

## SPECIAL FOCUS ON THE HIGH NET WORTH MARKET PAGE 8

## New England Regulators Discuss U.S. Tariff Implications on the Homeowners Market

*Property Insurance to Feel the Effects First*

WORCESTER, Mass. — Increased U.S. tariffs can significantly affect the speed and cost at which homes are built and repaired. Contractors will need to either reduce their profit margins or raise prices accordingly, while navigating material sourcing delays that can set projects back weeks or months. Costs will be incurred by insureds and carriers

alike. New England regulators recently discussed tariff challenges with members of the Association of Insurance Compliance Professionals (AICP) at its regional compliance summit.

Regulators are addressing with consumers the ways in which President Trump's tariffs will affect Coverage A (dwelling).

Connecticut Insurance Commissioner Andrew Mais said there are significant concerns about tariffs, noting that, "We've already seen the cost of labor and materials go up recently, and we expect that to continue." He added that he would like to avoid situations where rebuilding a home will cost \$800,000 but the family is only insured for \$500,000. "Part of our job is to educate consumers so they understand what different coverages mean and they understand the implications of the macroeconomic and political system."

In addition to the rising cost of labor and materials, Kaj Samsom, commissioner of the Vermont Department of Financial Regulation, said availability and timing will be affected. "Rental car [durations], business interruption, alternative housing, if [insureds] can't live in the unit, are all cost drivers," said Samsom. "Anyone who has tried to renovate their home in Vermont understands that there's an imbalance in terms of supply and demand."

Maine Superintendent of Insurance Robert Carey noted that there is a shortage of contractors in Maine as well, which creates challenges when coupled



(Back row) Maine Insurance Superintendent Robert Carey and Conn. Insurance Commissioner Andrew Mais (Front row) Vermont Insurance Commissioner Kaj Samsom, AIPSO Regulatory Affairs Director Paula Palozzi, First Deputy Commissioner, Mass. DOI Colby Dillon, R.I. Department of Business Regulation General Counsel Matthew Gendron and N.H. Insurance Commissioner DJ Bettencourt at a recent AICP meeting.

with the relatively short building season. He has cautioned carriers who nonrenew homeowners insurance because of roof damage to “be cognizant of the climate and the fact that in Maine people don’t buy roofs in December, January or February. When you do get a roofer to come to your house, it’s going to take a few weeks.”

N.H. Insurance Commissioner DJ Bettencourt said that “tariffs are not helpful,” and they impede the message of insurance regulators who encourage insureds to shop for coverage if they are unhappy with the coverage terms they have been offered. “New Hampshire has a fairly competitive, vibrant market. So we always tell the consumer, shop your coverage, work with an independent agent, take advantage of the competition that’s out there. But when you have an economic-type issue such as tariffs that are going to impact industry writ large, it undermines that message.”

Colby Dillon, first deputy commissioner, Massachusetts Department of Insurance, said the Mass. DOI team is active in the consumer advisory space. When they receive an uptick in consumer complaints on a particular issue, they work to provide consumers with information by addressing it on the website. “It really is important to bring the industry in as partners to figure out ways to incentivize mitigation efforts for policyholders, so some positives can come out of a stressful, unique situation.”

## Regulatory Roundtable Discussion

New England regulators each updated AICP attendees on recent happenings in their departments.

### Maine Fosters Resiliency

Carey was sworn in as superintendent of Maine’s bureau of insurance (BOI) in February 2024. With more than two decades of experience advising state regulators and lawmakers on health insurance policy, markets and regulation, he has spent much of his time in his new position learning about property-casualty (P-C) insurance.

Carey updated AICP attendees on new

rules and bulletins issued, including an update to the state’s med pay law, which now requires the insured’s explicit sign-off before benefits can be transferred to a third party.

In March, the BOI issued **Bulletin 483** to clarify the use of aerial imagery by homeowners insurers. It requires that aerial imagery be only one tool used in decision making, gives insureds the right to view the aerial imagery and directs insurers to use recent, accurate imagery that reflects the current condition of the property.

“We had instances where [insureds] were told that they needed a new roof, but the picture was of a neighbor’s house or where the [insured] was never shown the photo, so it caused a lot of confusion in the market,” explained Carey.

In April, Gov. Janet Mills signed **LD 1**, which Carey deemed a “very important piece of legislation for the state.” It aims to improve how Maine communities, homeowners, businesses and emergency responders can prepare for, and ultimately withstand, the effects of severe storms. It includes a homeowners resiliency program that makes \$15 million in grants available to homeowners to help them make their homes more resilient. The goal is to begin issuing grants in the first quarter of 2026.

“We had horrible storms that affected thousands of Mainers in December 2023 and January 2024, and the governor has been very attentive to the effects of climate change throughout Maine,” said Carey. The next step is to launch the flood resiliency part of the legislation.

Carey’s biggest concern is that health insurance rates are untenable, but the bureau is scrutinizing homeowners rates as well. He noted that Maine’s homeowners insurance market is the most profitable in the U.S. “I don’t want to be number one there, so we’ve started to reject some of the increases that have been requested.” The auto insurance market is profitable in Maine, with Carey noting that it is ranked sixth in the country in terms of profitability, averaging 10 years of a profit at six percent. Carey

would like to see it closer to the U.S. median of between two percent and three percent, so rates are being looked at carefully.

Additionally, the BOI removed 60,000 insurance producers who did not have a state domicile license and discontinued online producer licensing.

### Vermont to Regulate PBMs

Kaj Samsom was appointed commissioner of the Vermont Department of Financial Regulation in April 2025. The majority of his time has been spent working with the legislature, the Green Mountain Care Board and local health insurers and hospitals looking at the cost of care.

On the P-C side, effective July 1, 2025, the department has shifted to a file and use methodology for P-C rate filings. “It is an important step for us in terms of what was actually happening with our review process. We really had to shift to that,” said Samsom.

Vermont recently enacted legislation to regulate pharmacy benefit managers (PBMs), and the department is setting up regulatory framework. “We’re very excited to get into the PBM regulation space, which of course, has a lot to do with health-care costs.”

### Massachusetts Working on Climate Action Plan

Colby Dillon has been first deputy commissioner, Massachusetts Department of Insurance (DOI), since January 2025. Like Vermont, the Mass. DOI is working on PBM implementation. It will be issuing regulations on Oct. 1, 2025, and licensing PBMs on January 1, 2026.

The DOI has been working closely with Gov. Maura Healey’s office to move forward a climate action plan. “We have been seeing, just like everyone else, an increase in home damage along not just coastal regions, but along rivers. We’ve issued filing guidance requiring the industry to be clear about flood disclosures in their policies. We’re reviewing all forms to make sure that everything is clear and uniform, so there is

no question about what is covered in the policies,” said Dillon.

Additionally, the DOI issued a bulletin providing guidance to insurers on the importance of managing climate-related risks. “We’re recommending that the insurance industry consider risks like physical risk, transition risk, associated financial risk in each company’s ORSA [Own Risk and Solvency Assessment] reports that are filed annually.”

## N.H. Adds Analytics Team

DJ Bettencourt, insurance commissioner of New Hampshire, said the theme for him at the N.H. Insurance Department has been managing and leading during a time of change. A number of key employees have retired in the past few years, accelerating succession planning discussions. Bettencourt said he is excited about the new hires and promotions that have been made. “I’m a huge believer in promoting from within, and I’m very proud of the fact that we, as a unit, have not skipped a beat.”

Additionally, in response to some of the retirements, the department has created an internal data analytics team that will work closely with the life and health and P-C units. Bettencourt called it “hugely beneficial” to the department.

Following a comprehensive internal review, NHID lowered its examiner billing rate from \$114 per hour to \$71 per hour. “That’s an example of the type of thing we’re looking at this year and into the future in terms of how can we better

do what we do, better the experience for the industry and better the experience for the public,” said Bettencourt. “We are trying to streamline and simplify a lot of things, ensuring that the rules are actually rules and not attempts to make new law through the administrative legal process.”

## Conn. Focused on Climate Change

Andrew Mais, commissioner of the Conn. Insurance Department (CID) is focused on climate change and innovation. “The industry will continue to change. Consumer needs will continue to change, and we as regulators must innovate in order to ensure that we are offering the best consumer protection there is. That’s our North Star,” he said.

CID has made significant changes in recent years, including splitting the financial team into examination and analysis teams and adding data scientists who will analyze predictive models.

“We believe in collaboration and co-operation within the department and with industry, consumers, academics, all stakeholders because as we see the changes in our marketplace, we need to know what we can do in order to stay ahead — or if not stay ahead — at least be well aware of the changes that are coming and put in place the measures that we need to address those changes,” said Mais.

What keeps him awake at night are thoughts about risk and uncertainty. “Consumer protection is not just about making sure that whenever an event happens, you get the coverage that you’ve been paying. Although that’s a central part, it’s not the only part. It’s also about having a vibrant, competitive market that enables consumers to get all the products they need as affordably and as easily as possible.”

## R.I. Working with NAIC

The R.I. Department of Business Regulation devotes a lot of time to the homeowners, auto and workers compensation insurance markets, according to Matthew Gendron, general counsel and chief of market conduct. He described the workers comp market as “thriving.”

R.I. regulators invest a lot of time with the National Association of Insurance Commissioners (NAIC) on various working groups. “We want to go to the NAIC to work on the policy there and to come up with something that makes sense for everybody. Then, bring it back to our legislature fully cooked [and] not have something that is going to be debated,” said Gendron.

R.I. recently adopted the NAIC artificial intelligence model bulletin as well as the NAIC insurance data security model law. Additionally, the state transitioned from the calendar year annual contracted producer report appointment filing to real-time electronic appointments. ■

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