



February 28, 2025

Secretary Scott Turner
U.S. Department of Housing and Urban Development
457 7th Street SW
Washington, DC 20410

Re: Department of Housing and Urban Development Request for Information Regarding Resilience Measures and Insurance Coverage (FR-6505-N-01)

Dear Secretary Turner:

On behalf of the National Association of Insurance Commissioners (NAIC)¹, we appreciate the opportunity to provide comments on the U.S. Department of Housing and Urban Development's Request for Information regarding resilience measures and insurance coverage (FR-6506-N-01). As the primary regulators of the U.S. insurance industry, our members are deeply committed to promoting policies that enhance resilience and manage risks related to natural hazards. This comment letter outlines how state insurance regulators are advancing resilience efforts, the value of risk mitigation, and the innovative measures that have been developed at the state level to improve community preparedness, protect consumers, and strengthen the resilience of the insurance market.

State insurance regulators play a crucial role in integrating resilience into our insurance systems. As the first line of defense during and after natural disasters, state regulators work closely with local and federal partners to manage growing risks and improve disaster preparedness. Through the NAIC, state regulators collaborate to develop frameworks that incentivize risk mitigation efforts, improve catastrophe modeling, and ensure that resilience is central to the functioning of the insurance sector. We believe that enhancing the resilience of both communities and the insurance market is essential to ensuring that recovery after a disaster is swift and effective.

¹ As part of our state-based system of insurance regulation in the United States, the National Association of Insurance Commissioners (NAIC) provides expertise, data, and analysis for insurance commissioners to effectively regulate the industry and protect consumers. The U.S. standard-setting organization is governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer reviews, and coordinate regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. For more information, visit www.naic.org.



State-led efforts in resilience are not starting from scratch. The NAIC's National Climate Resilience Strategy², for instance, prioritizes pre-disaster mitigation to protect consumers long before a natural hazard strikes. Our member jurisdictions have already implemented a range of innovative strategies to reduce risk and promote resilience, including incentive programs that encourage homeowners to harden their properties and strengthen community resilience.³ For example, California's Safer From Wildfires Program⁴ offers premium incentives for wildfire risk reduction measures, while Louisiana's Louisiana Fortify Homes Program⁵ and Alabama's Strengthen Alabama Homes⁶ programs both provide grants to homeowners to retrofit properties based on the Insurance Institute for Business & Home Safety (IBHS) FORTIFIED⁷ standard. Minnesota⁸ and

² National Association of Insurance Commissioners, *National Climate Resilience Strategy for Insurance*, March 2024, available at <https://content.naic.org/sites/default/files/draft-naic-national-climate-resilience-strategy-12-1-2023-updated.pdf>

³ For example, Florida's 30-year hurricane history, including Hurricane Andrew, the 2004-2005 hurricane seasons (8 hurricanes) through the more recent Hurricanes Irma, Michael, Ian, Helene and Milton, has encouraged the state to develop a number of resiliency programs focused on hardening properties across the state. Florida recently reinstated the My Safe Florida Home Program, incentivizing multi family homeowners to receive inspections and subsequently strengthen their properties through various home improvements. Similarly, Florida implemented the My Safe Florida Condo Pilot Program for the purpose of helping condominium associations protect their properties from hurricane damage. In February 2025, the Florida Division of Emergency Management (FDEM) released the first of its kind, statewide residential mitigation program Elevate Florida, offering federal funding for services such as structure elevation, mitigation reconstruction, acquisition and demolition, and wind mitigation measures.

⁴ California Department of Insurance, *Safer from Wildfires*, <https://www.insurance.ca.gov/01-consumers/200-wrr/Safer-from-Wildfires.cfm> (last visited Feb. 24, 2025); see also, California Department of Insurance, *Commissioner Lara and Legislative Leaders Join Forces to Safeguard Consumers by Introducing Proposals for Wildfire Mitigation and Recovery*, <https://www.insurance.ca.gov/0400-news/0100-press-releases/2025/release017-2025.cfm> (last visited Feb. 24, 2025) (Insurance Commissioner Lara has proposed legislation that the California Legislature has introduced and that would create safer homes and communities by providing state-tax-free funds to help residents purchase fire-rated roofs and develop non-ignition zones around their properties, along with other crucial mitigation measures, as well as create an independent statewide commission within the Department of Insurance to develop a more effective inspection system to allow individuals to receive insurance discounts for home hardening, thereby improving wildfire safety for the entire community.).

⁵ Louisiana Department of Insurance, *Fortify Homes*, <https://ldi.la.gov/fortifyhomes> (last visited Feb. 24, 2025) (Notably, the Louisiana program encourages consumers to have their insurance companies add a FORTIFIED Endorsement to their insurance policies, so that the insurance company would replace the roof to the FORTIFIED standard when it is damaged in a covered event.).

⁶ Strengthen Alabama Homes A Division of the Alabama Department of Insurance, *Strengthen Alabama Homes*, <https://strengthenalabamahomes.com/> (last visited Feb. 24, 2025).

⁷ Institute for Business & Home Safety (IBHS), *FORTIFIED Home*, <http://www.fortifiedhome.org/> (last visited Feb. 24, 2025).

⁸ Minnesota Department of Commerce, *Strengthen Minnesota Homes Grant Program*, <https://mn.gov/commerce/energy/consumer/energy-programs/strengthen-mn-homes.jsp> (last visited Feb. 24, 2025).



Oklahoma⁹ have also enacted similar programs that offer grants to retrofit homes based on established resilience standards.¹⁰ These efforts demonstrate the regional diversity of resilience strategies in practice.

As part of our efforts, the NAIC's Catastrophe Center of Excellence launched the Resilience Hub to help states implement and share best practices in resilience. By gathering data, collaborating with stakeholders, and supporting local mitigation programs, the NAIC is working to ensure that states are better equipped to handle increasing natural hazard risks. Our data collection and solvency tools allow us to better understand regional trends and identify potential vulnerabilities in the insurance market. The resilience actions taken by state regulators, along with our work to improve risk assessment and stakeholder coordination, are essential to enhancing both preparedness and the effectiveness of mitigation funding at the federal, state, and local levels.

Building and construction standards play a key role in promoting resilience. Thoughtful land-use planning and the adoption of up-to-date building codes can significantly reduce the damage caused by natural hazards. According to the National Institute for Building Sciences (NIBS) 2019 report¹¹, the adoption of current building codes saved \$11 for every \$1 spent, and the 2023 report showed an even higher return of \$13 per \$1 invested.¹² These savings highlight the long-term financial and social benefits of investing in building codes that address natural hazards such as wildfires, hurricanes, wind, hail, and floods.

Among the most notable peril-specific efforts is the mitigation of wildfire risk. The NAIC, in collaboration with its Center for Insurance Policy and Research (CIPR) and industry partners like IBHS, has conducted research on the economic benefits of wildfire resilience in California, Colorado, and Oregon.¹³ The study found that wildfire resilience strategies—such as structural

⁹ Oklahoma Insurance Department, *Strengthen Oklahoma Homes Program: What You Need to Know*, https://www.oid.ok.gov/getready6_2024/ (last visited Feb. 24, 2025).

¹⁰ Maine is also moving towards establishment of a grant program for homeowners to strengthen their homes. In May 2024, the governor established the Infrastructure Rebuilding and Resilience Commission <https://www.maine.gov/future/infrastructure-commission>. LD1 would, among other measures, establish the Maine HoME Resilience Program to provide grants to homeowners. The bill and supporting testimony can be found here: <https://legislature.maine.gov/billtracker/#Paper/1?legislature=132>.

¹¹ National Institute of Building Sciences, *Natural Hazard Mitigation Saves: 2019 Report*, <https://www.nibs.org/projects/natural-hazard-mitigation-saves-2019-report> (last visited Feb. 24, 2025).

¹² National Institute of Building Sciences, *Mitigation Saves: 2019 Report Overview* https://www.nibs.org/files/pdfs/ms_v4_overview.pdf (last visited Feb. 24, 2025).

¹³ Czajkowski, J., Young, M., Giammanco, I., Nielsen, M., Russo, E., Cope, A., Brandenburg, A., & Groshong, L., *Application of Wildfire Mitigation to Insured Property Exposure*, CIPR Research Report (Nov. 15, 2020), available at https://content.naic.org/sites/default/files/cipr_report_wildfire_mitigation.pdf (last visited Feb. 24, 2025).



modifications and vegetation management—can reduce wildfire risk by up to 75%.¹⁴ The benefits of these strategies often far outweigh the costs, with payback periods for mitigation investments ranging from 10 to 25 years, depending on the location and the risk-reduction activities undertaken.¹⁵ Furthermore, additional NIBS research showed that compliance with the 2015 International Wildland-Urban Interface Code (IWUIC) in the wildlife urban interface (WUI) resulted in a \$4 benefit for every \$1 invested in wildfire mitigation.¹⁶

Wind resilience, particularly for hurricanes and tornadoes, has also seen significant advancements. Through partnership¹⁷ with IBHS, the NAIC has put state insurance regulators in the best position to take advantage of the development of IBHS's FORTIFIED program¹⁸, which strengthens buildings against severe wind events. A 2022 study by the Alabama Center for Insurance Information and Research found that for multifamily properties, resilient construction can result in significant returns on investment, ranging from 8% for high-wind and hail designs to as much as 72% for properties built to withstand hurricane-force winds.¹⁹ This highlights the importance of fortifying structures against wind-related perils to protect property owners and improve community resilience.

State-based mitigation incentives are also proving to be effective in reducing the costs of resilience measures for homeowners. Many states, including Alabama, California, Kentucky, Minnesota, Mississippi, North Carolina, Oklahoma, and Texas, have enacted no-matching cash grant programs that reimburse homeowners for mitigation costs. These programs, along with tax incentives, subsidies, and insurance premium discounts, are designed to encourage homeowners to take

¹⁴ *Id.* at 4.

¹⁵ *Id.*

¹⁶ National Institute of Building Sciences, *Mitigation Saves: At the WUI, Complying with the 2015 IWUIC Provides \$4 Benefit for Each \$1 Invested*, https://www.nibs.org/files/pdfs/ms_v3_exceeds_iwuic.pdf (last visited Feb. 24, 2025); National Institute of Building Sciences, *Natural Hazard Mitigation Saves 2019 Report*, https://www.nibs.org/files/pdfs/NIBS_MMC_MitigationSaves_2019.pdf (last visited Feb. 24, 2025).

¹⁷ National Association of Insurance Commissioners, *NAIC Signs Memorandum of Understanding with IBHS, Obtains Access to Top-Tier Building Science Research*, <https://content.naic.org/article/naic-signs-memorandum-understanding-ibhs-obtains-access-top-tier-building-science-research> (last visited Feb. 24, 2025).

¹⁸ Insurance Institute for Business & Home Safety, *FORTIFIED Multifamily*, <https://fortifiedhome.org/fortified-multifamily/#:~:text=Based%20on%20decades%20of%20research,multifamily%20properties%20against%20severe%20weather> (last visited Feb. 24, 2025).

¹⁹ Powell, Lars, Awondo, Sebastain, Hopper, Warren, & Johnson, Erik, *Estimating the Economic Value of FORTIFIED™ Multifamily Construction* (Aug. 31, 2022), available at <https://fortifiedhome.org/wp-content/uploads/FORTIFIED-Multifamily-value-study.pdf> (last visited Feb. 24, 2025).



proactive steps to protect their properties.²⁰ For example, states like California, Florida, and South Carolina offer subsidies for home wind inspections, while others such as Alabama, Florida,²¹ and Mississippi provide insurance discounts for retrofits.²² These measures help lower the financial burden of resilience investments, making it more feasible for homeowners to protect their properties from natural hazards.

Finally, education and outreach efforts are critical in fostering understanding and awareness of the benefits of resilience measures. State regulators have been working alongside local officials and organizations like IBHS and the Federal Alliance for Safe Homes (FLASH) to provide training, resources, and information to property owners about the direct and indirect benefits of resilience investments.²³ The NAIC has hosted workshops and published guides on topics such as hazard mitigation, resilience funding, and insurance access to help state and local stakeholders implement effective resilience programs.²⁴ The laboratory of states continues to lead the way on consumer education, for example Florida residential property insurers are required to provide the “Notice of Premium Discounts for Hurricane Loss Mitigation” form to policyholders at the time of issuance and renewal of the policy and post hurricane mitigation discount information to their website’s

²⁰ National Association of Insurance Commissioners, *Resilience Policy Resource Guide and Retrofitting Program Playbook for State Insurance Regulators: Addendum – August 2024*, available at <https://content.naic.org/sites/default/files/resilience-policy-playbook-addendum.pdf> (last visited Feb. 24, 2025).

²¹ Florida consistently finds ways to improve and update wind mitigation discounts by partnering with public universities and researchers to conduct various studies around resiliency measures. Florida’s “Uniform Mitigation Verification Inspection Form” collects information for authorized inspections regarding wind mitigation features to ensure compliance with Florida building code standards, which could also offer discounts. Florida is also the homebase of the National Hazards Engineering Research Infrastructure (NHERI) Wall of Wind (WOW), a national facility enabling researchers to better understand wind effects on infrastructures and prevent wind hazards from becoming community disasters. Advancements are underway to construct the National Full-Scale Testing Infrastructure for Community Hardening in Extreme Wind, Surge, and Wave Events (NICHE) facility in Miami, Florida, which is expected to be the world’s largest wind-wave facility, capable of generating 200 MPH hurricane winds and 160-foot-high waves. Researchers will be able to study wind and waves concurrently. These measures help lower the financial burden of resilience investments, making it more feasible for homeowners to protect their properties from natural hazards

²² *Id.*

²³ See e.g., National Association of Insurance Commissioners Center for Insurance Policy and Research and Federal Alliance for Safe Homes (FLASH), *Resilience Policy Resource Guide and Retrofitting Program Playbook for State Insurance Regulators*, available at <https://flash.org/wp-content/uploads/1/2024/03/2-20-24-Resilience-Playbook.pdf> (last visited Feb. 24, 2025); see also National Association of Insurance Commissioners Center for Insurance Policy and Research and Federal Alliance for Safe Homes (FLASH), *Resilience Policy Resource Guide and Retrofitting Program Playbook for State Insurance Regulators Addendum – August 2024*, available at <https://content.naic.org/sites/default/files/resilience-policy-playbook-addendum.pdf> (last visited Feb. 24, 2025).

²⁴ National Association of Insurance Commissioners, *Natural Catastrophe Risk Mitigation and Resiliency Resources*, <https://content.naic.org/node/8978> (last visited Feb. 24, 2025); National Association of Insurance Commissioners, *CIPR Resilience Resources*, https://content.naic.org/cipr_resilience_resources.htm (last visited Feb. 24, 2025); National Association of Insurance Commissioners, *CIPR State Resiliency Map*, https://content.naic.org/cipr_resiliency_map.htm (last visited Feb. 24, 2025).



homepage. These outreach efforts, which have been successful in helping homeowners better understand the financial and safety benefits of resilience measures, are crucial to building a culture of preparedness across communities.

In conclusion, the NAIC and state insurance regulators are at the forefront of developing and implementing resilience strategies that help communities reduce the impact of natural hazards and ensure the stability of the insurance market. The ongoing efforts at the state level to improve building codes, incentivize risk mitigation, and enhance data collection and solvency tools are critical to strengthening the resilience of our nation's infrastructure and property. We look forward to continuing our collaboration with federal, state, and local partners to ensure that the nation's communities are better prepared for the challenges posed by natural disasters.

Thank you for the opportunity to comment. We remain committed to working with HUD and other stakeholders to promote resilience across the U.S. housing sector.



Sincerely,

Jon Godfread
NAIC President
Commissioner

North Dakota Insurance Department

Elizabeth Kelleher Dwyer
NAIC Vice President

Director Rhode Island Department of
Business Regulation

Scott White
NAIC President-Elect
Commissioner

Virginia Bureau of Insurance

Jon Pike
NAIC Secretary-Treasurer
Commissioner

Utah Insurance Department