

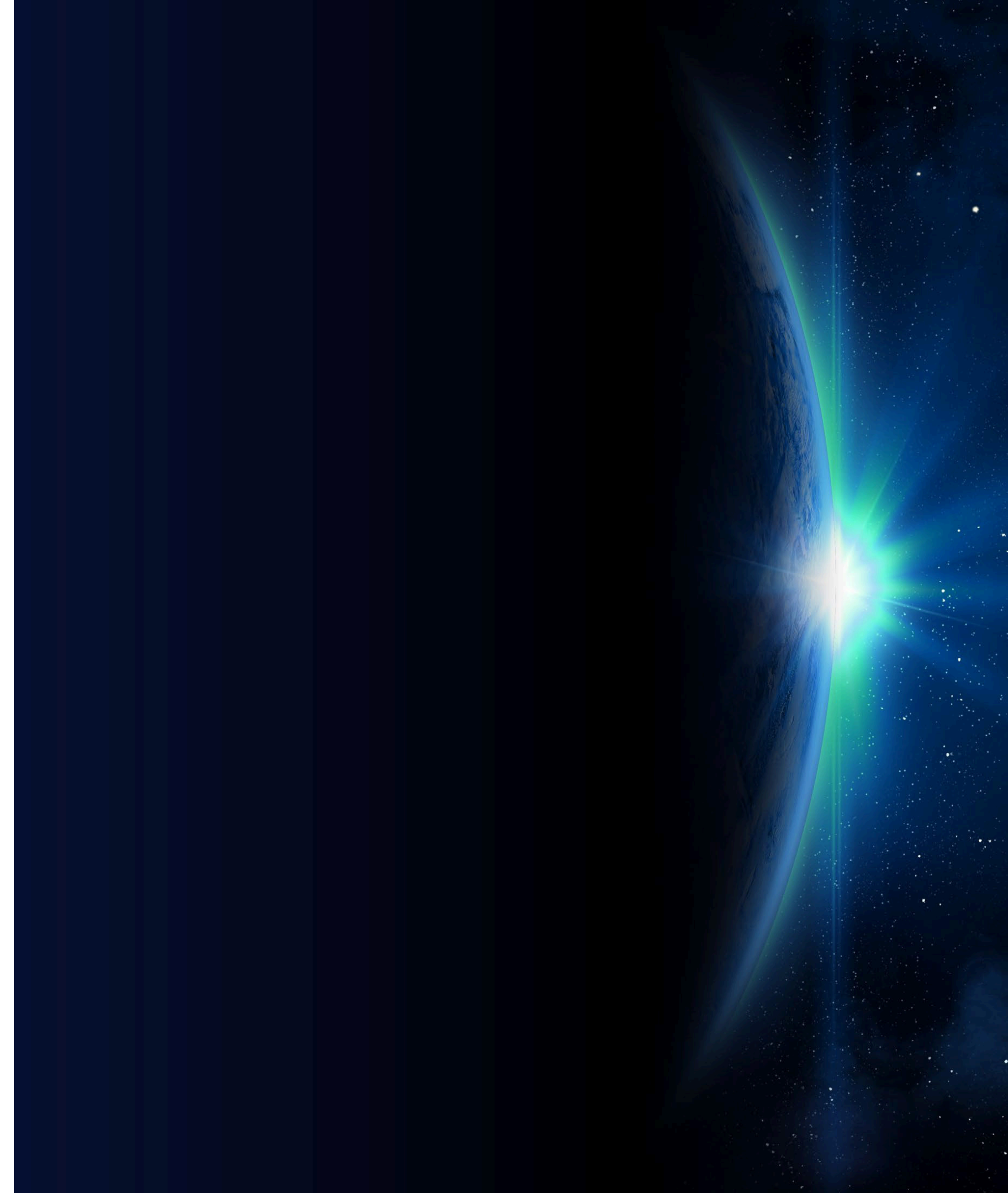


Back to the Future

RMA Chapter Leaders Conference

Growing Challenges and Future of Borrower Insurance

Hosted by: QuieTrack Insurance Services





Trusted by Clients for over 50 years

- Focus on mitigating uninsured collateral risks for lenders
- Proprietary insurance tracking and escrow payment systems
- Can track any insurance requirement
- SOC I & II Compliant

Topic Objectives



Pain in Property Insurance Industry



2025 LA Wildfires



Impact on Lenders



Underinsured Collateral



What are Lenders Doing to Mitigate These Risks?



Coverage and Deductible Insurance Requirements



Future of Insurance Tracking

Pain in the Property Ins. Markets

- Net Underwriting Losses:
 - 2022 \$24.9 billion
 - 2023 \$21.2 billion
 - 2024 \$12 billion
- Major CAT losses – insurance companies and reinsurers taking heavy losses
- Industry slow to react – rate filings and policy terms
- Jan 2024 reinsurance renewals ~50% increases
- Early 2024: AI automation, stricter underwriting guidelines, higher rates

2025 LA Wildfires



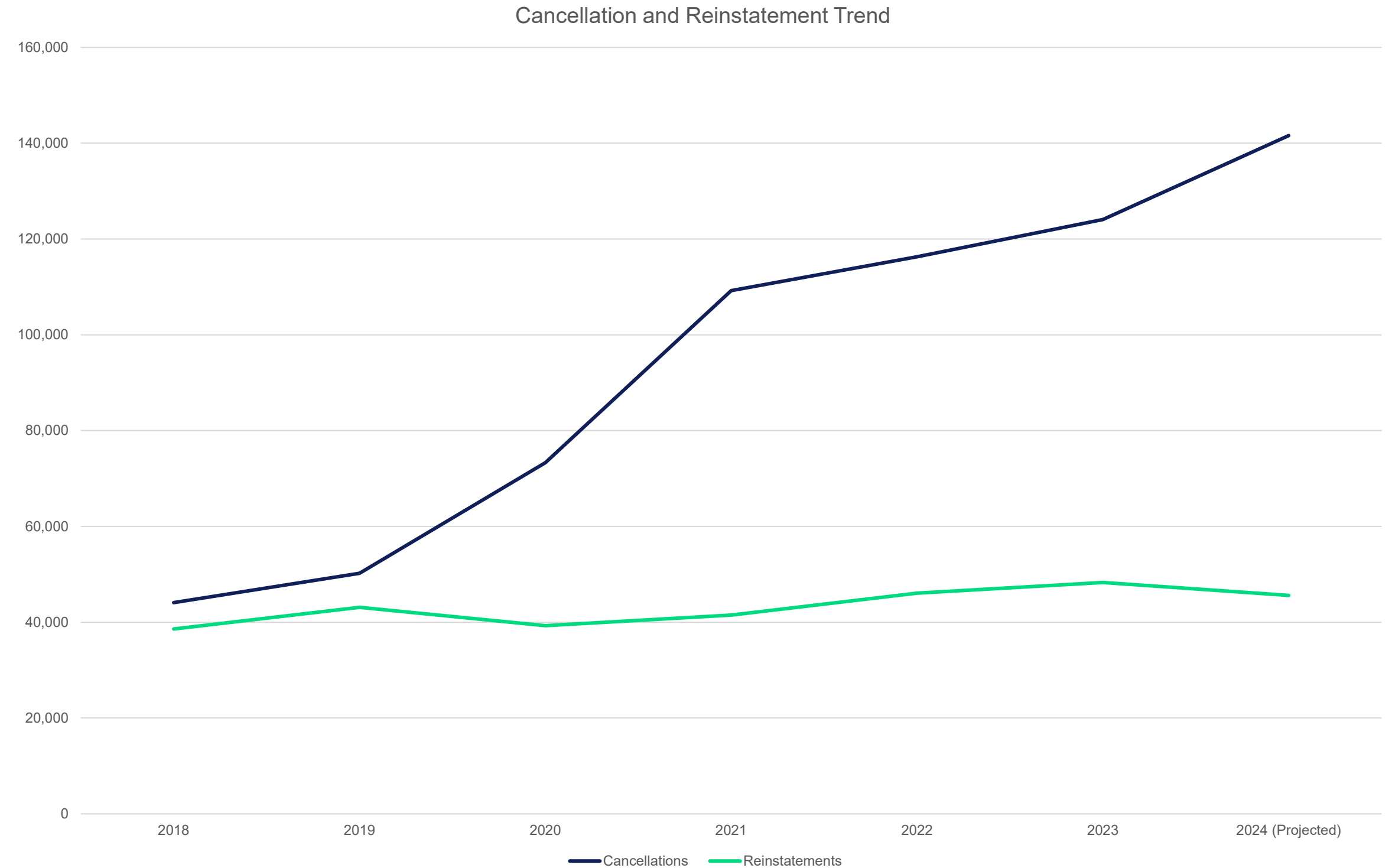
- \$250 billion in total damage and economic loss – most expensive in US History
- \$30 billion in insured Losses
- California Fair Plan ~\$6 billion in claims
 - \$1billion assessment to CA admitted insurers
 - Admitted v. Non-admitted
- Emergency Rate Hike took effect on 6/1 – up to 38% increase!



QuieTrack Cancellation Data



- Major increase in cancellations compared with reinstatements
- Trend slowly slightly in 2025



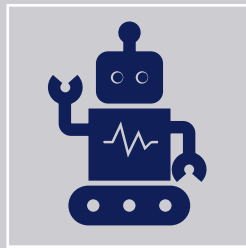
Carrier/Agent Contact Frustration



Increasing number of carriers not working with third-parties

Only work with Insured

Examples: Tesla, Hagerty, 21st Century



“AI” Customer Service



Third parties are not a priority for Agents

Impact on Lenders



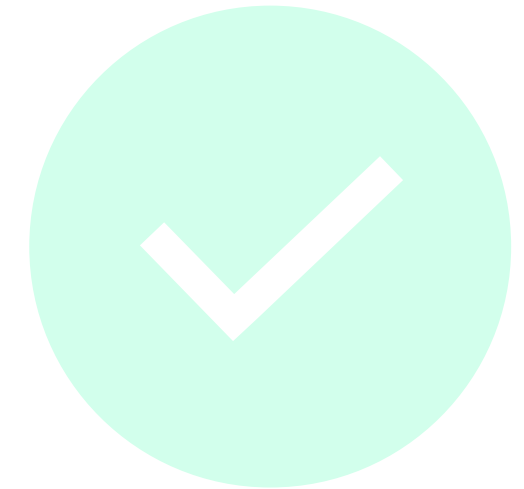
INSURANCE TRACKING
MORE COMPLEX



INSURANCE ESCROW
BILLS



MORE UNINSURED
COLLATERAL



MORE UNDERINSURED
COLLATERAL

Underinsured Collateral

Less coverage

Replacement Cost Coverage

Lender's Loss Payable Endorsement

Co-insurance clauses

Higher deductibles

2025 LA Wildfires Impact



- Expediting the carrier “exodus”
 - Leading to less capacity and higher rates for borrowers
- All these previous impacts will become more drastic
- HOA Challenges – dropping wildfire coverage



What are Lenders doing to Mitigate these risks?



- Changing Insurance Requirements
 - Want more data!
 - Lenders are softening certain requirements
 - Raising deductible requirements
 - Not requiring replacement cost
 - Softening Co-insurance requirements
 - More specific on requirements
 - Example: comfortable with a higher wind/hail or wildfire deductible

- Changing Underwriting Guidelines
 - Previously, lenders would assume stagnant insurance premiums in the underwriting of a loan.
 - Ensure insurance is collected at close
 - Lenders should assume at least 10% YoY increase on insurance premiums
 - CA, FL, TX are seeing 20% YoY increases
 - Leading to not lending in Brush zones or other CAT risk areas – UDAAP concern



Coverage and Deductible Req.

- Residential Mortgages
 - \$4,000→\$5,000
- Commercial Mortgages
 - \$7,500→\$12,500
- Vehicle
 - \$750→\$1,250
 - \$1,250→\$2,000
- Special Requirements
 - Replacement Cost (Fannie/Freddie)
 - Lender's Loss Payable Endorsement
 - Co-insurance



Collateral Insurance Solutions

- Force-placed
 - Understanding the letter cycle
 - Outsourced v. “Order-up”
 - Premium passed onto borrower
- Mortgage Impairment
 - Premium per outstanding loan balance
 - E&O
- Blanket
 - Premium per outstanding loan balance

**Thank you for
attending**



**We look forward to our next
discussion.**



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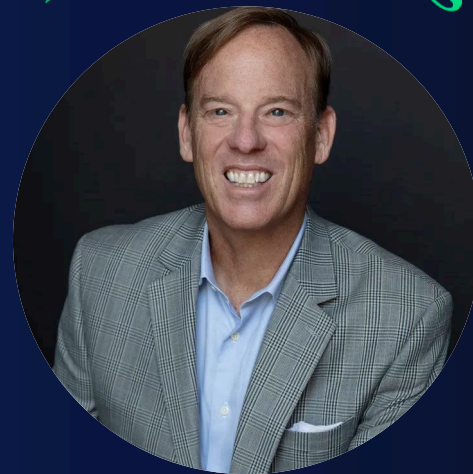
June 25, 2025

I'm Speaking



William Del Biaggio
CEO, QuieTrack

I'm Speaking



Jude Winterhalter
President, Jackson Square Insurance



About ProSight Financial Association



RMA and BAI have come together as ProSight Financial Association to empower financial services leaders to strengthen and advance our industry.

The strategic combination brings together RMA's expertise in serving the **commercial banking** and **risk management** functions and BAI's knowledge in serving the **retail banking** and **regulatory compliance** functions. It's a complementary union of two non-profit organizations that have always had their members' and customers' best interests in mind.

As BAI and RMA came together, we recognized the importance of honoring and building on our 100+ year old histories and trusted reputations. At the same time, we wanted to select a new name that signifies the enhanced value the combined organization will deliver. ProSight does just that.

As ProSight, we've enhanced our ability to support you at a time when the industry is challenged to meet changing customer needs, adopt new technologies and manage more complex risk and compliance issues. We are here to help you conquer these challenges, guide you towards new opportunities for growth, and empower you to act with confidence.

The work we do creates positive ripple effects throughout financial services organizations and the industry – and ultimately helps consumers, businesses, and communities thrive.

About [Your Organization]