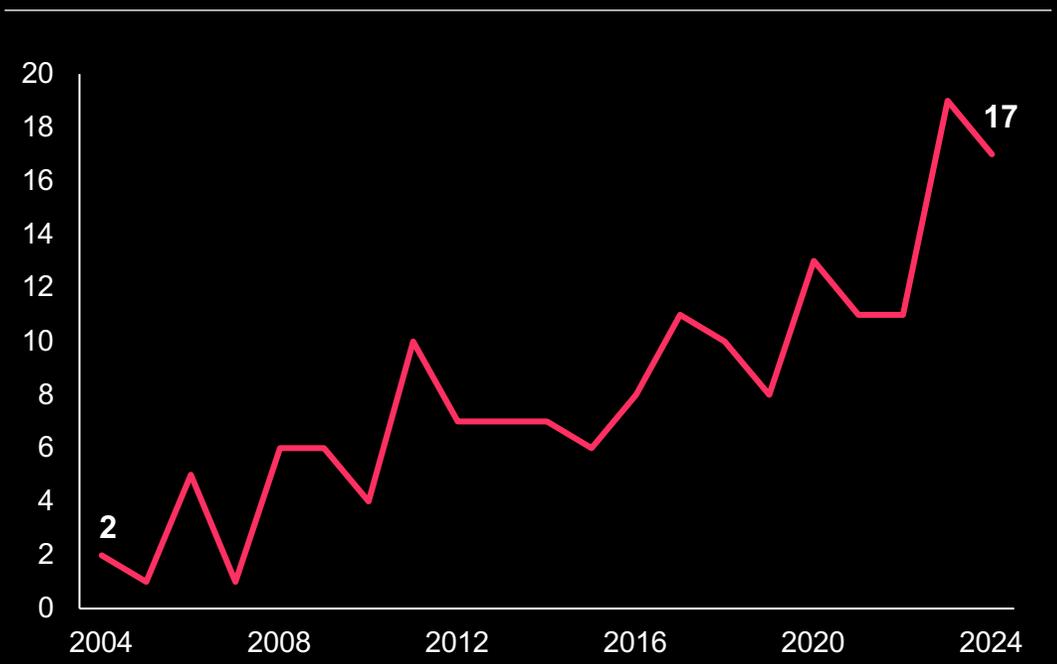


Charting Homeowners Coverage in an Era of Severe Storms

Stephanie Kuczynski
Director, Risk Analytics, ZestyAI

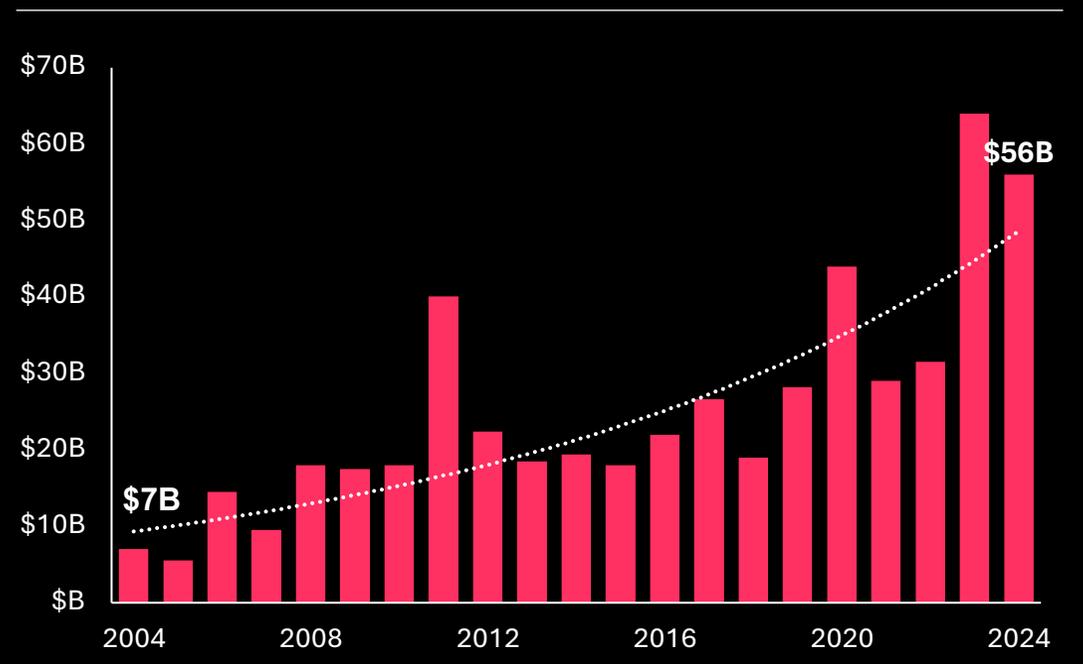
The Pressure Point: Escalating Wind/Hail Losses

US SCS: Billion Dollar Events



Source: NOAA

US SCS: Annual Insured Losses



Source: Gallagher Re

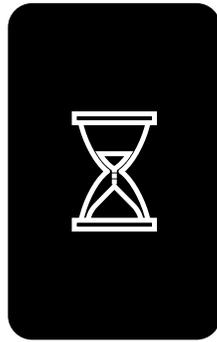
Homeowners think insurance is a commodity. They're wrong

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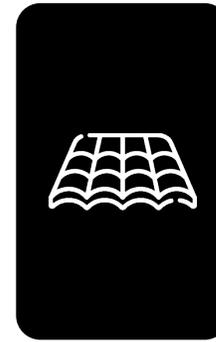
93%

Percentage
Deductibles



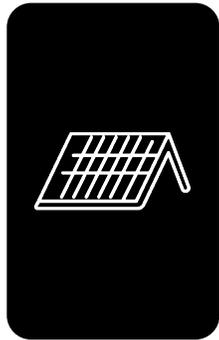
78%

Age-Based
Triggers



75%

ACV Roof
Schedules



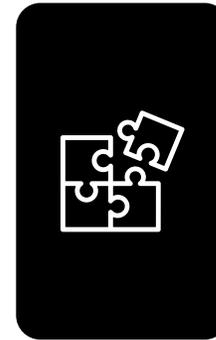
49%

Cosmetic
Exclusions



30%

Mandatory
Inspections



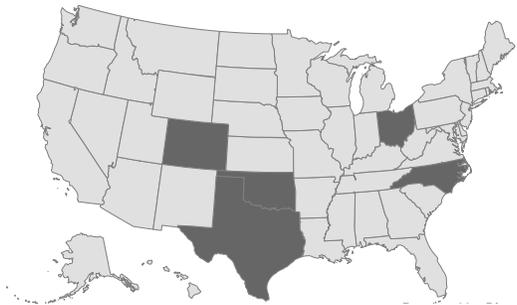
17%

Anti-Matching
Language



58

Carriers across 5 states



\$51 B+

In Homeowners
Premium

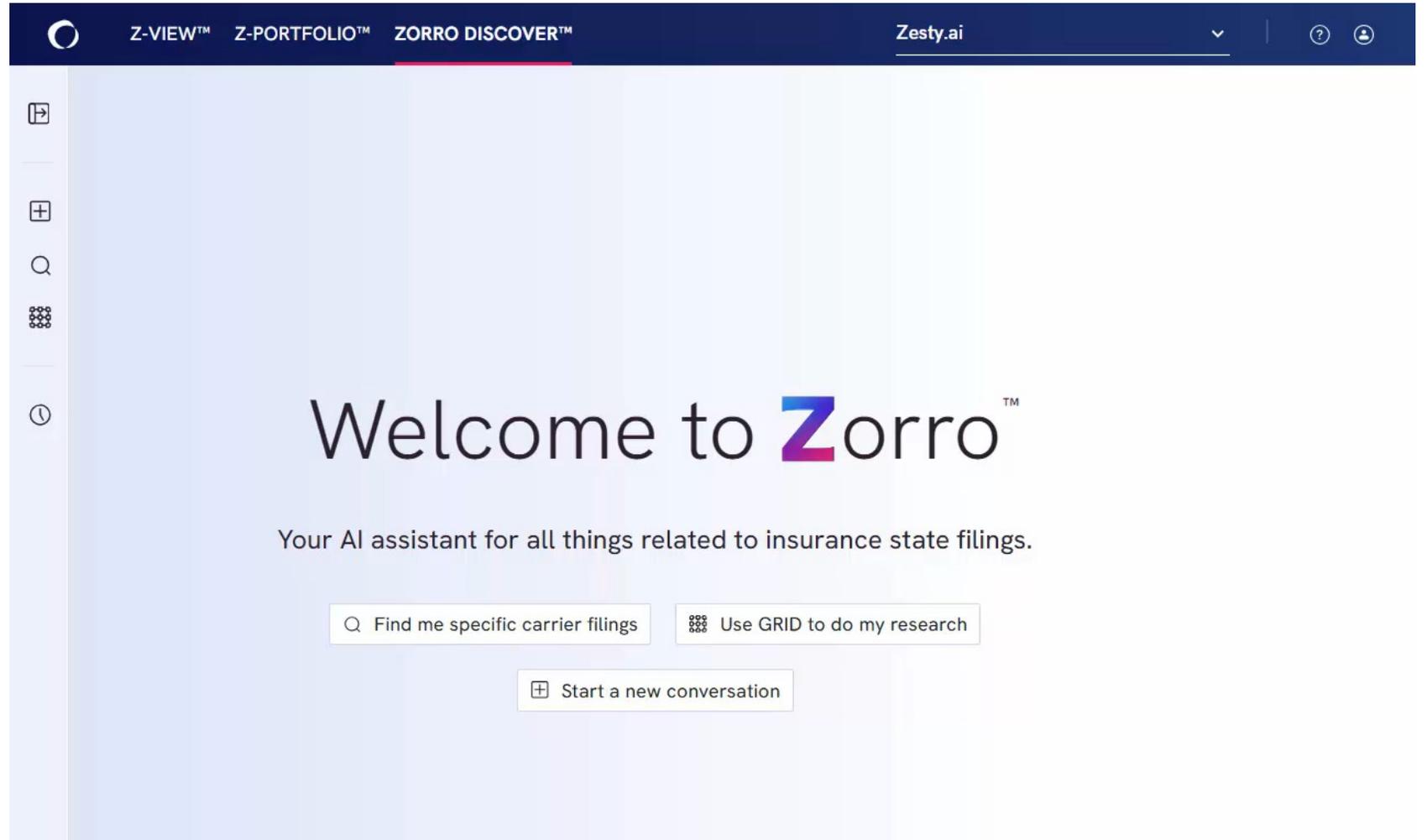


1,789

Regulatory Filings

2023-2025

How we did it



Segmenting the Market to Understand How Carriers Manage Storm Risk

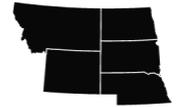
Tier 1

Large National Carriers, \$3B+ DWP



Tier 2

Nationwide Carriers & Super-Regionals



Tier 3

Large Mutuals, Regionals, & Insurtechs



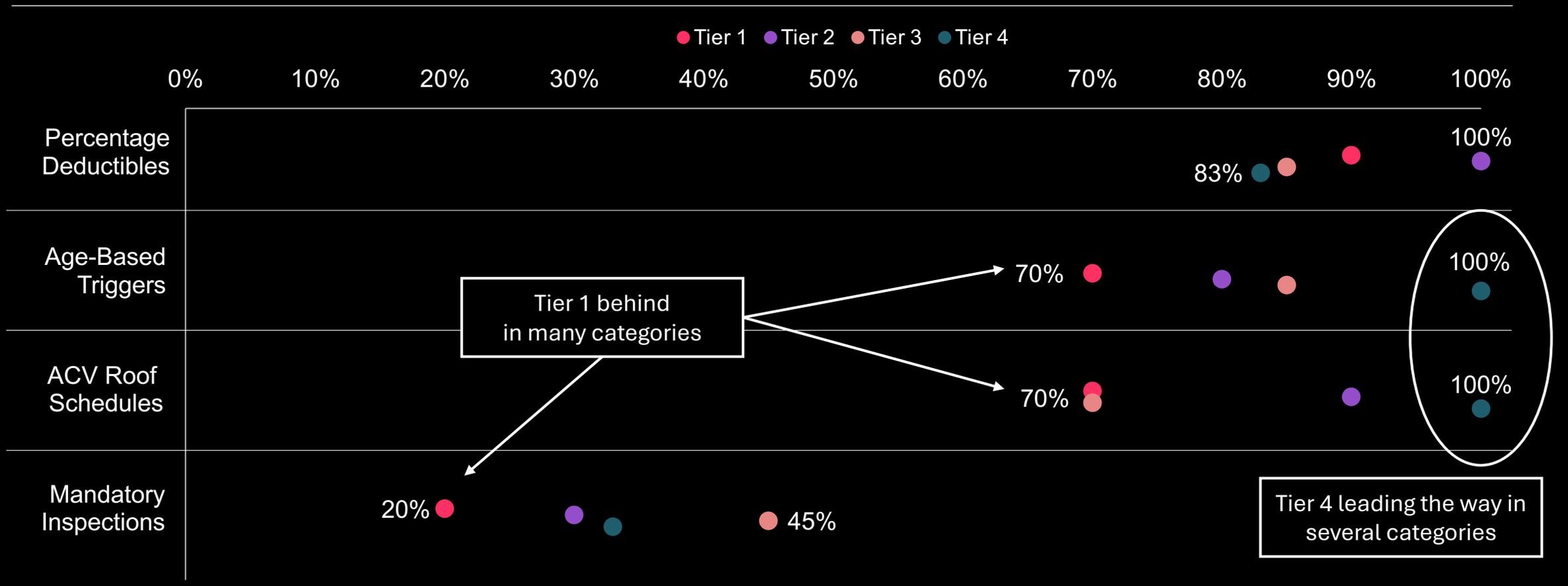
Tier 4

Small Mutuals, Regionals, & Specialty Carriers



Quantifying the Coverage Exodus

Tier 4 Sets the Pace on Coverage Restrictions



Quantifying the Coverage Exodus

Selective Adoption of Emerging Exclusions

● Tier 1 ● Tier 2 ● Tier 3 ● Tier 4

0% 10% 20% 30% 40% 50% 60% 70% 80% 90%

Material
Restrictions

40% ● 60% ● 80%

Cosmetic
Exclusions

42% ● 50% ● 60% ● 70%

Geographic
Restrictions

30% ● 40% ● 50%

Anti-Matching
Language

13% ● 20% ● 25%

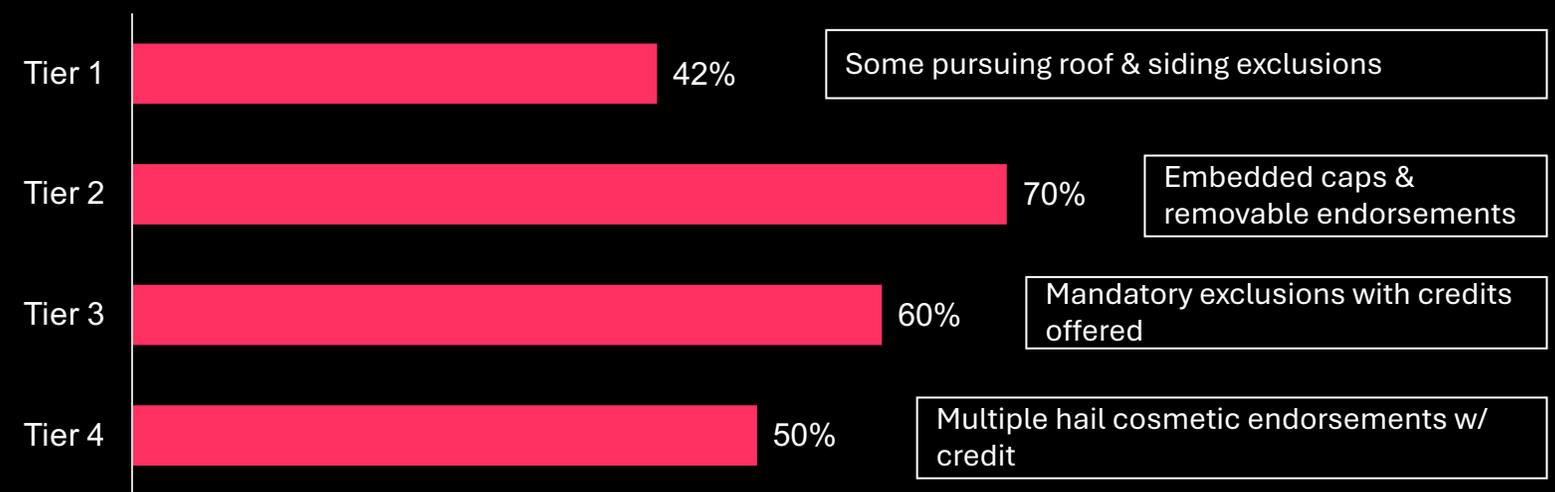
Adoption began
accelerating in 2024

No single tier dominates
across categories

Under the Hood: How Coverage Is Really Changing

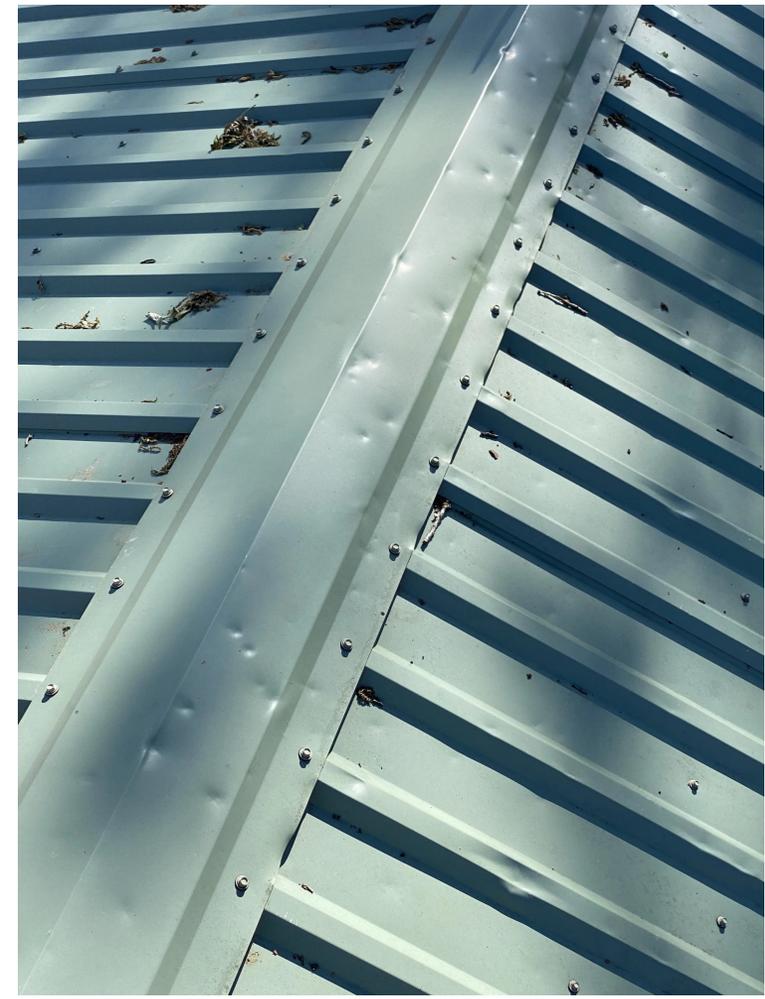
Cosmetic Damage Deep Dive

Adoption and Implementation by Tier



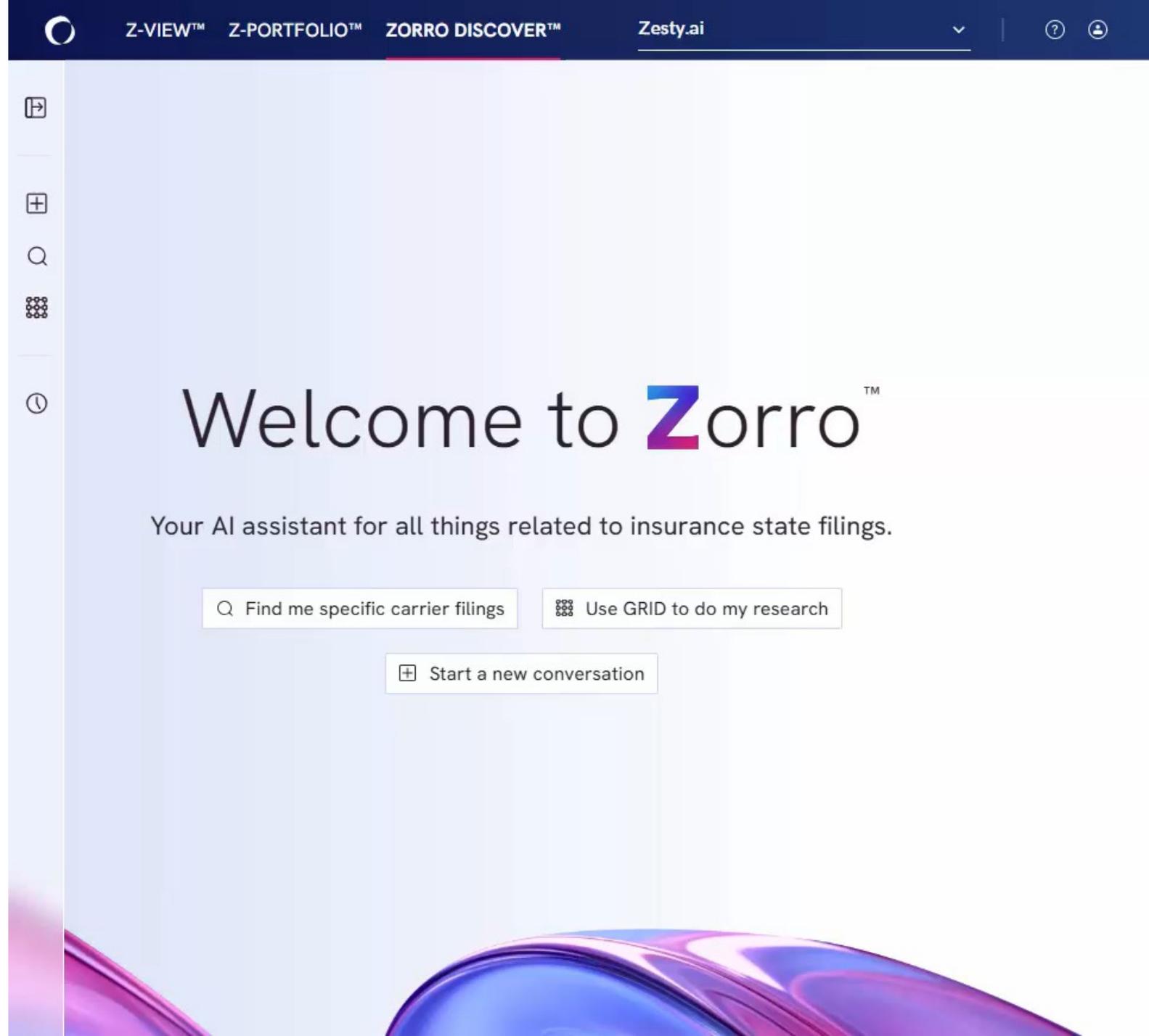
Premium Credits: 5–20% depending on state and carrier
Some carriers use **inverse credits**, surcharge if you *remove* the exclusion

Adoption By State



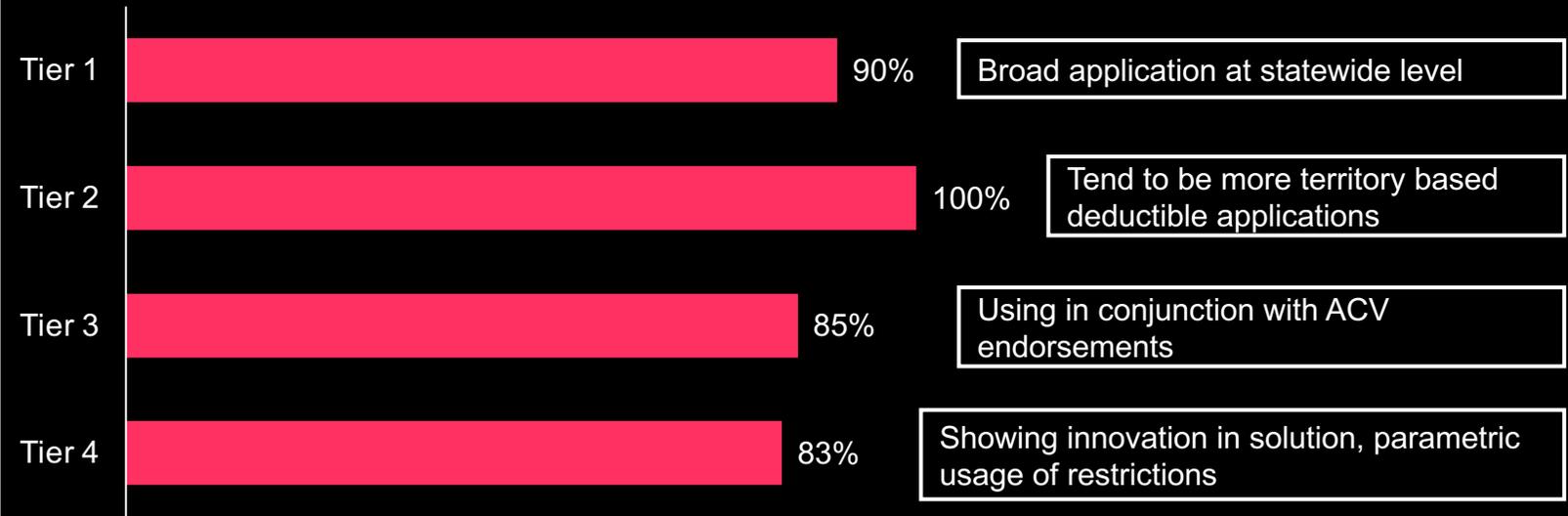
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- **Targeted Materials:** 32% of carriers exclude cosmetic damage to metal roofs.
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- **Compliance Pressure:** Regulators require “actuarial parity.” Credits must match loss reduction.



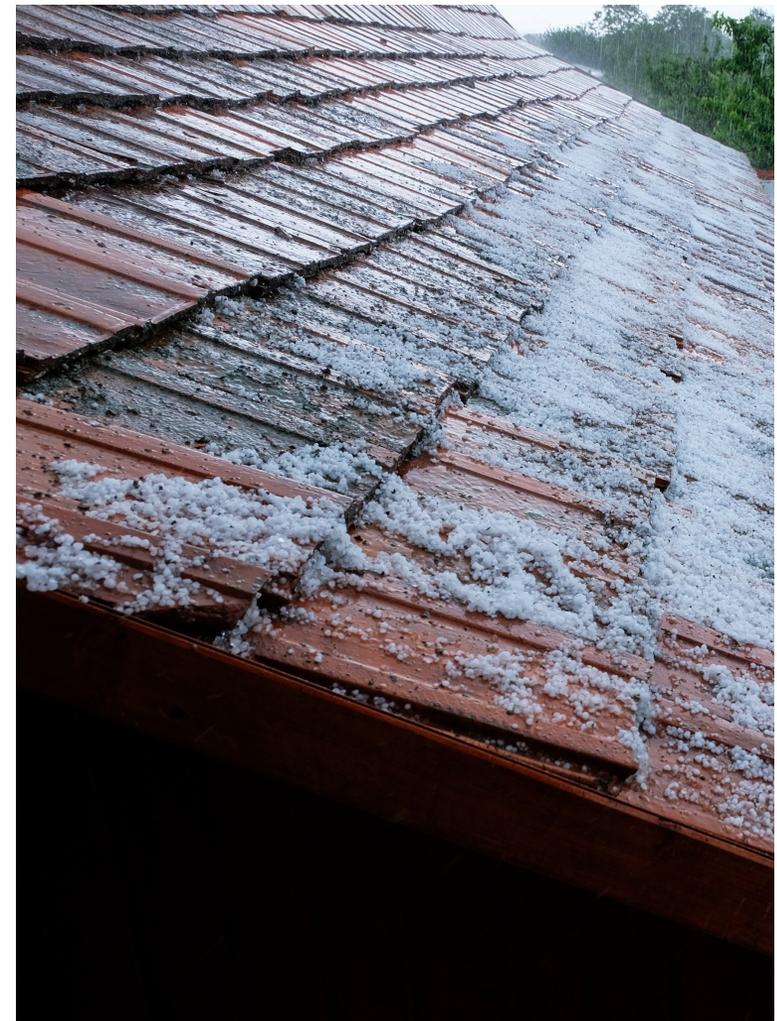
Deductible Restrictions

Adoption and Implementation by Tier



Percentage deductibles have highest adoption across all carriers
Percentage deductible shifts \$2,000-\$15,000 back to insured

Adoption By State



Deductibles

- **Widespread Adoption:** 93% of carriers now use percentage-based wind/hail deductibles.
- **Material Differentiation:** Up to 5% mandatory for wood shake, lower for metal and comp.
- **Flat Deductible Specialists:** Some carriers favor large flat deductibles (\$2.5K–\$10K) by Coverage A band.
- **Geographic Application:** Coastal and hail-prone ZIPs see 2–3% mandatory minimums in TX, OK, and CO.

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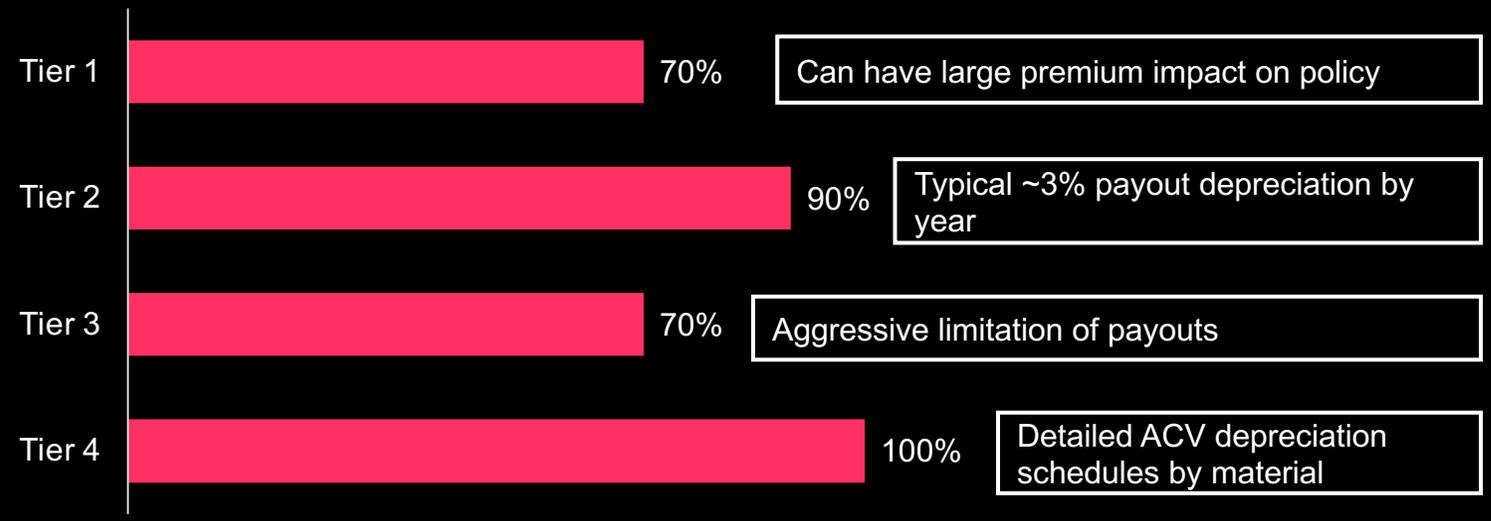
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Find me specific carrier filings Use GRID to do my research

Start a new conversation

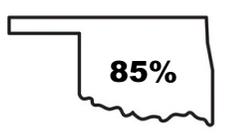
Actual Cash Value Endorsements

Adoption and Implementation by Tier



Broad adoption across all states
ACV shifts 30-60% of roof cost back to insured

Adoption By State



ACV Endorsements

- **Widespread Adoption:** 78% of carriers now settle roof claims on an ACV basis.
- **Material-Specific Triggers:** ACV applies at different ages by material, as early as 5 years for wood shake.
- **Territory-Based Conversions:** High-hail counties convert earlier (10-year ACV), while standard counties extend to 17 years+.
- **Regulatory Oversight:** States like CO and TX require proof that ACV credits match loss reduction.

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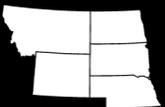
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Four Distinct Playbooks Reshaping Homeowners Insurance

Tier 1 

Standardization

- **Uniform Risk Rebalancing:** Cross-subsidizing high-risk ZIPs across the portfolio
- **Scale-First, Precision-Later:** Speed and simplicity over granular analytics
- **Brand & Loyalty Management:** Using disclosure and credits to offset tighter coverage

Tier 2 

Surgical Precision

- **Granular Segmentation:** Zone-based deductibles & precise age triggers
- **Cosmetic Exclusion Leadership:** 70% adoption
- **Analytic Partnerships as Differentiators**
- **Regulatory Arbitrage:** Exploit differences between state DOIs

Tier 3 

Innovation Laboratory

- **Technology as Differentiation:** Highest use of AI
- **Experimental Frameworks:** GLMs, actuarial ladders, conditional offsets
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Tier 4 

Frontier Experimenters

- **Multi-Layer Policy Design**
- **Technology-Led Underwriting**
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The Great Consumer Awareness Disconnect



Minimal Pushback

- Complaints fall as coverage shrinks
–0.23 correlation
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- Cosmetic exclusions cuts 15–25%
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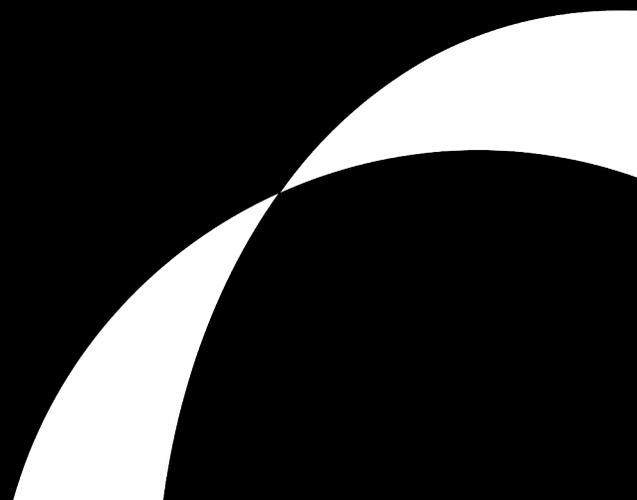
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- Rising reputational + regulatory risk



Thank you

Q&A



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93%

Percentage Deductibles



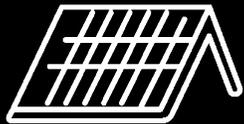
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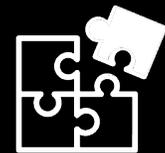
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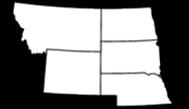
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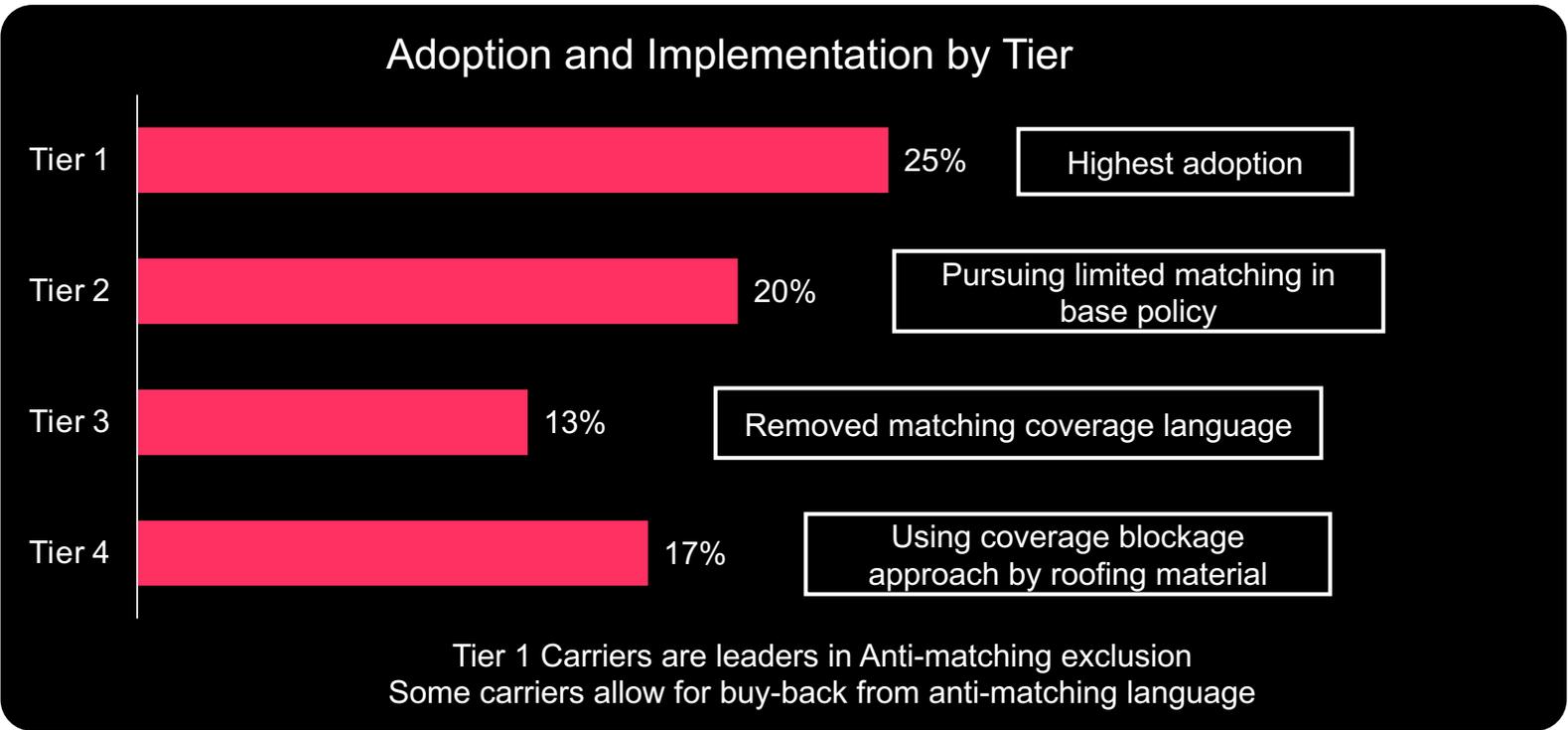
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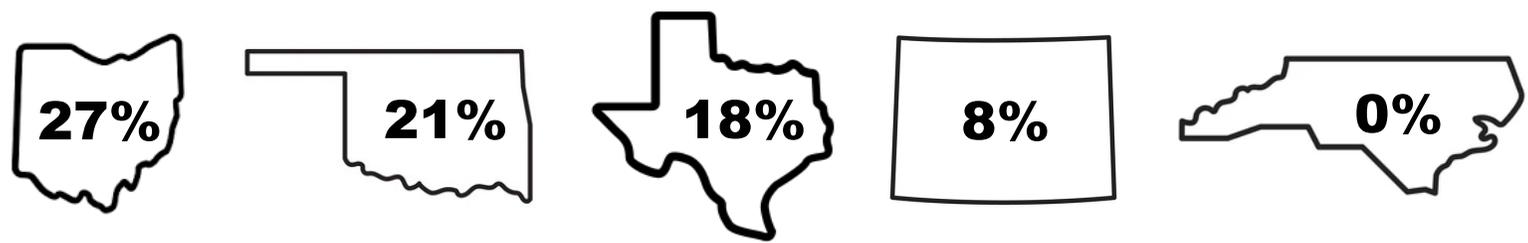
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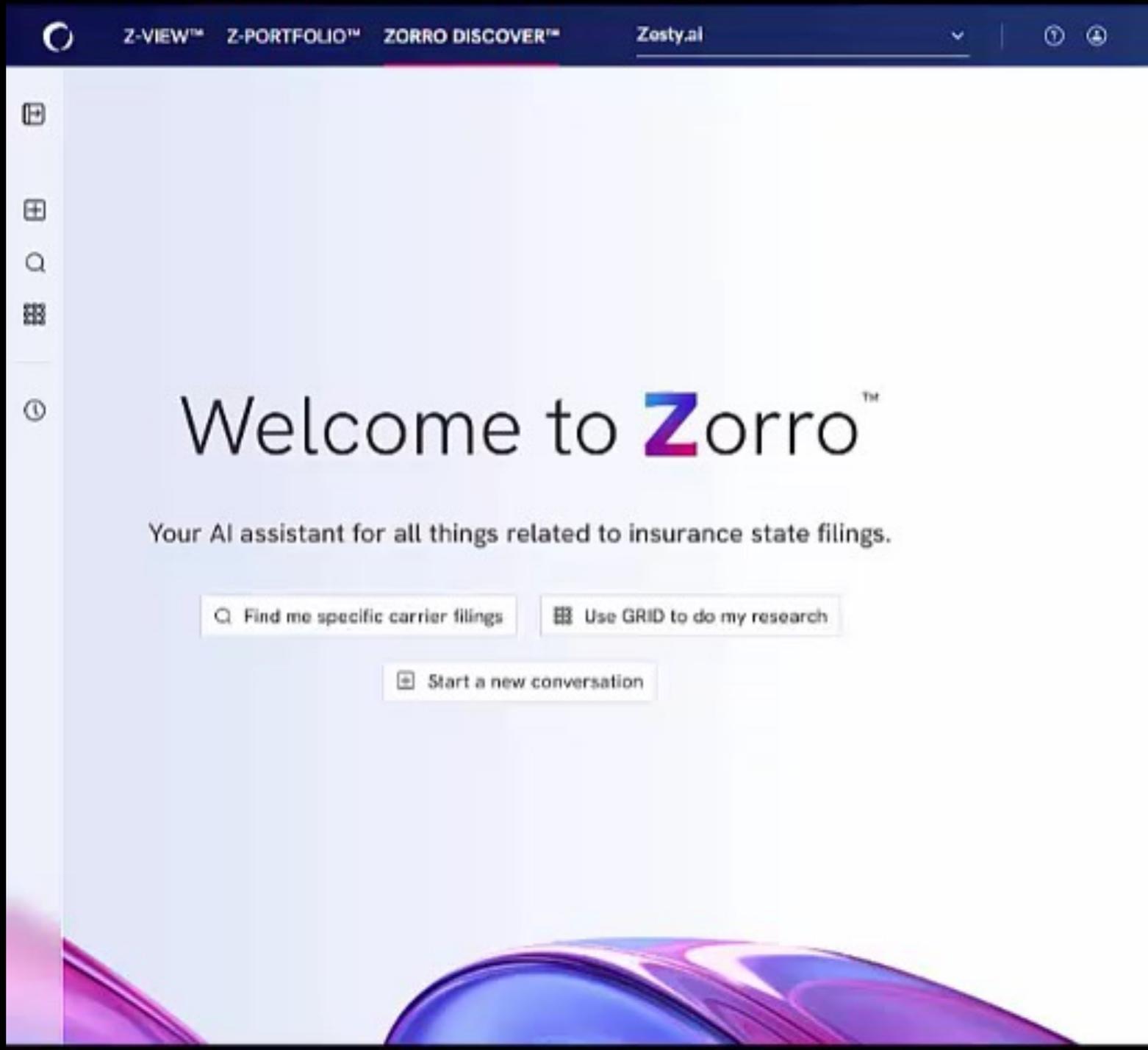


Adoption By State



Anti-Matching

- **Growing Adoption:** 17% of carriers now use anti-matching language, up steadily since '24.
- **Expanded Scope:** Applies to roofing, siding, and even interiors.
- **Regulatory Scrutiny:** Some states require compliance with “comparable appearance” standards.
- **Buy-Back Options:** Texas requires carriers offering anti-matching to provide a matching endorsement.



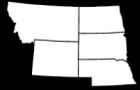
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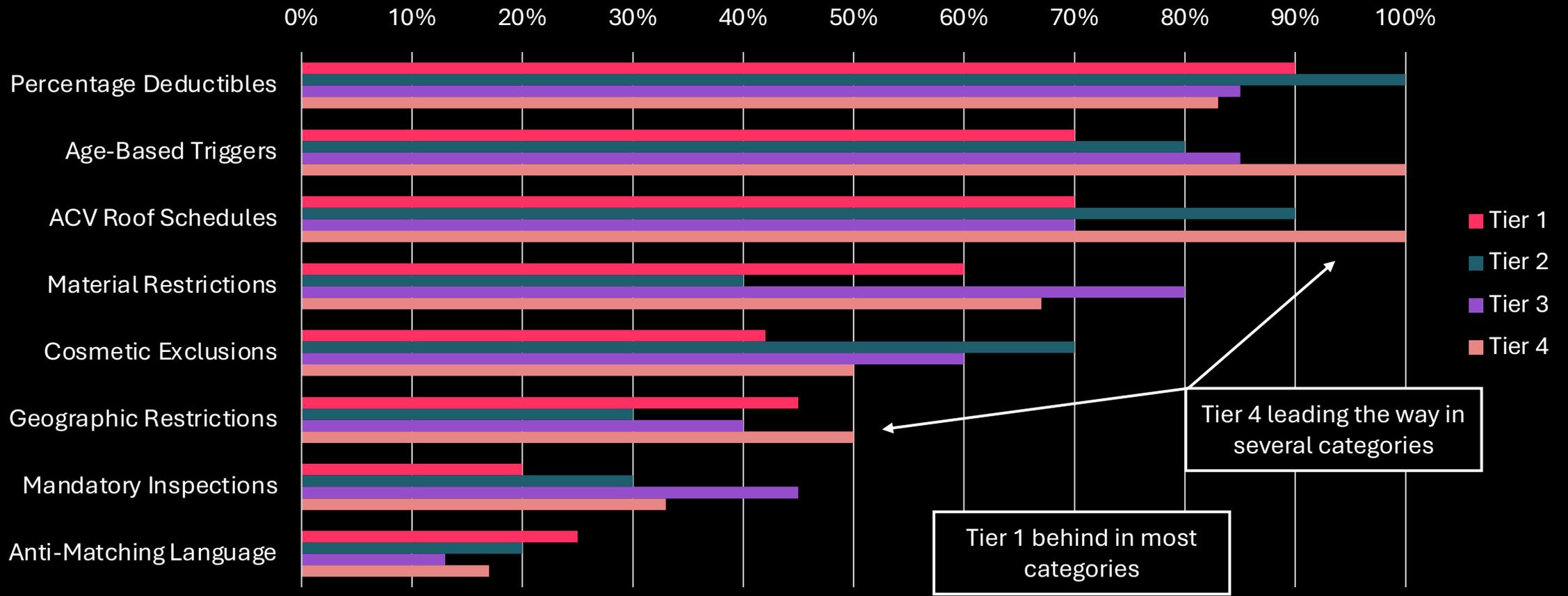


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- Compliance language ≠ comprehension
- Rising reputational + regulatory risk

Quantifying the Coverage Exodus

Industry-Wide Adoption of Policy Restrictions



We analyzed

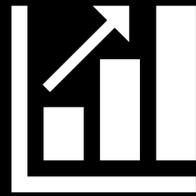


1,618

Regulatory Filings

2023-2025

5 States:
CO, NC, OK, OH, TX



\$50B+

In Homeowners
Premium



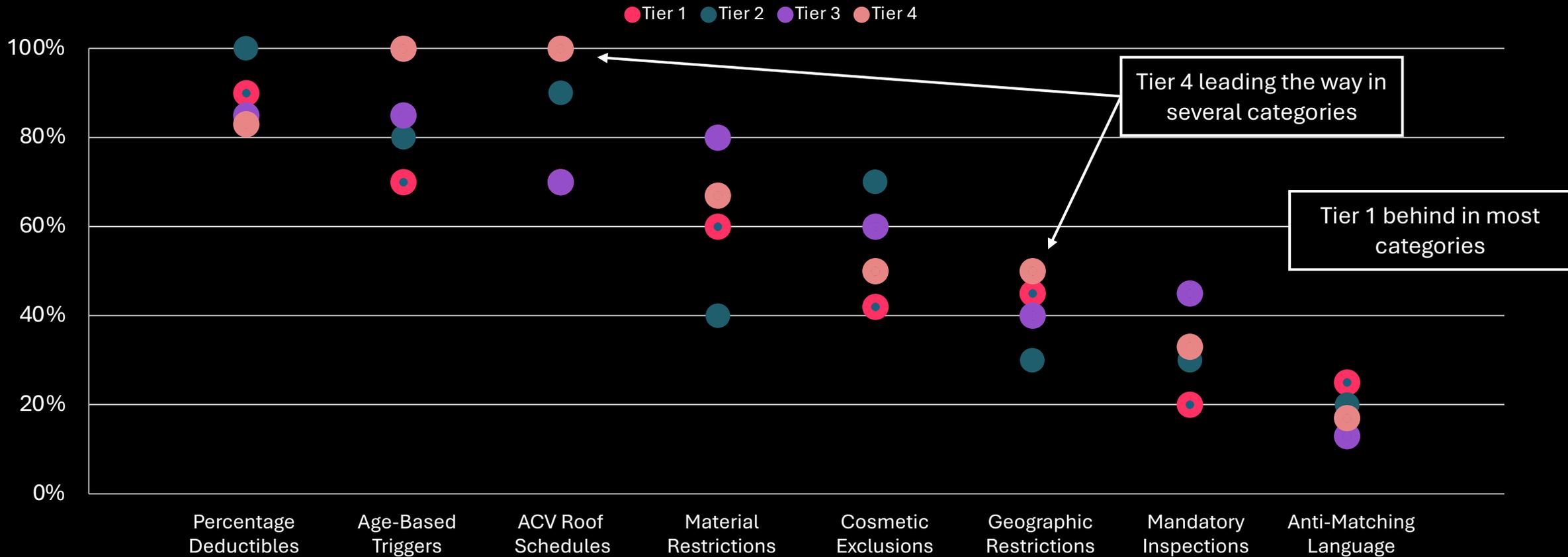
47

Carriers, Segmented
Into 4 Tiers:

Large Nationals,
Regionals, Mutuels, and
Small/Niche/Insurtech

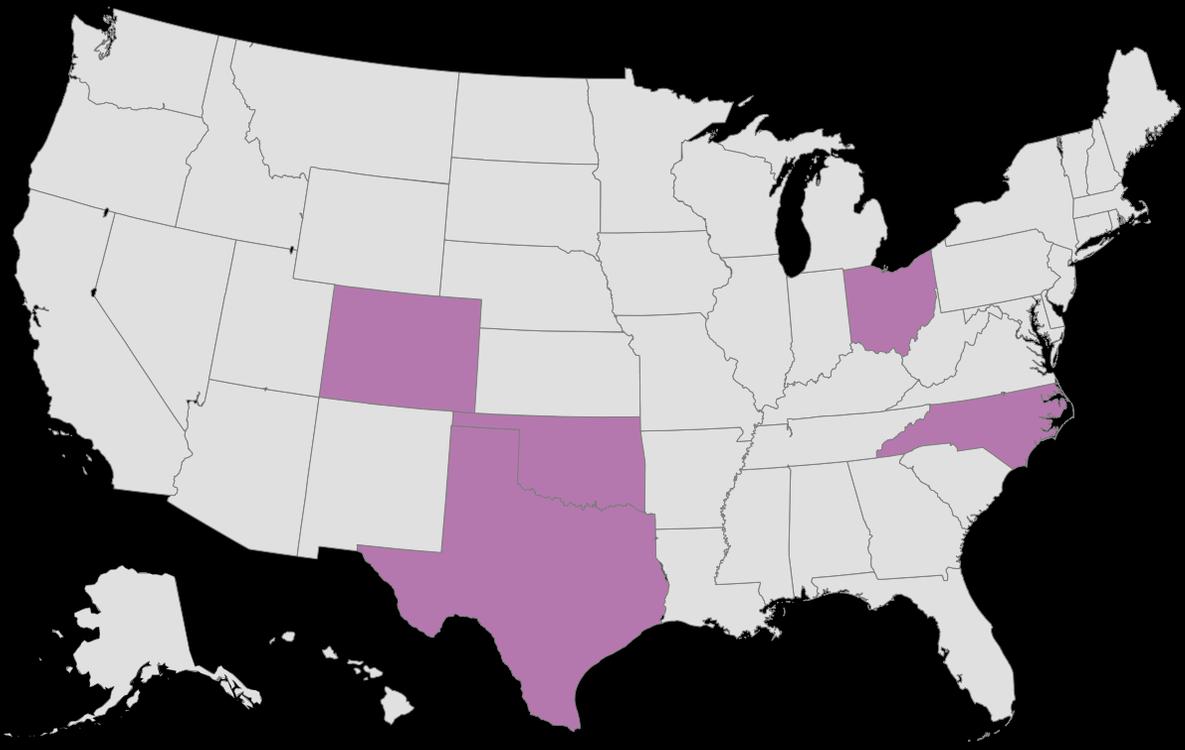
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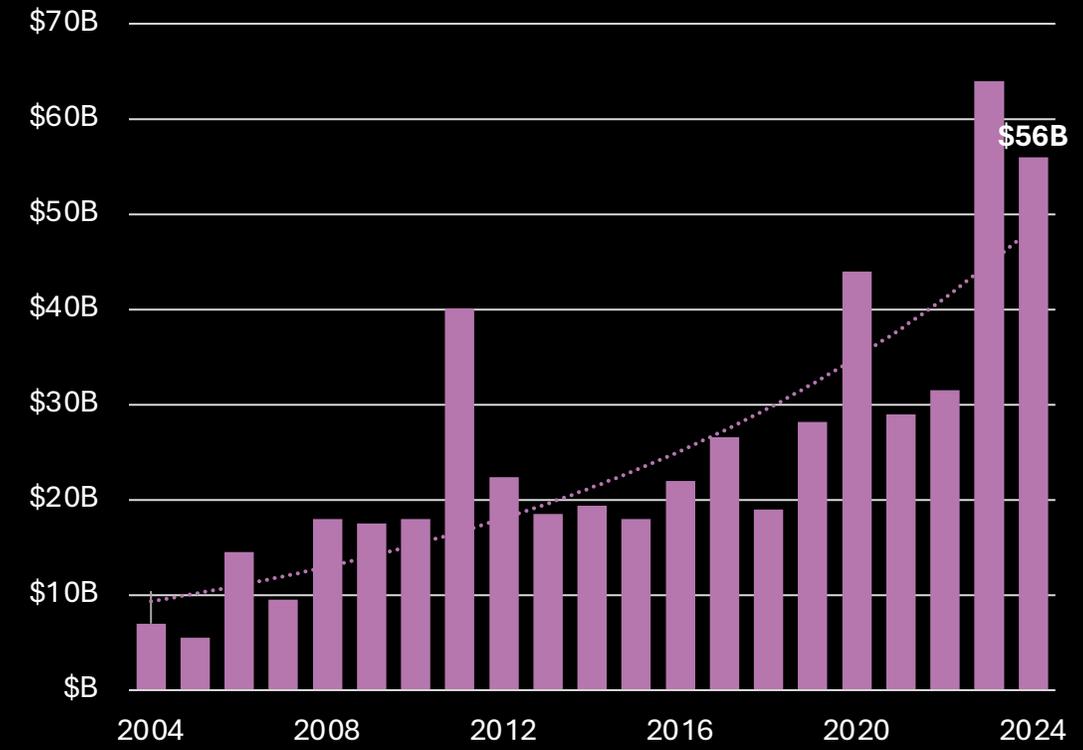


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States Analyzed



US Severe Convective Storms: Annual Insured Losses



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