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September 7, 2026

Ms. Nancy Beydler
National Association of Insurance Commissioners

via email

RE: NAMIC Comments on the Residential Mitigation Grant Program Model Act

Ms. Beydler:

The National Association of Mutual Insurance Companies (NAMIC) appreciates the opportunity to provide comments on the draft Residential Mitigation Grant Program Model Act. Our comments follow.

Overall Comments

NAMIC worked with legislators at the National Council of Insurance Legislators (NCOIL) to develop a model grant program for wind and hail mitigation, utilizing the Insurance Institute for Business and Home Safety ("IBHS") FORTIFIED standards. These standards provide meaningful results for consumers, and our industry is proud to have funded their development. In short, NAMIC believes grant programs provide many people with needed funds to improve their personal safety and help protect what is many people's biggest investment – their home. We join both the NAIC and NCOIL in supporting such programs.

The draft Residential Mitigation Grant Program Model Act (hereinafter "draft"), however, represents a significant departure from both the NCOIL model as well as similar legislation enacted in states. It would impose burdensome and intrusive requirements on insurers which would do little to improve the housing stock of U.S. homes.

As it stands now, property/casualty insurers have spent over $300 million to set up IBHS and continue its pioneering work developing building technologies making properties more resilient from winds (both from tropical storms and severe convective storms), hail and wildfire. Since IBHS construction technology has proven to be effective, the best path forward requires public policies taking that construction technology and using it to attract more capital into the homeowners' insurance marketplace. By utilizing funding mechanisms that do not put additional burdens on insurers and letting the marketplace establish the best types and amounts of discounts for resilient construction, consumers can benefit from mitigation grant programs without causing disruptions to the market.

We urge the NAIC to work collaboratively with NCOIL and discuss possible improvements to the NCOIL model to reflect any improvements the NAIC wishes to pursue.

Our more specific comments follow below.

Section 2

Sections 2(B)(2)-(3) provide too much latitude to adopt less rigorous standards than those set by the Insurance Institute for Business and Home Safety. If taxpayer funds are to be used in a grant program, they should be spent utilizing standards meeting or exceeding those set by IBHS.

Section 3

In the first drafting note, it states that the program should be limited to "primary, owner occupied dwellings." We would suggest policymakers should consider specifically limiting the grants to those homes with homestead exemptions to prevent families from obtaining multiple grants for second and third homes. Additionally, the drafting note fails to consider that community level mitigation for the peril of wildfire is preferable to making grants to single family homeowners.

In subsections (E), (G), (J) and (K), we raise a continuing concern to Section 2(B) discussed earlier. There needs to be a set standard currently recognized as sufficiently rigorous. Any standards used should meet or exceed those set by IBHS.

Subsection (H) – defining the "Premium Benchmark Table" – is highly problematic. Discussed in more detail below, NAMIC opposes the use of benchmark discounts.

Section 4

In section 4(B), we note that the program participation is voluntary for homeowners, contractors, and by persons performing pre and post mitigation evaluations. We would add "insurers" to this list.

We also note that section 4(C) states “nothing in this act shall be construed to create an entitlement to grant funding.” The draft does, however, create an entitlement to a premium discount. We do not believe these things are consistent. Hence our suggestion to add “insurers” to section 4(B).

Section 5

Mitigation grant programs implemented to date work well because they are based upon the IBHS standards. We believe this section should be changed to require that any standard used for a grant program must “meet or exceed the Insurance Institute for Business and Home Safety FORTIFIED standard.” Insurers ought not be mandated to offer discounts for standards less than the IBHS standard, and tax dollar stewardship dictates those funds be used for construction standards well recognized for their high performance.

Moreover, there is a risk of losing the benefit of the larger sample size of data of IBHS improved homes when states choose other standards. Determining actuarially sound discounts for a particular mitigation standard can be more challenging when there is a lack of data for it.

Section 7

With sections 7(C), (D) and (F), we continue to express our concerns regarding a lack of anchoring the standard to IBHS FORTIFIED. Also, in section 7(F), it’s unclear whether work performed by an ineligible Enrolled Contractor or Independent Third-Party Verifier would still warrant a premium discount or rate reduction, even though the work done by those individuals may not meet the mitigation standard set by rule.

Section 8

Regarding subsection (A)(1), we would reiterate our comments from Section 3 above regarding limiting eligibility to homes with homestead exemptions.

Section 8(A)(2) says that to be eligible for a grant, the applicant must maintain an in-force homeowners’ policy issued by an authorized insurer, or “be eligible for coverage” through the residual market. Wouldn’t the policyholder need to have a homeowners’ policy through the residual market rather than just be eligible for one?

<u>Section 9</u>

The mandates created in sections 9, particularly the repeated use of "shall" in subsections (A), (B), (E), (G), and (H), are highly problematic. Although participation in the grant program is described as *voluntary* for homeowners, contractors, and verifiers, insurers are *required* to provide specified discounts, maintain those discounts, conform their rating plans to a Commissioner-established benchmark, make a new endorsement available, and provide related data. These mandates improperly displace insurer-specific underwriting, ratemaking, product design, and filings decisions.

Section 9(A) says that insurers shall provide an **<u>actuarially justified</u>** premium discount or rate reduction. But it is contradicted or made problematic in various ways:

- Section 9(B) says the premium discounts apply "as determined by the Commissioner." That does not necessarily mean the discounts are actuarially justified. For example, an insurer may want to have the discount apply to a specific portion of the premium based on actuarial data as that best matches price to risk. The Commissioner may "determine" application in different ways that are not actuarially justified.

- Maybe more problematic, Section 9(B) goes on to say that the discount shall remain in effect so long as the Qualified Mitigation Measure remains in place and shall continue upon transfer to a new owner who maintains the Qualified Mitigation Measure. The new owner may have insurance with a different insurer. The two insurers may have different actuarially justified discounts. So, this provision contradicts the critical element of only mandating actuarially justified discounts. Additionally, these rates/discounts would be on file with the state and approved by the regulator in some states. Requiring that they stay the same when home ownership changes (and insurers change) may force insurers to charge unfairly discriminatory rates and violate their filed rates and rules.

- The draft appears to say on one hand that insurers provide an actuarially justified discount, but on the other that the Commissioner can set minimum discounts and benchmarks based on industry data. If industry data isn't consistent with that insurer's experience, then the benchmark discount would not be actuarially sound for that insurer.

- If the mitigation measure should no longer qualify for a discount, the draft provides no mechanism for the insurer or DOI to remove it as a discount.

Sections 9(C), (D) and (E) would establish a highly problematic government-set benchmark mechanism for mitigation discounts. NAMIC remains strongly opposed to mandatory benchmark discounts; the market, not the government, should calculate what discount an insurer wishes to offer. The amount of a mitigation credit should be determined in the market through actuarial analysis and filed rating plans, not through a statewide minimum established by the Commissioner. A state-selected minimum discount is, in practical effect, government prescription of a material component of homeowners' rates. Add to that the need to make rate filings every time there is a change to the Premium Benchmark Tables.

The model should preserve insurers' ability to develop and file mitigation credits voluntarily, subject to ordinary state rating-law requirements. If the NAIC believes additional guidance is needed, the Commissioner could publish nonbinding educational materials or voluntary best practices regarding documentation, verification, and consumer disclosure. Such guidance should not prescribe minimum discounts or require insurers to conform their rating plans to a uniform table,

Sections 9(G), (H), and (I) create a product and coverage mandate. We would urge the NAIC to change "shall" to "may." There are significant costs associated with bringing new coverages to market. Product development costs are sometimes never recaptured for coverages that do not attract enough purchasers or result in losses exceeding premiums. Insurers should remain free to develop and offer mitigation-related endorsements where there is consumer demand and where the product can be underwritten, priced, and supported on a sustainable basis.

<u>Section 10</u>

This section represents highly burdensome and unnecessary data collection requirements for regulators and by extension the NAIC. Insurers already provide significant supporting information to their regulators in connection with rate filings, including filing supporting mitigation discounts and other rating factors. There is no demonstrated need to require insurers to provide loss experience and policy level data for their entire homeowners' book of business to support this program. Insurers already voluntarily offer mitigation discounts where supported by their actuarial analysis and filed rating plans, without a broad, ongoing policy-level data collection mandate. Moreover, subsection H(2) appears to require coverage beyond the policy period, which would be inappropriate.

Section 11

Section 11(D)(1) would permit a regulator to share "loss-experience and policy-level data" (section 10(A)) with out of state entities, including the NAIC. We believe this would be an extensive overreach of a state regulator's powers and an unnecessary intrusion into the business practices of insurers already regulated by the state.

Section 15

As noted above, with this model the NAIC asks insurers to fund the grant program for installing the building technologies those same insurers paid to develop and would, ostensibly, be required to then provide a discounted rate for the roofing upgrade the insurer funded through the program.

Removing "assessments" would be a significant improvement to this section. Adding "not putting an additional obligation upon insurers" after the words "or other lawful sources" would be another improvement.

Conclusion

NAMIC members support mitigation and grant programs facilitating it.

Requiring insurers to turn over significant amounts of data so that the government regulator can set the minimum discount an insurer is required to offer goes well beyond what is necessary to improve the quality of U.S. housing stock and our nation's resiliency. Moreover, it does not encourage insurers to allocate more capital in a state choosing to enact this model.

Insurance pricing works best when discounts are tried to actuarially sound rates by insurers competing for business. Discounts for mitigation efforts are already offered by insurers in many states, voluntarily, providing policyholders with both savings and incentives to undertake the mitigation efforts. Regulators would be best served by letting the market work as designed.

Finally, we urge the NAIC to work collaboratively with NCOIL and insurers taking on the ever-growing risk of wind, hail and wildfire to American homeowners. If the NAIC has concerns with the current NCOIL model for mitigation discounts and grant programs, it should make those concerns known to facilitate further discussion.

Please let us know if you would like to discuss further.

Sincerely,

Paul Martin

Paul Martin
VP – State and Policy Affairs