

GR 1-13-26

15 members joined in!

The meeting began with personal updates and discussions about recent life events before transitioning to insurance industry matters, particularly focusing on upcoming legislative challenges and opportunities. The group explored various strategies for addressing insurance affordability issues, including working with key legislators, reforming public adjuster practices, and combating storm chasers, while also discussing rate regulation and underwriting factors. The conversation ended with discussions about the 5-year sunset provision of the reinsurance reform bill and the need for strategic planning of legislative changes, including the potential inclusion of farm mutuals and improved public understanding of insurance through financial literacy education.

Next steps

- Evan: Reach out to Iowa insurance department counterpart to inquire about the results of their study on the impact and costs of public adjusters.
- Jeremy and Matt (with other strategic goal team members): Continue developing the "wish list" for reinsurance reform, gather input from reinsurance carriers and membership, and bring consolidated feedback to the board and Evan.
- Jackie/Board: Send out request for membership input on reinsurance reform wish list and collect responses to inform board discussions.
- Evan: Push for inclusion of public adjuster reform (severing direct/indirect financial relationships between contractors and public adjusters) in ongoing legislative negotiations.
- Evan: Begin groundwork for financial literacy legislation requiring a stand-alone high school course, including insurance components.
- Evan: Advocate for small company carve-outs in any new insurance legislation/regulation, especially on behalf of domestic and farm mutual companies.
- Evan: Review and confirm the exact sunset date for the 5-year reinsurance provision and communicate accurate timeline to membership.
- Board/Membership: Provide input/ideas to Jeremy and Matt (and strategic goal team) regarding needed changes to the Farm Mutual Act and reinsurance reform for inclusion in the wish list.

Summary

Team Updates and Industry Insights

Evan mentioned that the upcoming year would be busy, particularly for the insurance industry, which Tony noted was not in a positive context.

Bears Stadium Insurance Strategy Discussion

Evan discussed the challenges and strategies related to the Chicago Bears stadium proposal and its connection to insurance affordability issues. He highlighted the importance of working with Representative Sharon Chung, who played a key role in defeating legislation during the veto session, and the need to educate her on industry talking points and negotiation strategies. Evan also mentioned the potential inclusion of public adjuster reform in future negotiations, which could be a significant win for the industry if implemented. He noted that the legislative session is

just beginning, with the Senate starting today and the House the following week, and emphasized that significant momentum on bills is expected to start in March.

Rate Regulation and Storm Chasers

The group discussed the implications of rate regulation, with Evan explaining that capping increases would lead to companies filing just below the threshold, resulting in continuous rate increases. Evan emphasized that the current use-and-file system is the most affordable option and highlighted the need to address storm chasers and public adjusters to reduce insurance costs. He noted that Illinois has a significant problem with storm chasers, with one national carrier reporting that 25% of their claims in the state are related to this issue. Evan expressed hope that these concerns would be addressed in upcoming legislation, acknowledging that negotiations would require further concessions.

Illinois Insurance Advocacy Strategy

Evan explained that underwriting factors will likely be part of the current negotiations, despite being held off last year, and emphasized the significant impact of legal system abuse, storm chasers, and severe weather on insurance costs in Illinois. Jeremy Weaks, IAMIC Chair, suggested creating a public-facing campaign to gain support against proposed regulations, and Evan confirmed that industry groups like IIA, NAMIC, and APCIA are working on OP-eds and messaging strategies. Evan also highlighted the need to strategically communicate statistics about Illinois' high insurance claims to influence public opinion and legislative discussions.

Iowa Insurance Study and Legislation

Mike Godby, Central IL Mutual, discussed a study conducted by Iowa's insurance department on the impact of public adjusters, which could be relevant to Illinois. Evan agreed to follow up with his Iowa counterpart for more information. John Cratty, representing Svea Mutual, inquired about the potential inclusion of farm mutuals in upcoming legislation, to which Evan responded that farm mutuals were not currently included and that efforts were focused on making the process more accessible for smaller domestic mutuals. Evan noted that while farm mutual legislation might be pushed off until 2027, the focus was on balancing multiple priorities in the current legislative session.

Reinsurance Reform Sunset Extension

The meeting focused on the 5-year sunset provision of the reinsurance reform bill, which will sunset for the 2029 renewals. Evan emphasized the need to strategically plan changes to the legislation, as the current system is not working well for farm mutuals. Jackie Rakers, Executive Director, stated the board of directors is working on gathering data and membership input to develop a "wish list" of desired changes. Doug Schmitt, Frontier-Mt Carroll Mutual discussed the importance of addressing root causes of insurance cost increases, though they acknowledged that legislative appetite for fundamental reforms is limited. Evan also touched on the need for improved public understanding of insurance and the introduction of a financial literacy bill requiring high school students to take a stand-alone course on financial topics.