">Restrictions on the use of non-driving or non-risk factors (e.g., credit score, education, occupation) in rate setting for auto or homeowners' insurance. (e.g., CA, NJ, IL)Targeted premium relief and rate-setting reforms (e.g., MD, FL)Data privacy requirements, such as data minimization, opt-in consent, breach notification (e.g., CA, IL, MO, FL)Prohibited use of AI as the sole decision-making tool in claims adjustments or denials (e.g., FL, IL, RI) |
| Weather & Disaster Risk | <ul style="list-style-type: none">Implementation of state programs (e.g., grants or funds with designated purpose such as hurricane relief or catastrophe reinsurance; mitigation-based incentives) to increase preparedness and curb rising premiums/ post-renewal spikes (e.g., CO, ME, MN, HI, MT)Restrictions against the cancelation or non-renewal of policies in high risk/emergency zones for a specified duration (e.g., CA, LA, FL, OR, NY, AK) |
| Minimum Liability Coverage | <ul style="list-style-type: none">Trend in motor vehicle insurance toward increasing minimum liability coverage amounts, expanding coverage mandates, and modernizing insurance frameworks to reflect market conditions such as rising repair costs and medical expenses (e.g., CA, FL, VA, NC, WA, TX)Trend for home insurers to exit high-risk locations (e.g., weather-related events) increasing demand for Fair Access to Insurance Requirements (FAIR plans); some states studying mixed-market solutions, including public reinsurers, expanded mitigation credits, and rate-setting reforms (e.g., VT, MA, NM) |

3. State Coordination & Enforcement

States are taking legislative and regulatory action individually and collectively to align with the NAIC’s announced 2025 initiatives, which, at a high level, include strengthening state-based regulation, enhancing consumer protection, and monitoring industry solvency. Key features of example actions in 2025 related to P&C insurance, including introduced and/or enacted legislation, include:

| Key Features | |
|----------------------|---|
| Key Feature | Description/Examples |
| NAIC Initiatives | Across states and working through NAIC committees, coordination and implementation of key NAIC initiatives, including: <ul style="list-style-type: none">• “Catastrophe resiliency” and pre-disaster mitigation• Cybersecurity incident and market-disruption frameworks• Consumer privacy protection (including through a Model Law) |
| Fraud Prevention | <ul style="list-style-type: none">• Adoption of model laws (e.g., National Council on Insurance Legislators Insurance Fraud Model Act) and participation in information sharing systems (e.g., NAIC Online Fraud Reporting System); interagency information/data sharing at state level• Increased penalties associated with fraud, expanded definition of fraudulent acts, and expanded commission authority to pursue fraud actors (e.g., NY, KY, LA, VA)• Permitted use of AI for fraud detection (e.g., TX, NY, FL)• Provision of civil immunity for individuals reporting suspected fraud in good faith (e.g., WY, NJ, IL, FL); rewards for whistleblowers (e.g., NY) |
| Multistate Licensing | <ul style="list-style-type: none">• Reciprocity-based approach to licensing, including producers, adjusters, brokers, insurers) for nonresidents licensed and in good standing in their home state (e.g., AK, KS, WV)• Trend toward multistate licensing uniformity |
| Enforcement | <ul style="list-style-type: none">• Initiated enforcement activity by state insurance commissioners or AGs (e.g., civil suits, cease and desist orders, consent orders, examinations/ investigations) in a variety of areas including data privacy, claims handling, and market conduct (e.g., TX, NY, CA, PA, IL, WA, AZ) |

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