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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

May 18, 2023

Steven Seitz
Director
Federal Insurance Office
U.S. Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Director Seitz:

In September 2022, the Senate Banking, Housing, and Urban Affairs Committee held a hearing titled, “*Current Issues in Insurance*.”¹ Kathleen Birrane, Maryland’s Insurance Commissioner, testified on behalf of the National Association of Insurance Commissioners (NAIC) and you testified on behalf of the Federal Insurance Office (FIO) at the Department of Treasury.

At the hearing, I raised serious concerns about nonprofits across the country facing difficulty finding affordable property and casualty insurance. Since then, the Committee has continued to receive troubling reports about the dire nature of the situation. In some instances, commercial insurers have opted not to renew specialty insurance plans—thus, leaving nonprofits that serve the most vulnerable communities in need of insurance coverage to provide essential services. Some community-based nonprofits, for example, have reportedly restricted services.

In response to my question at the hearing about whether your office shared similar concerns about the gap in the market in insurance coverage for nonprofits, you stated, “[i]t’s an issue we’ve also been tracking” and engaging with stakeholders.² You committed to working with the Committee and NAIC to help address these troubling gaps in insurance coverage for nonprofits. As was made clear during the hearing, finding a solution to address this problem is important. To better understand NAIC’s work to address this issue, I request you provide responses to the following questions:

1. Describe FIO’s work since the hearing last September to understand and address this ongoing national market failure. Please be as detailed as possible in your response and provide information about your collaboration with NAIC on this matter.
2. Describe whether FIO has engaged with brokers to understand this national market failure. In responding to this question, please provide the following information:

¹ *Current Issues in Insurance*, Hearing Before the S. Comm. on Banking, Housing, and Urban Affairs, 117th Cong. (2022).

² *Id.*

- a. Have any brokers communicated to FIO that commercial carriers are nonrenewing certain classes of nonprofit organizations? If so, please explain.
 - b. Have any brokers communicated to FIO that nonprofits are seeing premium increases of more than 20 percent on certain classes of nonprofit organizations? If so, please explain.
 - c. Some brokers have suggested the absence of availability of two lines of insurance—*half of a business owner's property insurance* and *standalone auto-physical damage*—may be the cause of the national market failure. Is there sufficient availability of these two types of insurance coverages for small and medium-sized nonprofits in every state? If so, please explain.
3. Describe whether FIO has engaged with state insurance commissioners to understand this national market failure. In responding to this question, please provide the following information:
- a. Have any state commissioner(s) communicated to FIO about the following: the exorbitant rise in premiums for nonprofits (*i.e.*, 20 percent or more), insurers nonrenewing certain classes of nonprofit organizations, and/or nonprofits having to restrict services because of a lack of affordable standalone insurance? If so, please explain.
 - b. Have any state insurance commissioners expressed the need or desire to allow for certain risk retention groups that write liability insurance for nonprofits to write commercial property insurance coverage? If so, please explain.
4. Since the hearing, describe whether FIO has engaged with other stakeholders or groups to understand this national market failure.

Please provide responses by June 15, 2023. Should you have questions about this request, please contact my staff at (202) 224-7391.

Sincerely,



Sherrod Brown
Chairman