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November 6, 2026

Ms. Nancy Beydler
National Association of Insurance Commissioners

via email

RE: NAMIC Comments on the second draft of 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 second draft of the Residential Mitigation Grant Program Model Act. Our comments follow.

Overall Comments

Creating a peril agnostic model with technical discount schemes results in a very complex model. The improvements in the second draft exposed October 26 are noteworthy, but conflicting and unclear provisions remain because of those noted complexities. Insurers making business planning decisions, including capital allocation, may struggle to comply with these provisions. We would anticipate a significant set of amendments would be urged in any state legislature contemplating this model in its current form, decreasing the utility of the model itself.

We would remind stakeholders reading these comments that insurers are not monolithic. Companies have different views of risk and access to resources, and as a result, different business models and strategies. Imposing a series of mandated discounts and data disclosures with conflicting or ambiguous terms creates varying levels of compliance challenges.

Insurers have invested significant funds into researching and developing the best mitigation practices. While encouraging consumers to implement mitigation is a noble goal and a tenet of good homeowner stewardship, it is not the primary solution to address affordability and availability of insurance issues. **The best solutions center around executing the**

basics well: finding ways to attract and retain insurance capital in the state's insurance market. Mitigation grant programs reducing risk can simultaneously discourage further capital allocation into a market if the grant program also requires complex and unwieldy requirements for insurers doing business in the state.

NAMIC supports mitigation grant programs. We hasten to add such programs should not be burdensome on insurers.

We urge the NAIC to:

- Continue to collaborate with the Insurance Institute of Business and Home Safety (IBHS) to develop language which ensures states choose standards that meet or exceed those created by IBHS.

- Schedule stakeholder calls after the next version is released to allow stakeholders to engage with drafters regarding their concerns in real time.

- Address the concerns raised below.

Our specific feedback follows.

The draft is inconsistent on whether the Department's benchmark discounts are minimums.

NAMIC raised significant concerns on the benchmark provisions in its comments on the first draft of this model. While there have been some improvements in this version, we remain concerned about conflicting provisions pertaining to benchmarks. Essentially the latest draft sends mixed signals: one section treats the state's number as a minimum with exceptions; another says it is only a guide.

For example, some provisions treat the Premium Benchmark Table as setting minimum discounts:

- Section 3H would provide that the table is "the schedule of minimum premium discounts adopted by the Commissioner under Section 9."

- Section 9A would require an insurer's filed discount to be "not less than the applicable minimum set forth in the Premium Benchmark Table…unless the insurer demonstrates to the Commissioner's satisfaction" that a different discount is

actuarially justified.

- The section 9A drafting note says the table "operates as a presumptive minimum from which an insurer may depart only with actuarial support."

- Section 9F refers to "the minimum discount levels set forth in the Premium Benchmark Table."

Other provisions say the opposite:

- Section 9C states: "The benchmark levels do not establish required minimums or create a presumption that a different discount level is unreasonable."

- Section 9D(3) refers to the table's percentages as "reference discount percentages that insurers may adopt."

- The section 9A drafting note offers an alternative approach: treating the table "as a reference point rather than a binding minimum". But section 9C already says that, so the suggested alternative and the main text are hard to tell apart.

- Section 9C also sets a different standard than section 9A for insurer filings of discounts that differ from the benchmark.

We believe a regulator could read the table either way. Insurers may struggle to determine how much pricing flexibility they have.

We continue to urge the NAIC to make following the benchmark an option, rather than a mandate. Choosing a different discount should not create any presumption that the insurer's rates are excessive, inadequate, unfairly discriminatory, or unsupported. Moreover, the regulator should not be able to demand justification for not using the benchmark, beyond reviewing the actuarial support an insurer chooses to rely on. Drafters should conform Sections 3H, 9A, 9D(3), and 9F.

The mandatory discount provisions still do not require independent evaluation or verification of the work.

Research from the Insurance Institute for Business and Home Safety (IBHS) demonstrates a clear need for independent verification of the mitigation work. The draft continues to not require this critical piece of mitigating homes.

Specifically, Section 9A would require a discount for any policyholder who "completes and maintains" a Qualified Mitigation Measure, keeps documentation, and gives it to the insurer. It would not require the work to be independently evaluated, or certified under a recognized standard, before the discount would apply. The net result: work that was done improperly could still qualify for a discount.

We note the new "and maintains" language helps a little, but the draft still has no initial evaluation or verification. It also has no later re-verification to confirm the measure is still in place and still effective. The only reference to verification anywhere in section 9 is in section 9B. It says "subject to verification by the insurer," not by an Independent Third-Party Verifier, and it applies only when the property is sold.

Insurers have also noted the draft never explains what an "evaluation" is. Section 3G defines an Independent Third-Party Verifier as someone approved "to assess or evaluate a Qualified Mitigation Measure." Section 7C, which is intended to describe what verifiers do, mostly just repeats that definition: "Conduct evaluations of work intended to meet a Recognized Mitigation Standard". Its only addition is an independence requirement. Neither provision says what an evaluation involves or what it must find.

NAMIC urges the drafters to tie the mitigation tasks eligible for a discount to a current, independently issued designation or certificate under the applicable Recognized Mitigation Standard. The policyholder would provide the certificate on request, and the insurer could confirm it is authentic and still in effect before applying the discount. That would also provide a practical way to confirm the work remains in place.

The draft doesn't address when a discount starts, changes, or ends.

We note the draft does not say:

- when a discount would be required to take effect after a policyholder provides documentation (for example, immediately or at the next renewal);
- how changes during the policy term would be handled; or
- how or when an insurer would be permitted to remove a discount once a measure is no longer maintained.

Section 9B says the discount would last "for so long as the Qualified Mitigation Measure is maintained" and continue after a sale. Without a process for confirming the maintenance of the Qualified Mitigation Measure, and for removing the discount when it no longer applies, insurers may have no practical way to stop providing it when it is no longer appropriate. Furthermore, if the policyholder changes insurance companies, a literal reading of section 9B requires "[t]he discount … remain in effect for so long as the Qualified Mitigation Measure is maintained and shall continue … upon transfer of the property to a new owner who maintains the Qualified Mitigation Measure." Must a subsequent insurer offer the same discount as the prior insurer? This section needs significant clarification.

The draft also does not expressly say that insurers may revise discount levels, including for existing policyholders, through the ordinary rate filing process, which makes it important to confirm that they may. In such a prescriptive framework, leaving these matters unaddressed is problematic. This is a key reason NAMIC believes that the draft should remove prescriptive requirements placed on insurers.

The regulator would still decide to which part of the premium the discount applies.

Section 9B would still apply the discount to the homeowner's insurance premium "as determined by the Commissioner." Section 3H says the same. That appears to conflict with revised section 9A, which would allow an insurer to "satisfy this requirement by filing its own actuarially supported discount or rate reduction consistent with the insurer's rating plan."

The insurer, not the Commissioner, should decide how the discount is applied, so long as the resulting rates comply with the state's rating laws. Specifically:

- The insurer should choose the amount, form, method, and manner of the rating recognition. That could be a discount, credit, rate differential, or other adjustment inside its rating plan.

- Where an insurer separately identifies different portions of the premium by peril risk, it should be able to limit the recognition to that portion of the premium attributable to the specific peril mitigated by the Qualified Mitigation Measure.

- The insurer should not be required to give duplicative recognition for the same loss reduction. Any limit or coordination should be actuarially justified and reflected in the rating plan.

- Sections 3H and 9B should delete "as determined by the Commissioner."

The Department's premium discount table would face a lower evidentiary standard than insurers.

The Department should have to meet at least the same evidence standard it imposes on insurers. For example:

- Insurers (section 9A): to go below the benchmark, an insurer would be required to show "to the Commissioner's satisfaction that a different discount or rate reduction is actuarially justified based on credible data, catastrophe modeling, engineering analysis, actuarial studies, or a combination thereof."

- The Department (section 9D(2)): the premium benchmark table (hereinafter “table”) would need only "[b]e informed by actuarial data, catastrophe modeling, claims experience, relevant research, or other justification deemed reasonable by the Department, as available and appropriate."

The Department's standard in section 9D(2) is weaker than the insurer standard in three ways:

- The table would only have to be "informed by" those sources. An insurer-specific discount would have to be "actuarially justified.”

- The Department could rely on any "other justification" it decides is reasonable.

- "As available and appropriate" would allow the Department to rely on whatever data happens to exist.

This also loosens the standard in the earlier draft. That version required the table to "be informed by actuarial data, catastrophe modeling, claims experience, and relevant research". The list used "and" instead of "or" and had no catch-all "other justification deemed reasonable by the Department."

One further complication: Section 9C seems to give insurers a different, looser standard for filing discounts. Insurers would be permitted to file different discount levels "supported by actuarial data, catastrophe modeling, claims experience, relevant research, or other justification deemed reasonable by the Department." The draft does not indicate whether section 9A or section 9C governs when an insurer files below the benchmark. This ambiguity could be resolved by setting one standard for insurer filings in section 9A and deleting the competing language from section 9C. Whichever standard insurers must follow should apply to the Department as well.

The process for adopting and updating the premium benchmark table should be clearly defined.

The draft says only that the Department would "develop, publish, and maintain" the table in section 9C. It does not say whether the table would be adopted by rule or whether any notice-and-comment process would apply. It also does not require the Department to consult insurers or actuaries; section 9D(4) would allow the table to be updated and republished with no stated process. The only consultation language in the draft is a "may" in section 5A, and it would apply to mitigation standards, not the table.

NAMIC remains concerned the table built on a weaker evidence base could still act as the minimum that insurers can only depart from with rigorous actuarial support. The model should create a structure for building the table through a defined process:

- The table should be developed under generally accepted actuarial principles using the best available credible data.

- Section 9D(2) should drop "other justification deemed reasonable by the Department" and "as available and appropriate," and should return to the earlier draft's "and" formulation.

- The Department should consult insurers, actuaries, and catastrophe modelers. The Department should publish the proposed table or any material revision, allow at least 45 days for public comment, and consider the comments received.

- The Department should not be able to use emergency procedures to skip the comment period.

The draft creates a significant re-filing burden and not enough implementation time.

Section 9E still would require insurers to "file and maintain rating plans consistent with the Premium Benchmark Table." The new phrase "subject to Section 9A" doesn't clearly change this requirement. Insurers would still apparently need a new rate filing every time the table changes, which is an unnecessary burden if they are not using it.

Moreover, the draft would give insurers no minimum time after a table update (including one that adds a new discount) to analyze the discount level they might offer, prepare actuarial support, and file with the Department. This gets more serious when read with section 9B. The discount would continue for as long as the measure is maintained, including after a sale, and the draft doesn't expressly state that the discount level can later be adjusted for existing policyholders.

NAMIC remains concerned the effective date provision, while better, still is not tied to the Department's rulemaking. Section 17A now says the Act can take effect no earlier than one year after enactment, but that clock would run from enactment, not from adoption of the implementing rules or publication of the first Premium Benchmark Table. There is also no separate compliance date for insurers under section 9.

The section 17 drafting note addresses lead time for the Commissioner to adopt rules, but not for insurers to respond to them. As drafted, the section 9A discount mandate could take effect before the rules (including those defining Qualified Mitigation Measures) and the table are proposed or final, which would be unworkable.

NAMIC urges the drafters to set specific timing. Specifically:

- Mandate start: The discount requirement should apply only to policies issued or renewed on or after the later of a fixed date or 180 days after the initial final rules take effect.

- Benchmark changes: A new or revised benchmark should not take effect until 120 days after publication.

- Early adoption: An insurer should be able to adopt a new or revised benchmark during that window and receive safe-harbor treatment.

- Transition: The Department should be permitted to provide a transition period in which insurers using the prior benchmark keep safe-harbor treatment.

The mandatory endorsement offer concerns remain.

Section 9G would still require insurers to offer the mitigation-upgrade endorsement, which can be a complicated product to develop and price. Section 9H(2) still says that the endorsement must "remain in effect for the useful life of the Eligible Residence and policy period, subject to reasonable maintenance and inspection requirements". That would inappropriately require coverage beyond the policy period. An endorsement the insured chooses should apply only for the policy period they paid for.

Whenever an insurer brings a new product to market – a policy, an endorsement, or other product – there is a cost associated in doing so. Models must be used extensively to determine the potential losses. Actuaries must look at the data to determine how best to price the product. Underwriters must examine the book of business and determine which homes are most likely to be impacted, given their location, construction and the quality of surrounding infrastructure. Claims people must develop protocols to adjust claims under the new endorsement. Agents must be trained on how to sell the endorsement correctly. Computer systems must be reprogrammed to reflect the existence of the new endorsement on applicable policies. All these things above are done before the insurer sells the first endorsement – which means all those costs are sunk. Smaller insurers have fewer resources to do this than the larger national writers, putting them at a disadvantage.

If the endorsement was profitable, insurers would already be writing it without a mandate to do so.

NAMIC urges the drafters remove the endorsement provisions (sections 9G, 9H, and 9I). Insurers would remain free to voluntarily offer such endorsements.

Insurer data requests continue to need guardrails.

Section 10A would require insurers, "upon request and in a form prescribed by the Commissioner," to provide "loss-experience and policy-level data necessary to support the Premium Benchmark Table." It has no limits on scope, timing, or burden.

NAMIC urges guardrails be inserted into the model, including the following:

- The Department should look first to information available from public sources and the standard-setting organization before asking insurers.
- Requests should be in writing, state their purpose and reporting period, and go only to insurers in a class defined by objective criteria.
- Insurers should get a reasonable response period, no less than 90 days.
- The Department should not make substantially similar requests more than once in 12 months without new information, a material change, or a deficiency in the earlier response.
- Insurers should not have to produce third-party proprietary models or information they're contractually barred from disclosing. They also should not have to buy data or models, build a new model, or run analyses they don't otherwise use.

Confidentiality needs to clearly cover insurers' proprietary material.

Trade-secret protection in section 11B still covers only information an insurer provides under section 10. Section 11A separately covers information an insurer provides under section 9E. It does not cover the new showing an insurer would be required to make under section 9A to justify a different discount.

Section 11C covers only section 11A material. It would protect the Commissioner, and anyone acting under the Commissioner's authority, from being required to testify in private civil actions about confidential information. Because it covers only section 11A material, it does not reach the insurer data protected by section 11B. This gap carries over from the earlier draft.

The protection should expressly extend to insurer-specific pricing analyses, catastrophe-model output, rating algorithms, supporting actuarial work, and other proprietary material

submitted under section 9 (including sections 9A and 9E) and section 10. It should also cover the full set of protections, including section 11C.

Where the phrase "Qualified Mitigation Measures" appears, the phrase "or Recognized Mitigation Standards" should likely follow.

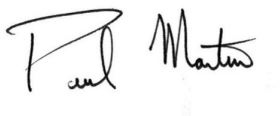
NAMIC urges the drafters to put Recognized Mitigation Standards at parity with Qualified Mitigation Measures throughout the draft. Insurers regularly rely upon Recognized Mitigation Standards, such as those from IBHS. Putting Standards on the same level as Measures will further the cause of promoting resiliency.

NAIC should work collaboratively with NCOIL and insurers in model development.

We again urge the NAIC to work legislator organizations, such as NCOIL, in 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
VP – State and Policy Affairs