November 6, 2026

Nancy Beydler
National Association of Insurance Commissioner
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Suite 1000
Kansas City, Mo
64106-2197

APCIA Comments
Re: NAIC Residential Mitigation Grant Program Model Law Second Exposure

Sent Via Electronic May to: nbeydler@naic.org

Dear Ms. Beydler,

The American Property Casualty Insurance Association (APCIA) appreciates the opportunity to comment on the second exposure of the NAIC Residential Mitigation Grant Program Model Act. APCIA supports efforts to increase meaningful investments in mitigation and resilience that reduce losses, strengthen communities, and contribute to stable and competitive property insurance markets.

APCIA also appreciates the substantial changes made following the first exposure. The revised draft materially strengthens the criteria for recognized mitigation standards by emphasizing science-based standards, independent verification, and documented, peril-specific loss-reduction evidence. It also provides insurers greater flexibility to support company-specific mitigation discounts through actuarial data, catastrophe modeling, engineering analysis, claims experience, and other credible evidence. These revisions address several issues APCIA and its members previously raised and provide a stronger foundation for the model.

Based on our review of the second exposure and member feedback, APCIA offers the following recommendations. For the Working Group's convenience, Attachment A provides suggested edits to provisions for which APCIA has identified a specific textual change.

1. Maintain Clear, Science-Based Guardrails for All Qualifying Mitigation

APCIA strongly supports the revised definition of "Recognized Mitigation Standard" in **Section 3.K (page 4)** and the corresponding evidentiary requirements in **Section 5 (page 5)**. The requirements for verifiable, science-based standards, independent verification, and documented peril-specific loss-reduction evidence are important safeguards to ensure public resources and insurance incentives are directed toward mitigation that meaningfully reduces risk. The revised draft also appropriately provides that alternative standards and engineering-based approaches must satisfy the same evidentiary showing.

One remaining issue is the treatment of "Qualified Mitigation Measures" under **Section 3.J (page 4)**. APCIA is concerned that this term is used throughout the model without the same guardrails that now apply to a Recognized Mitigation Standard. We recommend narrowing the use of Qualified Mitigation Measures to circumstances in which an appropriate Recognized Mitigation Standard is not available for the Designated Peril and ensuring the two concepts are referenced consistently throughout the model. APCIA believes this warrants further refinement. Where an applicable Recognized Mitigation Standard exists, the Program should generally rely on that framework rather than create a parallel pathway for individual measures that may not provide comparable or comprehensive risk reduction. Where no applicable Recognized Mitigation Standard is reasonably available, states should retain flexibility to support individual mitigation measures, provided those measures are supported by credible evidence demonstrating meaningful, peril-specific loss reduction.

APCIA therefore recommends revising **Section 3.J (page 4)** to clarify when a Qualified Mitigation Measure may be approved and to establish evidentiary safeguards consistent with the model's risk-reduction objectives. Corresponding references throughout the model should distinguish appropriately between Qualified Mitigation Measures and Recognized Mitigation Standards.

This clarification would preserve flexibility while maintaining the model's core principle that mitigation incentives should be grounded in demonstrated risk reduction.

2. Reconcile the Premium Benchmark Provisions and Preserve Actuarial Flexibility

APCIA appreciates the significant improvements to **Section 9 (pages 10–12)**. In particular, **Section 9.C (page 10)** allows insurers to adopt the benchmark levels or file different discount levels supported by actuarial data, catastrophe modeling, claims experience, relevant research, or other reasonable justification. It also states that benchmark levels do not establish required minimums or create a presumption that a different discount level is unreasonable.

Other portions of Section 9, however, remain internally inconsistent with that approach:

- **Section 9.A (page 10)** refers to an "applicable minimum" established by the Premium Benchmark Table.
- The **Drafting Note to Section 9.A (page 10)** describes the table as a "presumptive minimum."
- **Section 9.E (page 11)** requires insurers to maintain rating plans "consistent with" the table.
- **Section 9.F (page 11)** refers to "minimum discount levels."

Member feedback reinforces the importance of resolving these inconsistencies. Members have also expressed concern with requiring insurers to provide a mitigation discount in all circumstances and support the more permissive approach contemplated in the Drafting Note to Section 9.A. At a minimum, members recommend clarifying that the table should not operate as a required or presumptive minimum when an insurer has supported a different discount through the applicable rate filing process. Members have also questioned the intended purpose and value of a separate benchmark table given the flexibility now provided for insurer-specific discounts.

Thus, APCIA recommends revising **Section 9.A (page 10)** to authorize, rather than mandate, actuarially supported mitigation discounts and harmonizing Sections **9.C through 9.F (pages 10–11)**, including the Drafting Note to Section 9.A, so the Premium Benchmark Table is consistently characterized as a **nonbinding reference tool rather than a required or presumptive minimum**. References to an

"applicable minimum," "presumptive minimum," and "minimum discount levels" should be removed or revised to conform to Section 9.C.

Insurers should be able to establish appropriate mitigation credits based on credible actuarial, modeling, engineering, claims, and other relevant evidence, subject to applicable state rating requirements. Recognition of a mitigation standard and determination of its appropriate insurance premium effect are related, but distinct, analyses. A measure may demonstrably reduce physical loss without producing the same premium effect for every insurer, peril, property, or rating plan. Thus, our members strongly feel this approach would encourage meaningful mitigation incentives while preserving insurers' ability to determine the appropriate premium treatment based on credible actuarial, modeling, engineering, claims, and other relevant evidence.

3. Preserve Insurer Flexibility in the Optional Resilience Endorsement

APCIA supports the objective of encouraging resilient rebuilding following covered losses, but member feedback identifies important practical concerns with the endorsement framework in **Sections 9.G through 9.I (pages 11–12)**.

Members have highlighted the potential for adverse selection when coverage pays the additional cost of upgrading a damaged feature following a loss. Homeowners with older or more loss-susceptible features may have a greater incentive to purchase the coverage, potentially increasing expected losses and making the endorsement more expensive for consumers. Insurers should therefore have reasonable flexibility to establish eligibility criteria, coverage amounts, conditions, limits, inspection requirements, and pricing, subject to normal state filing and approval requirements.

The coverage trigger in **Section 9.H(1) (page 11)** also requires clarification. The current language applies following a "specific covered loss" but does not clearly establish the extent of damage necessary before the mitigation upgrade benefit applies. Member feedback points to Louisiana R.S. 22:1483.2 as a useful approach because, for roof coverage, it connects the benefit to covered damage that requires replacement of the roof. This avoids uncertainty over whether relatively limited or partial damage could trigger an upgrade that is impractical or inconsistent with the applicable mitigation standard.

Thus, APCIA recommends revising **Section 9.H(1) (page 11)** to connect the endorsement benefit to covered damage sufficient to require replacement of the feature being upgraded, or otherwise permit the insurer to establish an actuarially and operationally appropriate trigger in its filed form.

Members have also questioned the need for separate Commissioner authority under **Section 9.I (pages 11–12)** to prescribe minimum endorsement features, eligibility criteria, inspections, and documentation when the endorsement is already subject to applicable insurance form and rate filing requirements. Thus, APCIA recommends revising **Sections 9.G through 9.I (pages 11–12)** to preserve reasonable insurer flexibility in product design, underwriting, and pricing, while maintaining the Department's existing authority to review the filed endorsement under applicable insurance laws.

4. Provide Clear and Administratively Workable Documentation Standards

Member feedback has identified practical implementation opportunities that could reduce unnecessary administrative complexity.

Because Recognized Mitigation Standards and Qualified Mitigation Measures may evolve, members recommend maintaining the applicable standards and measures in a publicly accessible location, such as a state insurance department website. Insurance forms and related materials could reference that location rather than requiring repeated form revisions whenever approved standards or measures change.

Members have also suggested allowing the Department to develop an optional standardized qualifying form that consumers, mitigation professionals, and insurers could use to document eligibility for mitigation discounts. This would avoid requiring insurers to operationalize multiple forms of supporting documentation and could reduce disputes over whether the documentation provided is sufficient.

APCIA therefore recommends that **Section 8.D (page 9)** and the related documentation provisions in **Sections 9.A and 9.B (page 10)** provide sufficient flexibility for the Department to establish an optional standardized form or other uniform means of documenting completed mitigation. The model should also permit insurers to reference a publicly maintained Department list of current Recognized Mitigation Standards and Qualified Mitigation Measures.

A standardized optional verification mechanism could improve consistency for consumers, insurers, contractors, verifiers, and regulators while reducing administrative costs. Because the precise documentation process may vary by state and peril, APCIA recommends addressing this issue through enabling language rather than prescribing a single statutory form.

5. Narrow Insurer Data Collection to Information Reasonably Necessary for the Program

APCIA continues to recommend a reasonable limiting principle for **Section 10 (page 12)**. The revised draft requires insurers, upon request, to provide loss-experience and policy-level data necessary to support the Premium Benchmark Table and separately requires annual endorsement reporting. Member feedback similarly recommends more narrowly tailoring **Sections 10.A and 10.B (page 12)** to information reasonably necessary to administer, evaluate, and oversee the Program, particularly where existing information may already serve the Department's needs.

APCIA recommends revising **Sections 10.A and 10.B (page 12)** to require only information **reasonably necessary** for administration, evaluation, and regulatory oversight of the Program. The Department should consider existing data sources before creating duplicative reporting requirements and should tailor the scope, frequency, and level of detail of any request to the specific regulatory purpose. The model should also permit aggregated data, catastrophe modeling, engineering analysis, relevant research, and other appropriate information where insurer-specific historical loss experience is unavailable or insufficiently credible. This is particularly important where a Qualified Mitigation Measure or Recognized Mitigation Standard is relatively new, where claims experience is limited, or where the peril could produce infrequent but severe losses.

These limitations become especially important if the Working Group retains a Premium Benchmark Table. The scope of insurer reporting should be proportional to the regulatory purpose the table ultimately serves.

6. Strengthen Confidentiality Through Aggregated and De-Identified Information

APCIA appreciates the requirement in **Section 12.B (page 14)** that legislative reporting be presented in aggregated, de-identified form. That same principle should apply more broadly where identifiable information is not reasonably necessary for Program administration.

Member feedback specifically recommends reconsidering **Section 11.D(3) (page 13)**, which permits sharing confidential information with nonprofit organizations, community development financial institutions, and tribal entities. Where the relevant Program purpose can be accomplished through aggregated or de-identified information, that approach would provide stronger confidentiality protections while still allowing those organizations to perform authorized functions.

APCIA therefore recommends revising **Section 11.D(3) (page 13)** to provide that information shared with these entities should be aggregated or de-identified unless disclosure of identifiable information is reasonably necessary to perform a function authorized under **Section 8.E (page 9)**. When identifiable information is necessary, disclosure should be limited to the minimum information needed for that function and remain subject to appropriate written confidentiality and data-protection requirements. This revision would better align Section 11.D with the aggregation and de-identification principles reflected in **Section 11.F (pages 13–14)** and **Section 12.B (page 14)**.

7. Avoid Unintended Application of Personal-Lines Requirements to Commercial Multifamily Risks

The revised draft allows states to consider properties containing five or more residential units, together with rental and investor-owned properties, under **Section 8.A(1)(c)–(e) (page 8)**. APCIA recognizes that states may wish to consider broader grant eligibility, but grant eligibility should not automatically determine the scope of insurance product and reporting requirements.

Properties with five or more dwelling units are frequently insured under commercial property or commercial package policies rather than homeowners or dwelling policies. If a state makes these properties eligible for mitigation grants, the model should not automatically extend the premium discount, optional endorsement, or insurer-reporting requirements in **Sections 9 and 10** to commercial insurance products that are designed, underwritten, and rated differently from personal-lines homeowners coverage.

The Drafting Note following **Section 8.A(2) (page 9)** recognizes that a state expanding the types of Eligible Residences should consider conforming Sections 9 and 10. APCIA recommends clarifying that any extension of those insurance requirements to additional policy types should be **affirmative and express rather than automatic**.

This distinction would allow states to broaden access to mitigation investments without unintentionally expanding personal-lines insurance requirements into commercial property markets.

Conclusion

APCIA appreciates the Working Group's responsiveness to stakeholder comments and believes the second exposure represents a meaningful improvement. In particular, the stronger requirements for science-based mitigation, independent verification, peril-specific loss-reduction evidence, and insurer-specific actuarial support provide a substantially stronger framework than the initial draft.

The remaining recommendations are intended to preserve those improvements while addressing practical implementation issues identified through additional member review and technical stakeholder input. Most importantly, the final model should ensure that:

- qualifying mitigation remains grounded in credible science, verification, and demonstrated risk reduction;
- premium effects remain actuarially supported rather than driven by inflexible benchmarks;
- endorsement requirements do not create adverse selection or unnecessarily constrain product design;
- data collection, confidentiality, and Program requirements remain proportional to the Program's needs; and
- broader grant eligibility does not inadvertently expand personal-lines requirements into commercial insurance markets.

APCIA appreciates the opportunity to provide these comments and looks forward to continuing to work with the Working Group as it completes the model.

Thank you,

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Vice President, Property & Environmental

American Property Casualty Insurance Association

Attachment: Attachment A, APCIA Suggested Redline Edits