ZEPHYR

November 4, 2026

The Honorable Timothy J. Temple, Chair
The Honorable Glen Mulready, Vice Chair
Pre-Disaster Mitigation and Risk Modeling (EX) Working Group
National Association of Insurance Commissioners

Submitted by email to Nancy Beydler (nbeydler@naic.org) and Butch Kinerney (bkinerney@naic.org)

Re: Second exposure of the Residential Mitigation Grant Program Model Act (draft of October 21, 2026)

Dear Commissioner Temple and Commissioner Mulready:

Zephyr Resilience appreciates the opportunity to comment on the second exposure of the Residential Mitigation Grant Program Model Act. Zephyr is a property resilience company. We work with roofing contractors and IBHS-credentialed FORTIFIED evaluators to get homes hardened against wind and hail, and we build software that documents a retrofit to the FORTIFIED standard as it is installed, so that the contractor, the evaluator and the homeowner work from the same record. Our vantage point is the homeowner's path from a retrofit to a lower premium, which is where this model will succeed or fall short.

We support the model and commend the Working Group for the work behind it. A clear, adaptable framework can help states act with confidence to prevent losses before they happen, bring stability to their insurance markets and protect the communities and families who live with these risks. Our comments are meant to help the model work as intended once a state enacts it, and each includes proposed language.

1. Make Section 9 consistent on the role of the Premium Benchmark Table.

Section 9A provides that an insurer's filed discount may not be less than the applicable minimum in the Premium Benchmark Table unless the insurer demonstrates that a different discount is actuarially justified. Section 9C, as revised, says the benchmark levels "do not establish required minimums or create a presumption that a different discount level is unreasonable." The definition in Section 3H still describes "a schedule of minimum premium discounts," and Section 9F still refers to "minimum discount levels." A state that enacts the draft as written may have inconsistent standards.

Whichever approach the Working Group chooses, the sections should align. Our preference is the one the drafting note to Section 9A describes: a presumptive benchmark from which an insurer may depart with actuarial support. That is not an absolute floor, and it accommodates the point the Academy and others raised, that insurer-specific experience can differ and should be reflected. It is also the approach Louisiana staff described to the Working Group on September 15 as consistent with the draft's intent.

For homeowners, it provides what they need before they spend money on a retrofit: a number they can rely on.

PROPOSED LANGUAGE

> Section 9C, replace the final sentence with: "The benchmark levels are not absolute minimums. An insurer may file a discount or rate reduction below the applicable benchmark level only upon the showing required by Section 9A."
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> Section 3H: replace "schedule of minimum premium discounts" with "schedule of benchmark premium discounts."
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> Section 9D(3): "Set forth benchmark discount percentages that apply unless an insurer makes the showing required by Section 9A."
>
> Section 9F: replace "minimum discount levels" with "benchmark discount levels."

If the Working Group instead intends the table as a reference point, Section 9A should be conformed to Section 9C, so that a state enacting the model has a single standard.

2. Keep insurers' discount filings public, and publish them.

Section 11A makes confidential the materials an insurer furnishes "pursuant to Sections 9E." Section 9E filings are rating plans, which state rating laws generally make public. Read literally, Section 11A could remove the discount levels from public view. Transparent discount levels are what make it possible to calculate clearly what an upgrade is worth to a homeowner over time. Louisiana already publishes insurers' FORTIFIED discounts each year, and that list is one of the most practical consumer tools in its program.

PROPOSED LANGUAGE

> Section 11A: strike "or an insurer pursuant to Sections 9E," and add at the end: "Nothing in this section makes confidential any rate or rule filing that is public under [insert reference to state rating law]."
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> New Section 9J: "The Department shall publish, at least annually, the discount or rate reduction each insurer has filed for each Qualified Mitigation Measure, by territory where the discount varies by territory."

3. Define "maintain," and let the certificate travel with the home.

Sections 9A and 9B condition the discount on a measure being completed and "maintained," but the draft does not say how maintenance is shown. Without a definition, insurers may require new inspections at each renewal, or discounts may lapse without notice to the homeowner. Recognized Mitigation Standards already answer this question. A FORTIFIED designation, for example, is valid for five years and is renewed through re-designation by a credentialed evaluator. Tying maintenance to the standard's own certificate gives every party the same test and reuses verification the program has already paid for.

PROPOSED LANGUAGE

> Add to Section 3: "'Maintain' or 'maintained,' with respect to a Qualified Mitigation Measure, means the property holds a current certificate or designation under the applicable Recognized Mitigation Standard, including any renewal or re-designation the standard requires." Add to Section 9A: "A current certificate or designation is sufficient documentation for purposes of this section and Section 9B, and may be provided to the insurer by the policyholder or, with the policyholder's consent, by the Independent Third-Party Verifier or the standard-setting organization."

4. Make the optional endorsement produce a certified home.

The endorsement in Sections 9G through 9I is one of the model's strongest provisions: it turns a covered loss into the moment a home is rebuilt to the standard. It reaches that goal only if the rebuilt feature is certified, because an uncertified upgrade may not command a discount and leaves a limited record for the next insurer or buyer. Kentucky's experience is instructive. Its commissioner found filed endorsements that excluded components the standard requires and has ordered them refiled. The model can prevent that problem at the outset.

PROPOSED LANGUAGE

> Section 9H(1): after "above the cost of like-kind-and-quality replacement of the damaged feature," add: "including the components the Recognized Mitigation Standard requires for the replaced feature and the cost of the evaluation needed to obtain a certificate or designation for it." Add to Section 9I: "The inspection contemplated by this subsection may be performed by an Independent Third-Party Verifier."

5. Let grant funds be held and released as the work is verified, so financing can close the gap.

Grant programs lose homeowners between award and completion, and the usual cause is the cost above the grant. The Louisiana Department of Insurance has identified that cost as the primary reason homeowners drop out of its program, and the Louisiana Legislative Auditor's 2025 report put the median out-of-pocket cost at $6,229. When Jefferson Parish added gap funding of up to $5,000 per household, completion among its grant recipients rose from 55% to 86%. Contractors face the other side of the same problem: they carry the cost of the work until it is complete and the grant is paid.

Lenders will finance a homeowner's share, or advance against a grant, when they know the money is committed and what releases it. The simplest way to give them that is to hold committed funds with an escrow or disbursement agent and release them as each phase of the work is documented. The grant, the homeowner's share and any loan can then pay out together on the same milestones, so the contractor is paid as the work is done. The Department keeps control throughout: it sets the release conditions, and it can withhold funds not yet released under Section 6G instead of recouping them after the fact.

The model already points this way. The drafting note to Section 6H anticipates property owners combining financing tools, and Section 8E names community development financial institutions as program partners. Section 6D, however, directs every disbursement to the Enrolled Contractor and frames disbursement around completion. A state could read it to rule out holding funds in escrow, releasing them in stages, or paying a lender that advanced the cost of the work.

PROPOSED LANGUAGE

> Section 6D, add: "The Department may deposit all or part of a grant award with an escrow or disbursement agent, which may be a financial institution, a licensed escrow agent or another entity approved by the Commissioner, under a written agreement with the Department. The agent shall release funds to the Enrolled Contractor or, with the written consent of the Enrolled Contractor and the Grant Recipient, to a lender or other financing entity that has advanced funds for the Qualified Mitigation Measure. A release under this subsection discharges the Department's obligation to the extent of the amount released, remains subject to Section 6G, and does not make the Department a party to any escrow, financing or construction agreement."
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> Section 6D, add: "The disbursement processes may provide for release in stages upon documented completion of defined phases of the work, with the final release upon issuance of the certificate or designation under the applicable Recognized Mitigation Standard. Documentation of completion may consist of an electronic record of the work evaluated by the Independent Third-Party Verifier."
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> Section 6E, add: "A Grant Recipient's cost share is secured for purposes of this subsection if it is deposited with an escrow or disbursement agent under Section 6D or committed under a loan or other financing agreement."

We would be glad to discuss any of these comments with the drafting group, and we thank the Working Group and NAIC staff for their work on the model.

Sincerely,

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