

**U.S. Senate Homeland Security and
Governmental Affairs Subcommittee
on Disaster Management,
District of Columbia, and Census**

“Examining the Insurance Industry’s Claims Practices Following Recent Natural Disasters”

May 13, 2025

**Statement of the
American Property Casualty Insurance Association**

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Following Recent Natural Disasters**

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The American Property Casualty Insurance Association (APCIA) submits this statement to the Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Management, District of Columbia, and Census hearing entitled, "Examining the Insurance Industry's Claims Practices Following Recent Natural Disasters." APCIA's more than 1200 member companies write more than 67 percent of all the property casualty insurance in the U.S. with the common mission to advance private competitive insurance markets to protect consumers, businesses and communities.

Insurers' first priority is to help policyholders navigate their next steps in the aftermath of the storms and 2025 has been a very active spring season for severe convective storms (SCS), producing 724 tornado Local Storm Reports, the second highest counts! The March 13th to 16th SCS and tornado outbreak confirmed more than 113 tornadoes, 3 reported to be at EF4 strength and 10 at EF3 intensity. Accuweather noted a total of 1,134 miles of tornado path lengths from four states combined—essentially the driving distance from Chicago to Orlando. This included long track tornadoes in Missouri (339.33 miles), Mississippi (277.23 miles), Arkansas (274.15 miles), and Alabama (243.74 miles)ⁱ Large hail, exceeding 2 inches (5.0 centimeters) in diameter, affected an estimated 28,000 people across parts of Alabama, Kentucky, Louisiana, Missouri, Mississippi, and Texas. Additionally, an outbreak of wildfires amid high winds impacted part of Oklahoma, Kansas, and Texas.

Reinsurance broker Gallagher Re reported in their Q1 2025 Natural Catastrophe and Climate Report that, other than the fires in Los Angeles, there were four other global events that drove billion-dollar losses for insurers, all four categorized as U.S. SCS. This includes the mid-March tornado outbreak (\$5.4 billion), a late March U.S. SCS outbreak (\$1.2 billion), and a mid-February storm complex, where SCS losses were the dominant driver (\$1.1 billion), along with an SCS outbreak which occurred in early March (\$1.0 billion).ⁱⁱⁱ

Following a deadly or catastrophic storm, insurers are on the ground within hours of the disaster surging claims adjusters and payments to help their customers recover and rebuild. Insurers paid record amounts for insured hurricane losses in the southeast over the last several years, including roughly \$65 billions of insured losses for Hurricane Ian in 2022—the 2nd greatest insured loss in history. While Hurricane Helene caused between \$80-100 billion in economic damages, insured losses are estimated at around \$6.4 billion because most of the damages arose from flooding, for which property owners lacked insurance coverage. Hurricane Milton was more of a mixed wind-flood event. CoreLogic (now called "Cotality") estimates that insured wind and flood losses for Hurricane Milton were \$17-28 billion with \$4-6 billion of uninsured flood losses.^{iv}

Flood losses are primarily covered through the Federal Emergency Management Agency (FEMA) National Flood Insurance Program (NFIP). Flood insurance is *required* for homes in federally designated flood zones with federally backed mortgages and is available in almost all communities in the country, whether required or not. Notably, in many of the areas hit hardest by Helene, fewer than 1% of the homes chose to obtain flood insurance.^v A 2024 Federal Reserve Bank of Philadelphia analysis found that 70% of expected annual flood losses in single-family residences across the US will remain uninsured.^{vi}



Many of the claim issues that arose from Hurricanes Helene and Milton are attributable to the fact that property-owners did not have insurance coverage for their natural disaster losses or were underinsured due to the limits on their policy.^{vii} Unfortunately, following major catastrophes, we find that a majority of Americans are uninsured or underinsured as it relates to flood damage. The NFIP is an important component of a broader strategy to address the nation's needs regarding flood prevention and flood insurance. APCIA supports a long-term reauthorization of the NFIP and looks forward to working with policymakers on solutions that will decrease the flood insurance gap.

While most NFIP policies are serviced through private "Write Your Own" (WYO) insurance carriers, the funds to pay for those flood losses come from premium payments to the NFIP. It is the NFIP that sets the loss adjustment standards and payment criteria. Pending reform and long-term Congressional reauthorization, FEMA's NFIP is operating under the 33rd short-term extension, running through September 30, 2025. Separately, the number of "denied claims" following Hurricanes Helene and Milton is inflated due to constraints set by FEMA. This increase in "denied claims" is because FEMA will not pay for losses that insurance policies already cover,^{viii} FEMA requires that homeowners file a claim with their insurer before applying for disaster relief, even if the homeowner knows that their losses would not be covered.^{ix} Homeowners must then provide proof to FEMA that they are not being covered under their insurance policies.^x

When insurers respond to a catastrophic event, it is very common to bring in adjusters from other parts of the country, as well as to contract with "independent adjusters" to inspect and prepare damage estimates for the repair of damaged properties. It is also common for the adjusters to be instructed to prepare damage estimates for *all* damaged parts of the property, which in turn are reviewed by inside adjusters for accuracy, and to determine if and how the damaged property may be covered under the terms of the policy. For example, many policies may limit or exclude coverage for swimming pools, or their screen enclosures, and the estimate may be revised accordingly. If a homeowner has both flood and wind damage, there may be multiple adjusters identifying separate wind and flood losses for potential coverage determinations, even if the homeowner's servicing WYO insurer is also providing their private/standard homeowners insurance policy. Additionally, the homeowner President Trump

interviewed in North Carolina about Hurricane Helene indicated that his flood insurance was his primary insurance. He stated that FEMA had not been helpful and that multiple adjusters had examined his property. However, an important consideration is that WYO insurers servicing the NFIP do not benefit from delaying or providing lower payments. They conduct loss adjustments based on FEMA standards and are paid a fee for servicing the claim.

The WYO servicer for the homeowner interviewed by the President also provided a separate homeowners policy to the person interviewed. Overall, that specific insurer has received 30 complaints out of more than 17,000 closed claims (0.176% or 1.76 complaints per 1,000 claims) and has made more than \$250 million in payments related to Hurricane Helene.

APCIA requested claims data information from the states impacted by these two catastrophic events as well as from FEMA. That state data included is for private company claims. Also, we do not have complaint numbers from FEMA/NFIP. We've attached the information we received to the end of this document. We have summarized some of the key facts in the table below.

MILTON STATISTICS						
State/NFIP & Report Date	Number of Claims	Percent Settled	Amt. Paid to Report Date	Number of Complaints	Complaint Ratios	
					Amount of 1%	per 1,000
FL - 1/15/25*	338,128	79.8	\$4.02 billion	2,390	.75	7.5
NFIP – 2/6/25	21,127	70.6	\$745 million	N/A		

*FL claims count and amount paid data as of 2/11/25, amount paid and complaint data as of 1/15/25

HELENE STATISTICS						
State/NFIP & Report Date	Number of Claims	Percent Settled	Amt. Paid to Report Date	Number of Complaints	Complaint Ratios	
					Amount of 1%	per 1,000
FL – 1/15/25*	149,057	87.7	\$2.38 billion	556	.39	3.9
NC – 12/20/24	114,705	75	\$1.13 billion	390	.34	3.4
SC – 1/20/25	159,284	86	\$1.29 billion	≤200**	.125	1.25
TN – 12/31/24	13,825	88.5	\$176 million	2	.015	.15
NFIP – 2/6/25	27,427	70	\$4.5 billion	N/A		
*FL claims count and amount paid data as of 2/19/25, complaint data as of 1/15/25						
**SC Ins. Dept. estimate						

This information shows that the vast majority of the claims have been settled without consumers filing complaints with the state insurance departments. In all the states impacted by these events, the percentage of complaints registered is less than one (1) percent of the total number of claims.

It is also important to note that while lenders may require properties with a mortgage to carry property insurance, federal or state laws do not.

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Private homeowners insurers are extensively regulated by state insurance departments throughout the U.S.^{xi} There are more than 10,800 state insurance regulatory staff that conduct regular market conduct examinations, including tracking individual consumer insurance complaints and claims activity.^{xii} Those states also require insurers to respond within 30 days of receipt of a claim (gathering necessary information, assessing damages, and determining the claim's validity).

Finally, as state regulated institutions, insurers comply with a myriad of state laws and insurance regulations that specify what coverage must be included in the policy. For example, the National Association of Insurance Commissioners' (NAIC) model law addressing "Standards for Prompt, Fair and Equitable Settlements Applicable to Fire and Extended Coverage Type Policies with Replacement Cost Coverage" addresses cosmetic-related damage. Some states require that, when replacing damaged property, if replaced items do not match in quality, color or size, the insurer shall replace all items in the area so as to conform to a reasonably uniform appearance. This typically applies to interior and exterior losses. Other states do not impose this matching requirement for cosmetic damage but some insurers may offer this benefit as an optional endorsement, commonly referred to as a "buy back." This approach is intended to help provide consumers with flexibility to customize their coverage according to their individual needs and budget.

Federal mandates are not the solution to reports of consumer frustration following Hurricanes Helene and Milton. Mandates requiring higher minimum coverage to reduce underinsurance rates inadvertently lead to higher uninsured rates, as more consumers may no longer be able to afford the minimum entry point for coverage (or choose to "go bare"). The unintended consequence of such policies places a higher cost burden on state or federal government programs to support recovery or other housing and financial needs in the aftermath of disasters. This can also lead to greater financial consequences in communities impacted by disasters, if fewer property owners have private insurance to rebuild. Thus, flexibility in coverage design to ensure greater access to insurance for all consumers is important.

APCIA appreciates the opportunity to submit these comments and encourages the committee to reach out with any questions.

Attachments:

[**Hurricane Milton Statistics.pdf**](#)

[**Hurricane Helene Statistics.pdf**](#)

ENDNOTES:

- I <https://www.spc.noaa.gov/climo/summary/>.
- II <https://weather.com/storms/tornado/news/2025-03-18-south-tornado-outbreak-recap-arkansas-missouri-mississippi-alabama>
- III <https://www.artemis.bm/news/q125-insured-losses-hit-56bn-driven-by-la-wildfires-gallagher-re/>.
- IV [https://www.corelogic.com/intelligence/hurricane-milton-first-direct-landfall-100-years/#:~:text=Update%3A%20October%2017%2C%202024,%2434%20billion%20\(Table%201\)](https://www.corelogic.com/intelligence/hurricane-milton-first-direct-landfall-100-years/#:~:text=Update%3A%20October%2017%2C%202024,%2434%20billion%20(Table%201).). (insured losses include both private insurance and NFIP coverage).
- V <https://www.fathom.global/insight/hurricane-helene-milton-analysis/>.
- VI <https://www.philadelphiafed.org/-/media/frbp/assets/working-papers/2024/wp24-23.pdf>.
- VII Flood damage is excluded under standard homeowners, renters, and most business insurance policies. Most flood insurance is purchased as separate coverage through the NFIP, a part of the Federal Emergency Management Agency (FEMA). A minority of flood insurance policies are sold by private insurers.
- VIII <https://www.fema.gov/node/can-i-apply-fema-assistance-if-i-have-insurance>.
- IX According to data published by the Florida Office of Insurance Regulation (FLOIR), of the Helene related homeowners claims in Florida, a majority of closed claims made without payment were because the losses were uncovered flood damage or were below the insurance policy deductible (the top two reasons). In Florida, most homeowners have an annual hurricane deductible (that typically ranges between \$500 up to 10% of the policy limit). Florida's CFO of Consumer Services recommends that "Policyholders should always file claims even when the cost to repair the windstorm damage is less than the hurricane deductible. If you file the claim, the company has a record of the amount of credit that should be applied towards the hurricane deductible for the second or subsequent windstorm claim resulting from a hurricane." Filing a claim even though the amount is less than the hurricane deductible is also important to protect the policyholder in case they discover additional hidden damage once repairs are made. Other reasons that claims are closed without payment include damage to uncovered structures – such as pool cages that are commonly excluded from homeowners policies.
- X <https://www.fema.gov/fact-sheet/when-applying-disaster-assistance-provide-fema-your-insurance-documentation>.
- XI https://content.naic.org/sites/default/files/inline-files/topics_white_paper_hist_ins_reg.pdf.
- XII <https://content.naic.org/sites/default/files/publication-sta-bb-volume-one.pdf>.