

April 30, 2024

Via E-Mail to [2024MH@ncdoi.gov](mailto:2024MH@ncdoi.gov)

NC Commissioner of Insurance Mike Causey  
NC Department of Insurance  
3200 Beechleaf Court  
Raleigh, NC 27604

## Re: Public Comment Opposing Requested Rate Increase

Commissioner Causey,

This comment letter is submitted on behalf of five legal services organizations<sup>1</sup> that represent low-income North Carolinians across the state to preserve and protect their homeownership. The organizations submit this letter regarding the NC Rate Bureau's proposed rate increases for mobile home fire (MH-F) and mobile home casualty (MH-C) insurance to raise the alarm that the proposed rates would be devastating for vulnerable households who live in mobile or manufactured homes. Moreover, the impact of the rate increase would likely be disproportionately borne by socially disadvantaged North Carolinians.

Many North Carolinians continue to struggle to afford their monthly housing payments. In North Carolina, more than 29% of households living in mobile or manufactured homes are already "cost burdened" by housing, paying more than 30% to 50% of their income towards housing costs.<sup>2</sup> Further demonstrating their financial vulnerability, 90% of households living in manufactured homes in North Carolina are considered low-income (below 80% of Area Median Income), and nearly half (45%) are considered extremely low income (below 30% of Area Median Income).<sup>3</sup> Large rate increases would force hundreds of thousands of North Carolinians to decline insurance and risk financial ruin or forego mobile-home ownership entirely.

The NC Rate Bureau proposes to increase rates by an average of 82.9% for MH-F policies and by an average of 42.9% for MH-C policies over a three-year period.<sup>4</sup> Mobile homes are highly concentrated in the eastern part of the state where rate increases will be considerably higher than average, with some Eastern North Carolina counties having nearly a third of their housing stock comprised of mobile homes.<sup>5</sup> Rates in Eastern counties will increase by 110.1% to as much as 200.9% for MH-F policies and by 84.2% to as high as 105.9% for MH-C policies.<sup>6</sup>

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<sup>1</sup> The five legal services organizations include North Carolina Justice Center, Pisgah Legal Services, Financial Protection Law Center, Charlotte Center for Legal Advocacy, and Land Loss Prevention Project.

<sup>2</sup> Stanysha Lowery, North Carolina Housing Finance Agency, *Manufactured Housing: An Affordable and High-Quality Option for Low-Income Households* (Sept. 11, 2023).

<sup>3</sup> *Id.*

<sup>4</sup> North Carolina Rate Bureau, Revision of Mobile Homeowners MH(F) Insurance Rates (April 8, 2024), Section A, page 2; North Carolina Rate Bureau, Revision of Mobile Homeowners MH(C) Insurance Rates (April 8, 2024), Section A, page 2.

<sup>5</sup> Brian Dabson, Community and Economic Development, UNC School of Government, *Hidden in Plain Sight* (January 9, 2018).

<sup>6</sup> North Carolina Rate Bureau, *supra*, note 4.

In 2021, the NC Housing Finance Agency performed an assessment of homeowner needs in North Carolina for the purpose of administering the Homeowner Assistance Fund.<sup>7</sup> As part of its assessment, the NCHFA referenced the Center for Disease Control's Social Vulnerability Index, which ranks counties and census tracts on 15 social factors including unemployment, minority status and disability and others that impact a community's ability to prevent human suffering or financial loss in the event of a disaster. The ten counties in North Carolina with the highest levels of social vulnerability in 2020 (the most recent data year) were Greene, Robeson, Lenoir, Scotland, Hertford, Duplin, Sampson, Vance, Richmond, and Edgecombe.<sup>8</sup>

Mapping the Bureau's proposed rates on this Social Vulnerability Index reveals that 6 of the 10 counties with the highest levels of social vulnerability—Sampson, Robeson, Greene, Edgecombe, Duplin, and Lenoir—would experience MH-F rate increases higher than the average proposed increase of 82.9%. Each of these counties, as well as Scotland and Hertford, would also experience MH-C rate increases higher than the average proposed increase of 49.9%. This means that the insurance industry is seeking to place this exorbitant rate increase on the backs of many of North Carolina's most vulnerable homeowners.<sup>9</sup>

The NC Rate Bureau bears the burden of proving that the proposed rates are not "excessive," "unreasonable," and not "unfairly discriminatory." N.C. Gen. Stat. 58-36-20(a). The Rate Bureau failed to meet this burden in 2022 when it proposed overall rate increases of 87.5% for MH-F and 53.4% for MH-C policies. Consent orders were subsequently entered for the 2022 MH-F and MH-C rate increases of 15% and 10%, respectively. The Rate Bureau now attempts to impose rate increases on mobile homes that are similarly excessive and unreasonable. Furthermore, rates that disproportionately harm socially disadvantaged homeowners are "unfairly discriminatory" and should be rejected on that basis as well.

We urge the NC Department of Insurance to develop the evidence required to find that the Rate Bureau has failed to meet its burden of proof as to the rate-making standards. We also urge the Commissioner to ensure that households living in mobile or manufactured homes in the counties and census tracts with the highest rate of social vulnerability in North Carolina are not disproportionately impacted by any proposed rate increases in mobile homeowner insurance rates.

Sincerely yours,

/s/ Jason Pikler, Senior Attorney

/s/ Shray Shetty, Leslie J. Winner Public Interest and Civil Rights Fellow  
North Carolina Justice Center

/s/ Maria McIntyre, Executive Director  
Financial Protection Law Center

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<sup>7</sup> North Carolina Housing Finance Agency, Homeowners Assistance Fund Plan (June 15, 2021).

<sup>8</sup> *Id.* at 5.

<sup>9</sup> The Rate Bureau's proposed rate increases for these ten most socially vulnerable counties are: Greene, Robeson Lenoir, Duplin, Sampson, and Edgecombe (MH-F of 110.1% and MH-C of 84.2%); Scotland and Hertford (MH-F of 79.6% and MH-C of 57.8%); and Vance and Richmond (MH-F of 67.4% and MH-C of 47.4%).

/s/ Leah Kane, Senior Attorney, Consumer Protection Program  
Charlotte Center for Legal Advocacy

/s/ Molly Maynard, Director, Consumer Law Program  
Pisgah Legal Services

/s/ Savi Horne, Executive Director  
Land Loss Prevention Project