

Draft: 8/21/26

Pre-Disaster Mitigation and Risk Modeling (EX) Working Group
Columbus, Ohio
August 11, 2026

The Pre-Disaster Mitigation and Risk Modeling (EX) Working Group of the Natural Catastrophe and Risk Resilience (EX) Task Force met in Columbus, OH, Aug. 12, 2026. The following Working Group members participated: Timothy J. Temple, Chair (LA); Glen Mulready, Vice Chair (OK); Mark Fowler (AL); Fausto Burruel (AZ); Holly Vuong (CA); George Bradner (CT); Richie Frederick (FL); Jackie Horigan (MA); Marie Grant (MD); Sandra Darby (ME); Parker Fisher (MI); Peter Brickwedde (MN); Andy Case (MS); Cherry Mui (NY); and Brian Webb (WA). Also participating was: Rebekah Allen (VA).

1. Adopted its July 14 Minutes

The Working Group met July 14. During this meeting it took the following action: 1) adopted its June 10 minutes; 2) received an update on the development of the mitigation model law; 3) received updates on state mitigation programs and implementation changes; and 4) discussed endorsement items.

Commissioner Fowler made a motion, seconded by Commissioner Mulready, to adopt the Working Group's July 14 minutes (Attachment Two-A). The motion passed unanimously.

2. Received an Update on its Mitigation Model Law Development

Allen presented on the draft residential mitigation grant program model ct and described the drafting process that produced it. Allen said the model is intended to provide states with an enabling statutory framework to establish and administer residential mitigation grant programs through departments of insurance (DOIs). She emphasized that the model is intended to provide a common architecture rather than require identical programs in every state. The framework is voluntary, peril-agnostic, and standard-agnostic so that states can adapt it to local hazards, market conditions, legal structures, and recognized mitigation standards.

Allen said the drafting group was formed in April following approval of the NAIC Request for a Model Law Development at the Spring National Meeting. The drafting group held recurring working sessions throughout the spring and summer, including eight drafting group meetings and additional one-on-one discussions to resolve specific issues. The drafting group included states with different natural hazard exposures and different levels of experience operating mitigation programs. She said the extensive drafting notes in the model reflect issues raised during those sessions and are intended to help adopting states tailor the law without losing the benefit of a consistent national framework.

Allen reviewed the principal components of the model, including: program authority; designated perils and recognized mitigation standards; grant amounts and cost sharing; contractor and evaluator eligibility; applicant eligibility and selection; insurance premium discounts and optional endorsements; insurer data collection; confidentiality; program evaluation and reporting; rulemaking; audit, antifraud, and penalty provisions; and funding. She said designated perils and recognized mitigation standards would generally be established through state rulemaking so programs can evolve as hazards and mitigation practices change without requiring repeated statutory amendments.

The insurance provisions include actuarially justified premium discounts for completed and verified mitigation work and authority for insurers to offer optional endorsements that allow an unmitigated home to be rebuilt to a

recognized mitigation standard after a covered loss. Allen said the discount provisions are not limited to grant-funded projects, so a homeowner who independently completes and verifies qualifying mitigation could also receive the applicable insurance treatment. She said insurer data, program evaluation, and post-event reporting provisions are intended to help state insurance regulators measure program participation, market conditions, and the performance of mitigated structures while protecting confidential information. The draft model was exposed Aug. 7 for a public comment period ending Sept. 8.

Commissioner Temple and Commissioner Fowler thanked the drafting group for their work. They described the draft as a strong product and said public comments would help make it stronger. Commissioner Temple said the NAIC effort was intended to build on and enhance the earlier mitigation model developed by the National Council of Insurance Legislators (NCOIL), not duplicate it, and that the NAIC would continue communicating with NCOIL as the model advances.

Stolyarov asked whether the actuarial-justification language for mitigation discounts could preserve sufficient flexibility for states. Allen and Brian Powell (NAIC) said the draft is intended to leave states room to determine what constitutes appropriate actuarial support under their own laws and regulatory frameworks, and they invited specific written comments if additional clarification is needed.

David Snyder (American Property Casualty Insurers Association—APCIA) and Tony Cotto (National Association of Mutual Insurance Companies—NAMIC) expressed support for the overall direction of the model and the goal of greater consistency among states while identifying several issues for further discussion. These included: the definition and recognition of qualifying mitigation standards; the treatment of mitigation discount benchmarks; flexibility for different insurance products and business models; the role of optional resilience endorsements; the scope of regulatory authority and the need to avoid unintentionally extending provisions beyond intended homeowners insurance lines; implementation requirements; and the use of the term “assessment” in the funding section. Snyder requested additional time for comments beyond Sept. 8.

Commissioner Temple said the Working Group would retain the Sept. 8 comment deadline for the current exposure. He said the Working Group expects to consider the comments received and conduct a subsequent exposure so that substantive concerns can be incorporated and resolved before final consideration of the model.

3. Heard a Presentation from The Water Institute on Reflection Mitigation Investments in Premiums

Renee Collini (The Water Institute) described The Water Institute’s work to address systemic barriers to community-led resilience, with particular attention to insurance affordability and availability. She presented the Graveline Bay Insurance Pilot on Dauphin Island, AL, which examines whether measurable risk reduction from a community-scale marsh restoration project can be translated into information that affects flood insurance pricing and other risk-financing decisions. Collini said the project became especially relevant after implementation of the Federal Emergency Management Agency’s (FEMA’s) Risk Rating 2.0 methodology, when local officials and homeowners were seeking a clearer pathway for incorporating community-scale mitigation into individual flood insurance pricing.

She said the analysis showed reductions in wave heights across the modeled events and meaningful changes in still-water levels across multiple storm return periods. Munich Re then used the engineering results to evaluate changes in risk and average annual loss for properties near the project. She said the analysis demonstrated that the restoration was not only producing environmental benefits but was also measurably reducing the risk reaching adjacent homes.

Collini said the next challenge was translating the technical findings into a process that homeowners and insurance agents could use. The project team worked directly with residents and provided homeowners with information to take to their agents. She said agents often were uncertain about how the information could be used or submitted to FEMA, exposing a systems gap between engineering evidence of reduced risk and the insurance mechanisms that price that risk.

The Water Institute is continuing discussions with FEMA, catastrophe modelers, congressional offices, insurers, actuaries, engineers, and other stakeholders to identify a repeatable pathway for incorporating standardized mitigation information into insurance and modeling systems.

Brickwedde said community-scale pilots have repeatedly demonstrated that mitigation works. He asked how state insurance regulators and other stakeholders can move from individual pilots to financing and implementing projects at scale. Collini said return on investment is central to that question and that community projects often create benefits for multiple parties, not just insurers. She said a scalable approach requires identifying who benefits, quantifying those benefits, and making the engineering and risk-analysis process repeatable rather than relying on one-time pilot arrangements.

Commissioner Temple said the Working Group should consider a deeper discussion during a future meeting on moving from pilots to programs and on the different financing opportunities and constraints associated with state, local, private, and federal funding sources.

4. Heard a Presentation on Reducing Insurance Fraud

Michelle Rafeld (Coalition Against Insurance Fraud) presented on the changing catastrophe-fraud environment and the importance of addressing fraud before disasters occur. She said insurance fraud has become more sophisticated, technology-enabled, global, and interconnected over the past several years, creating threats that extend beyond traditional post-storm contractor fraud, deceptive advertising, intentional damage, theft of insurance proceeds, and public-adjuster fraud.

Rafeld said artificial intelligence (AI) can now be used quickly and at scale to fabricate or alter photographs, estimates, invoices, and other storm-claim evidence. She also described cybercriminal activity targeting carrier systems and digital claims platforms, including account takeovers, redirection of claim payments, theft of policyholder data and credentials, and the creation of cloned insurer websites and applications designed to capture consumer information. She said these schemes can be especially effective following catastrophes when consumers are urgently seeking assistance.

Rafeld also discussed the growing involvement of transnational organized crime in insurance fraud. She said criminal networks can exploit jurisdictional gaps, use stolen data across multiple schemes, recruit or coerce individuals into fraud activity, and attempt to infiltrate insurers through fraudulent employment applications. She said related risks include synthetic identities, testing and licensing fraud, misuse of another person's credentials, and efforts to gain legitimate-looking access to consumers, policy information, and carrier systems.

Rafeld identified third-party litigation funding and aggressive post-catastrophe legal solicitation as another area of concern, noting that large-scale advertising and claim solicitation can create opportunities for inflated losses, questionable lawsuits, and claims submitted without clear authorization from policyholders. She also cited changing consumer attitudes toward insurance fraud. The Coalition and Verisk research presented at the meeting indicated that approximately 15% of the U.S. population does not view insurance fraud as a crime and that 20% to 30% of surveyed adults ages 18 to 44 said they would submit a fraudulent claim for pre-existing storm damage after a storm.

Rafeld said the Coalition estimates the annual cost of insurance fraud in the U.S. at approximately \$308.6 billion. She noted that tornadoes, hail, straight-line winds, and severe thunderstorms produced approximately \$51 billion in U.S. insured losses in 2025. Rafeld said that if 2% to 5% of catastrophe claims involved fraud, catastrophe fraud alone could represent approximately \$1 billion to \$2.5 billion in annual losses. She emphasized that fraud costs are ultimately borne by consumers and businesses through higher insurance costs.

Rafeld said catastrophe-fraud prevention should begin before an event. She encouraged the following: year-round public education on fraud risks and warning signs; coordinated disaster-response messaging among state insurance regulators, insurers, law enforcement, and consumer organizations; timely, location-specific warnings; brand monitoring and rapid takedown procedures for fraudulent websites and applications; consistent catastrophe-fraud reporting and data standards; modernization of model laws, regulations, and antifraud guidance; and greater use of shared technology and analytics.

Having no further business, the Pre-Disaster Mitigation and Risk Modeling (EX) Working Group adjourned.