Pre-Disaster Mitigation and Risk Modeling (EX) Working Group
National Association of Insurance Commissioners
1101 K Street, N.W., Suite 650
Washington, DC 20005

Re: Residential Mitigation Grant Program Model Act draft

Pre-Disaster Mitigation and Risk Modeling (EX) Working Group,

Thank you for the opportunity to provide feedback on the Residential Mitigation Grant Program Model Act draft. The undersigned organizations support the adoption of the Residential Mitigation Grant Program Model Act as a model law and urge the National Association of Insurance Commissioners (NAIC) to amend the draft legislation to ensure that programs established by this legislation are (a) funded by the insurance industry, (b) accessible to low- and moderate-income (LMI) households, and (c) provide meaningful cost savings to policyholders.

The most significant gap in the draft legislation is the ambiguity it leaves regarding program funding. Establishing successful grant programs will require stable and long-term funding that should not be dependent on appropriations from already strained state budgets nor grant funding from the federal government that may or may not materialize. Instead, the legislation should authorize an increase in fees or premium taxes on the insurance industry—covering both admitted and nonadmitted carriers—to establish a dedicated revenue source for the grant program. Though program trust funds should be able to receive contributions from numerous sources for maximum flexibility—including federal grants or state appropriations—states should not depend on these funding sources.

Establishing a dedicated revenue source has been key to the success of existing programs, including the Strengthen Alabama Homes program. The Strengthen Alabama Homes program was authorized through the Strengthen Alabama Homes Act in 2011, but was not launched by the Alabama Department of Insurance until 2016 following the authorization of a 0.25% increase in insurance industry licensing fees, which established a dedicated, stable revenue source for the program. Other states—including Louisiana, Mississippi, and Colorado—have also increased fees or or premium taxes on insurers to fund their grant programs. Notably, Louisiana's program is funded in part through revenue from excess & surplus (E&S) carriers operating in Louisiana. Other states would be well served to consider measures like this to produce revenue and ensure surplus carriers contribute towards state resilience efforts. On the other hand, states that are seeking state appropriations or federal grants to fund their programs—rather than looking to the insurance industry to provide program funding—have been less successful in moving past the pilot phase.

Additionally, insurers can afford to contribute to these programs, as they have maintained high profits and low loss ratios in recent years. While individual company finances vary, in 2025, the industry overall made $67.8 billion in underwriting profit, the strongest underwriting gain in nearly 20 years. Even as climate disasters have made underwriting gains less reliable in some years, investment income has consistently allowed insurance companies to make generous distributions to their shareholders and executives. The industry as a whole made a staggering $370 billion in total profit from 2024 to 2025. These trends have also been observed in the E&S market, with AM Best noting that "surplus lines market participants…have posted more favorable underwriting results than the broader P/C industry." It follows that admitted and non-admitted carriers should be directing some portion of these profits to reduce risk in insurance markets over the long-term.

The NAIC should also prioritize making grant programs established through this legislation accessible to low- and moderate-income households. We recommend the legislation be amended to include multifamily affordable housing as an "eligible residence" by carving out the requirement for this residence type to be owner occupied; authorize insurance departments to establish "two or more tiers" for maximum grant amounts so that LMI homeowners can receive larger grants; and exempt LMI households from the requirement to have an in-force homeowner's insurance policy. Without attention to the program design choices that create barriers to access for LMI homeowners, states can exclude those most in need of grant funding from the program.

Lastly, the NAIC should ensure that resilience investments provide meaningful cost savings to households. We support a requirement that insurers provide an actuarially justified premium discount, in compliance with discount benchmarks established by the insurance department, to policyholders who complete qualified projects. We also support a requirement that insurers offer endorsements for these projects and encourage the NAIC to specify that endorsements should come at no- or low-cost to the homeowner. In addition to the discount and endorsement provisions already included in the legislation, we recommend the NAIC add a provision requiring insurers to factor mitigation measures into modeling for the purpose of pricing and underwriting decisions and require insurance departments to extend minimum nonrenewal notice periods to 90 days or more to give homeowners an opportunity to complete projects that lower their property's risk before being nonrenewed. Ensuring cost savings accrue to households will promote resilience investments by homeowners—even for those who do not receive grant funding—and provide needed financial relief for homeowners strained by high insurance costs.

Further recommendations on the draft text follow.

Section 2. Legislative Findings and Purpose

Section 2(B)(1). We discourage the inclusion of the drafting note on Section 2(B)(1) regarding regional or peril specific pilots. Though pilot programs have been useful for insurance departments without experience administering grant programs, there are now eleven states and counting that have established grant programs which can serve as models for other states. Pilot programs risk wasting valuable time to establish programs to scale, and states should not be focusing limited legislative bandwidth on recreating the wheel. Given the growing threats from climate change, states should aim to establish grant programs as quickly as is feasible.

Section 3. Definitions

Section 3(C). We recommend the inclusion of a drafting note highlighting that a state may be exposed to multiple perils and should include resilience projects that respond to these perils as grant eligible. States exposed to multiple significant perils should be encouraged to set up programs responsive to the full set of risks faced in the state. States may wish to establish programs that offer grant funding for projects responsive to hurricanes and/or severe convective storms, wildfires, and flood risks.

Section 3(D). Multifamily affordable housing should be included as an "eligible residence" by carving out the requirement for this residence type to be owner occupied. Although we appreciate the inclusion of a drafting note providing guidance to states wishing to reach "rental housing," we believe this should be a default feature of programs. Substantial evidence exists that renters are being impacted just as significantly by rising insurance costs as homeowners, and the Insurance Institute for Business & Home Safety (IBHS) has developed standards verifying risk reduction interventions that work for these properties. Since multifamily affordable housing operators are acutely impacted by the rising costs and reduced availability of property insurance, making it more difficult to increase the supply of affordable housing or preserve existing affordable units, states should prioritize resilience investments for these properties to address insurance cost and availability challenges.

Section 3(K). We recommend the inclusion of the IBHS Wildfire Prepared Standard in the drafting note associated with Section 3(K) to highlight that established standards exist beyond FORTIFIED roofs. We also recommend the inclusion of the FORTIFIED and Wildfire Prepared Multifamily standards given the need for resilience investments for multifamily properties.

Section 6. Grant Amounts and Cost Sharing

Section 6(A). The legislation should explicitly authorize the Department to establish “two or more tiers” for maximum grant amounts so that LMI homeowners can receive larger grants. For example, the legislation authorizing the Fortify Maine Homes program gave the Bureau of Insurance the ability to establish two or more tiers of eligibility. The Bureau established a standard grant size of $10,000 and an enhanced grant of $15,000 for low-income households. For some LMI homeowners, paying the difference between the grant and the full cost of the resilience upgrade disincentivizes participation in the program. Program design that in practice excludes LMI homeowners both limits program usefulness and creates significant equity concerns.

Section 6(C). We support the eligibility of “related evaluations, inspections or certifications, building permits, and administrative costs” for grant funding, as expenses not covered by the grant will disincentivize participation for all, and potentially preclude participation from residents with the most financial need.

Section 7. Contractor and Verifier Eligibility Requirements

Section 7(C). The NAIC should consider adding a subsection that authorizes the Department to spend a portion of funding available under this program on workforce recruitment and/or training if the Department determines that additional workforce capacity is needed to implement the program. States should do proactive outreach to workers and labor unions with the skills to complete resilience projects and should not assume a skilled workforce will be available at program launch. States should also consider subsidizing the cost to become certified evaluator, contractor, or builder for resilience projects if training costs are deterring workers from obtaining relevant certifications. Implementing grant programs will not be possible without a skilled workforce that can complete required projects. Failing to plan for worker recruitment and training will slow grant program uptake and project completion.

Section 8. Applicant Eligibility, Application, and Selection

Section 8(A)(1). As in Section 3(D), multifamily affordable housing should be excluded from the owner-occupancy requirement.

Section 8(A)(2). The legislation should exempt LMI households from the requirement to have an in-force homeowner’s insurance policy. Excluding uninsured homeowners from grant programs in practice excludes many LMI homeowners who are disproportionately uninsured. Homeowners making under $50,000 a year are twice as likely as the general population to be uninsured, exacerbating existing financial precarity. In several states—including West Virginia, New Mexico, and Louisiana—the rate of uninsured homes tops 20%. Without intervention, increasing climate impacts will continue to drive up the rate of uninsured homes. Including LMI uninsured homeowners as grant eligible also has the potential to increase the rate of insured homeowners in the state, either by making the property more attractive to insurers or by bringing down the homeowner's expected premium, making insurance affordable for the homeowner.

Section 8(D). We recommend a drafting note that encourages the Department to create a streamlined application process. Including by matching application requirements to other state programs, to the extent feasible, and tying income-related criteria to eligibility for existing state programs. The Fortify Maine Homes program, for example, uses eligibility for MaineCare (Maine's Medicaid program) or the Supplemental Nutrition Assistance Program (SNAP) to determine eligibility for an enhanced grant.

Section 8(E). We support the ability of the Department to partner with non-profit organizations, community development financial institutions, and tribal entities. In particular, making nonprofits eligible to receive and disburse grant funding is valuable for several reasons. Nonprofit organizations serve as trusted resources in the community and can raise awareness of the program. They can also connect additional homeowners to the program, particularly LMI homeowners to whom they already provide services. And nonprofit organizations may be able to supplement grant funding with funding from other sources to reduce or eliminate expenses for grantees. States that rely significantly on nonprofits for assistance with grant administration should support the administrative, case management, and operational costs nonprofits incur through the partnership.

Section 9. Insurance Premium Discounts and Optional Endorsements

Section 9(A). We support a requirement for insurers to provide an actuarially justified premium discount or rate reduction to a policyholder who completes a Qualified Mitigation Measure. In the event of a disaster, homeowners and insurers benefit from the cost savings resilience investments provide. Mandatory discounts ensure cost savings are passed through to policyholders rather than absorbed by the insurer. States should require that insurers offer minimum discounts for resilience upgrades, whether or not these upgrades are funded through state grants. Mandatory discounts should operate as a floor not a ceiling; insurers should still be able to compete with one another to offer larger discounts than those mandated by the state or by offering discounts on deductibles.

Section 9(C). We support a requirement for the Department to develop and publish benchmark discounts for Qualified Mitigation Measures. Without benchmark discounts, discounts offered by insurers may be too low to incentivize homeowners to undertake resilience projects. For example, in Alabama, mandatory discounts ranging from 20% to 55% for FORTIFIED roofs have been in effect statewide since 2018 and have supported widespread adoption of FORTIFIED roofs, even for homeowners who did not receive grant funding. Conversely, in

Louisiana where insurers are required to provide discounts, but the Department has not set benchmark discounts, discounts have been small and varied based on the company. In response to the shortcomings of this approach, Louisiana is moving to a benchmark approach for FORTIFIED roof discounts. Beginning in 2027, insurers will be mandated to provide Department-set discounts for the hurricane portion of the insurance premium ranging from 16% to 49% based on geography and roof type.

Section 9(E). We support a requirement for insurers to file and maintain rating plans consistent with the Premium Benchmark Table. States should publish information on discounts in an accessible format to help homeowners evaluate the costs and benefits of making resilience investments.

Section 9(G). We support a requirement for insurers to offer endorsements for Qualified Mitigation Measures. Following a climate disaster, both homeowners and insurers should be incentivized to rebuild in a way that will limit damages in the future.

Section 9(H)(1). The legislation should specify that endorsements for Qualified Mitigation Measures come at no or low-cost to the policyholder. Low- or no-cost endorsements for resilience upgrades provide benefits to both insurers and policyholders. Upgrading a property to resilient standards during rebuilding or repair can come at limited marginal cost to the insurer and can reduce climate damages and insurance claims should another disaster affect the property. These endorsements offer significant cost savings for homeowners, who would otherwise take on the cost of resilience upgrades themselves.

Section 9(J). We recommend the addition of a requirement that insurers factor mitigation measures into modeling for the purpose of pricing and underwriting decisions. Without a requirement to do so, insurers may not factor these investments into risk modeling, overestimating a properties risk and charging more in premium than is justified. Requiring resilience investments to be incorporated into risk modeling ensures the cost savings from risk reduction benefit policyholders, rather than accrue exclusively to insurers. States should follow the lead of Colorado, which in 2025, passed a bill requiring insurers to factor community and household investments in mitigation into their models.

Section 9(K). We recommend the addition of a requirement that the Department extend minimum nonrenewal notice periods to 90 days or more to give homeowners an opportunity to complete projects that lower their property's risk and can help maintain insurance coverage by their current provider or another admitted carrier. Gaps in insurance coverage due to short non-renewal notice periods can have significant financial consequences for homeowners. Inability to find insurance coverage with another admitted carrier can push homeowners onto expensive surplus lines or residual market plans. Property owners that choose to go without coverage entirely following non-renewal, even for a short period of time, open themselves up to financial devastation in the event of a disaster.

Section 10. Insurer Data Collection

Section (10)(C). This legislation should require insurance departments to collect and publish census tract-level data on disaster impacts, insurance costs, insurance claims and other data that will allow departments to target grant programs to the most in-need homeowners. The NAIC should consider the disclosure requirements proposed in the Equitable and Just Insurance's Initiative's Data Disclosure for Insurance Companies Model Legislation in establishing data collection and disclosure requirements.

Section 12. Program Evaluation and Reporting: Market Condition

Sections 12 (A and B) We support annual requirements for program evaluation and reporting. In addition to the existing language requiring evaluation of "participation rates, mitigation outcomes, cost-effectiveness, and market condition," we encourage the inclusion of analysis about whether and how the program is serving LMI communities and communities of color in the state. The evaluation of market conditions should also incorporate data and analysis related to losses from perils in the state and corresponding changes to the scale and scope of mitigation needs across the state. Exposure to climate-related perils is rising. For example, the number of homes facing moderate or greater hail damage is estimated to exceed 43.5 million nationally. Therefore, it is important for states to set ambitious targets for scaling up grant programs, and to routinely check in on their progress towards meeting those targets.

To the extent possible, states should attempt to integrate grant programs for property-level resilience upgrades with other state programs to support home energy efficiency and climate mitigation. For example, at the Spring 2026 NAIC meeting, Minnesota Commerce Commissioner Grace Arnold described how her state's "whole homes" approach aims to train a workforce of auditors and contractors that will support not just roof fortification but also weatherization and energy efficiency. We support states emulating Minnesota's "whole homes" approach where applicable, and encourage the NAIC model act to look for opportunities to embed this approach into this model legislation, including through an annual evaluation of these opportunities.

Section 15. Funding

Section 15(A). As mentioned above, states should fund grant programs primarily by increasing fees or premium taxes on insurance companies. Existing resilience grant programs are already funded, in large part, by the insurance industry. This year, Colorado passed legislation to create the Strengthen Colorado Homes Enterprise, a state program authorized to collect 0.5% of all premium revenue on multiperil homeowners insurance policies written in the state and disburse this revenue as grant funding for resilient roof upgrades. In 2015, Alabama increased insurance industry licensing fees to fund the Strengthen Alabama Homes program. In 2026, Mississippi increased insurance agent certificate of authority fees to fund the Strengthen Mississippi Homes program. This legislation should reflect best practices from existing grant programs, which includes establishing a dedicated revenue source from the insurance industry for program funding.

Section 15(C). We support the creation of a non-lapsing, non-reverting fund in the State Treasury for program funding. Creating dedicated funds helps ensure that revenue generated for grant programs is not diverted for other uses or to cover budget shortfalls. Creating funds which are nonlapsing helps demonstrate a long-term commitment to climate resilience. For practical reasons, it is also essential that grant program funds are not subject to fiscal year limitations, which would create artificial deadlines for grant disbursement misaligned with project completion.

Thank you for your attention to this feedback. For additional recommendations, please see the attached report from Public Citizen and Climate Cabinet Education: Resilient States Start with Resilient Homes. With questions, please reach out to Elyse Schupak <eschupak@citizen.org> or Jordan Haedtler <jordan@climatecabinet.org>.

Sincerely,

Public Citizen
Climate Cabinet Education
Americans for Financial Reform Education Fund