



Resilience Policy Resource Guide and Retrofitting Program Playbook

for State Insurance Regulators

Addendum – August 2024



CENTER FOR INSURANCE
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Table 3. Program-Based Incentives: Regulators' Perspective¹

Incentive	Programs With Incentives	Pros	Cons
<p>Cash grant (no match, no means tests) Homeowners or their contractors are reimbursed for the total cost of mitigation up to a dollar cap. Must meet specific construction standards.</p>	<p>Existing [State (\$ cap)]</p> <p>Alabama (\$10,000)²</p> <p>California (\$3,000)³</p> <p>Kentucky⁴</p> <p>Minnesota (\$10,000)⁵</p> <p>Mississippi (\$10,000)⁶</p> <p>North Carolina (\$8,000)⁷</p> <p>Oklahoma⁸</p> <p>Texas⁹</p> <p>Past</p> <p>Hawaii (\$6,500)</p> <p>Starting Up</p> <p>Louisiana (\$10,000)¹⁰</p>	<ul style="list-style-type: none"> • Popular with homeowners. • Easy to expend budget: Demand typically exceeds funding supply. • Reduces barriers for homeowners who cannot afford any or part of the costs of a retrofit. • No means test ensures all have access to the same assistance. 	<ul style="list-style-type: none"> • Compared with cost-share models, fewer homeowners can be helped per dollar expended. • Demand typically far exceeds supply. • The homeowner must pay costs over the cap.
<p>Cash grant (match required) The program matches a specified level of spending by the homeowner up to a cap. Must meet certain construction standards.</p>	<p>Existing</p> <p>Florida (\$10,000)¹¹</p> <p>South Carolina¹²</p> <p>Past</p> <p>Hawaii (\$5,200)</p>	<ul style="list-style-type: none"> • Homeowner match increases the buying power of the grant. • The homeowner is financially invested and may strike a better bargain with the contractor. • Incentivizes, but also norms, having homeowners invest in their home's resilience. 	<ul style="list-style-type: none"> • Matching the grant may be a barrier for low-income homeowners. • Homeowners may not participate because they cannot afford the difference not covered by the program to retrofit. • Need to track and verify homeowner investments along with everything else.

Table 3. Program-Based Incentives: Regulators’ Perspective (cont.)

Incentive	Programs With Incentives	Pros	Cons
<p>Means-tested cash grants or loans - More generous grants or loans are limited to lower-income homeowners.¹³</p>	<p>Existing California – Brace + Bolt (\$1,125 - \$7,000)¹⁴</p> <p>South Carolina¹⁵</p>	<ul style="list-style-type: none"> • Method to supplement cost or provide better terms for lower-income applicants. • Eliminates grants to wealthier homeowners who can more easily pay for the work. 	<ul style="list-style-type: none"> • Adds the need to verify income or other means-testing criteria. • Does not provide incentives for homeowners who do not qualify. • Some homeowners may not apply because they don’t think they qualify.
<p>Free, subsidized, or cost-controlled home wind inspections</p>	<p>Florida¹⁶</p> <p>Mississippi¹⁷</p> <p>North Carolina</p> <p>South Carolina¹⁸</p> <p>Texas¹⁹</p>	<ul style="list-style-type: none"> • Informs homeowners of deficiencies. • Incentivizes homeowners to consider needed retrofits. • Establishes an inventory of homes for use in future grant opportunities 	<ul style="list-style-type: none"> • Not all states underwrite the cost of the inspections. • Does not ensure retrofits take place.
<p>Community block grants</p>	<p>Alabama</p>	<ul style="list-style-type: none"> • Allows for partnering with community organizations. • Can target areas with higher needs and lower resources. 	<ul style="list-style-type: none"> • Need to determine which communities to target. • Objections by areas that do not get block grants.
<p>Contactors training, certification, licensure, and/or Continuing Education Credits (CEs) to participate in the program</p>	<p>Alabama²⁰</p> <p>California²¹</p> <p>Florida²²</p> <p>Mississippi²³</p> <p>South Carolina²⁴</p>	<ul style="list-style-type: none"> • Guides homeowners to reputable contractors. • Educates contractors on best practices. • Provides a level of oversight over contractors. 	<ul style="list-style-type: none"> • Need for training and certification infrastructure. • Limits the number of contractors who can participate.

Several states use Hazard Mitigation Grant Program funds to create a rebate program for residential safe rooms.

FEMA Hazard Mitigation Grant Funded Rebate Program for Tornado Safe Rooms		
<p>Kansas Residential Safe Room Program²⁵</p> <p>Oklahoma²⁶</p>	<p>Pros: Tested and certified safe rooms can provide near-absolute protection from extreme winds and wind-borne debris.²⁷</p>	<p>Cons: HMGP funds are available after a presidential major disaster declaration.²⁸</p>

Insurance regulators and retrofit program leaders participating in the FLASH Study²⁹ provided perspectives on different incentive types based on their short- and long-term experience with each type, including insights about how, or whether, incentives have

affected their states’ insurance markets. The study revealed additional types of incentives that complement matching grant-based retrofitting programs, and several examples are included in the table below.

Table 4. Market-Based Incentives: Regulators’ Perspective

Incentive	Programs With Incentives	Pros	Cons
<p>Mandated homeowners insurance discount - The state requires insurers to offer specific or non-specific premium discounts for retrofits.</p>	<p>Alabama³⁰</p> <p>California³¹</p> <p>Connecticut³²</p> <p>Florida³³</p> <p>Georgia³⁴</p> <p>Kentucky³⁵</p> <p>Louisiana³⁶</p> <p>Maryland³⁷</p> <p>Minnesota³⁸</p> <p>New York³⁹</p>	<ul style="list-style-type: none"> • Consistent discounts can be promoted uniformly to consumers. • Level playing field for insurers. • Incentives are in place for all homeowners. 	<ul style="list-style-type: none"> • Requires government mandate. • No longer a point of differentiation among insurers. • Does not factor financial conditions of different-sized companies. • Can discourage new companies from entering a market or existing companies from expanding.



Table 4. Market-Based Incentives: Regulators’ Perspective (cont.)

Incentive	Programs With Incentives	Pros	Cons
<p>Varied homeowners insurance discounts - Offered voluntarily.</p>	Numerous states	<ul style="list-style-type: none"> • Market-based. No government mandate. • May be promoted in the sales process. 	<ul style="list-style-type: none"> • Difficult for a state to promote as actual discounts may vary. • Some insurers may not offer discounts to incentivize retrofits. • Allows companies the flexibility to differentiate based on their needs and market conditions.
<p>Deductible waiver</p>	Rhode Island ⁴⁰	<ul style="list-style-type: none"> • Requires homeowner awareness and specific mitigation measures 	<ul style="list-style-type: none"> • May not offer enough incentive. A small percentage of the overall cost

Table 4. Market-Based Incentives: Regulators’ Perspective (cont.)

Incentive	Programs With Incentives	Pros	Cons
Insurance policy endorsement – FORTIFIED Roof	Alabama ⁴¹ Mississippi North Carolina ⁴²	<ul style="list-style-type: none"> • Broad impact • Can facilitate widespread use, especially during reroofing 	<ul style="list-style-type: none"> • May increase premium
Sales tax exemption or credit (On certain retrofitting supplies or efforts)	Alabama ⁴³ Florida ⁴⁴ Louisiana ⁴⁵ South Carolina ⁴⁶ Texas ⁴⁷ Virginia ⁴⁸	<ul style="list-style-type: none"> • Reduces the cost of a retrofit immediately. • Small overall investment per retrofit from the state. 	<ul style="list-style-type: none"> • It may not offer enough incentive. A small percentage of the overall cost.
Income tax credits and deductions	Alabama ⁴⁹ Colorado ⁵⁰ Louisiana ⁵¹ South Carolina ⁵²	<ul style="list-style-type: none"> • Incentivizes retrofit: reduces the ultimate cost of a retrofit. • Broad impact: available to all taxpayers. 	<ul style="list-style-type: none"> • The need to front costs remains a barrier. • Delayed gratification: tax write-off will not typically be taken at the time of construction. • Does not provide an incentive to those who pay little or nothing in income taxes.
Catastrophe Savings Account	Alabama ⁵³ Mississippi ⁵⁴ South Carolina ⁵⁵	<ul style="list-style-type: none"> • Tax-advantaged account for qualified catastrophe expenses • Incentivizes homeowners to prepare financially for post-disaster recovery 	<ul style="list-style-type: none"> • Contributions over the established cap or spending on non-qualified expenses could result in homeowner tax liabilities and penalties

- ¹ Table 3. Program-Based Incentives: Regulators’ Perspective begins on p. 46 of the [Resilience Guide and Playbook](#).
- ² *Strengthen Alabama Homes*. <https://strengthenalabamahomes.com/>.
- ³ *Earthquake Brace + Bolt*. <https://www.earthquakebracebolt.com/>.
- ⁴ Kentucky H.B. 256. 2024. <https://apps.legislature.ky.gov/record/24rs/hb256.html>.
- ⁵ Minnesota Commerce Department. *Strengthen Minnesota Homes Grant Program*. <https://mn.gov/commerce/energy/consumer/energy-programs/strengthen-mn-homes.jsp>. The Strengthen Minnesota Homes program has not begun, and no launch date has been set.
- ⁶ Mississippi H.B. 1705. 2024. <https://billstatus.ls.state.ms.us/documents/2024/pdf/HB/1700-1799/HB1705SG.pdf>.
- ⁷ North Carolina Insurance Underwriting Association. *Frequently Asked Questions*. Strengthen Your Roof. <https://strengthenyourroof.com/Home/FAQ>.
- ⁸ Oklahoma H.B. 3089. 2024. <http://www.oklegislature.gov/BillInfo.aspx?Bill=hb3089&Session=2400>. Program effective Nov. 1, 2024; Mulready, Glen. *Strengthen Oklahoma Homes Act: Making Your Home Resilient While Saving You Money*. https://www.oid.ok.gov/getready3_2024/.
- ⁹ The Texas General Land Office Homeowner Assistance Program offers grants specifically for the repair and rebuilding of Hurricane Harvey-damaged homes. <https://recovery.texas.gov/hurricane-harvey/programs/homeowner-assistance/index.html>.
- ¹⁰ Louisiana Department of Insurance. *Louisiana Fortify Homes*. <https://ldi.la.gov/fortifyhomes>.
- ¹¹ Two-to-one match. The homeowner must provide documentation that their home is insured for \$700,000 or less. *My Safe Florida Home*. <https://mysafehome.com/>.

- ¹² The South Carolina Safe Home’s Resilient Mitigation Award details non-matching grants of up to \$7,500 and matching grants of up to \$6,000 with two other categories of mitigation award types. South Carolina Department of Insurance. (2023). *SC Safe Home Mitigation Grant Program Award Amount – Notice of Program Revisions and Maximum Grant Amounts*. Bulletin 2023-02. <https://doi.sc.gov/DocumentCenter/View/14356/Bulletin-Number-2023-02-SC-Safe-Home-2023-24>.
- ¹³ Note also loans without means tests like the Connecticut Green Bank *Smart E-Loan*. <https://www.ctgreenbank.com/home-solutions/smart-e-loans/>.
- ¹⁴ The means-tested California grants are designed to supplement the \$3,000 Brace + Bolt grants for households with incomes below \$72,080. Caps vary by region and the extent of the work (bolt only or brace and bolt). The brace and bolt cap in northern California is \$7,000 (\$2,800 for bolt only) and \$2,650 for southern California (\$1,125 for brace only). Earthquake Brace + Bolt. *EBB Supplemental Grant for Income-Eligible Homeowners*. <https://www.earthquakebracebolt.com/How-Our-Program-Works/EBB-Supplemental-Grant-For-Low-Income-Homeowners>.
- ¹⁵ Grant awards are based on the total annual adjusted gross household income of the applicant, adjusted for family size relative to the county area median income or the state median family income, whichever is higher. South Carolina Department of Insurance. (2023). *SC Safe Home Mitigation Grant Program Award Amount – Notice of Program Revisions and Maximum Grant Amounts*. Bulletin 2023-02. <https://doi.sc.gov/DocumentCenter/View/14356/Bulletin-Number-2023-02-SC-Safe-Home-2023-24>.
- ¹⁶ *My Safe Florida Home*. <https://mysafeflhome.com/>.
- ¹⁷ Mississippi Insurance Department. *Mitigation: What is it?* <https://www.mid.ms.gov/mitigation/mitigation-description.aspx>.
- ¹⁸ Wind assessments and reports cannot exceed \$250. *SC Safe Home FAQs*. <https://www.doi.sc.gov/Faq.aspx?TID=39>.
- ¹⁹ Texas Department of Insurance. *What you need to know about windstorm inspections*. <https://www.tdi.texas.gov/tips/need-windstorm-inspection.html>.

- ²⁰ *Strengthen Alabama Homes*. <https://strengthenalabamahomes.com/>.
- ²¹ Earthquake Brace + Bolt. *Find a Contractor*. <https://www.earthquakebracebolt.com/Homeowner-Resources/Find-Contractor-Engineer-Architect-Professional/>.
- ²² *Contractor Resources*. My Safe Florida Home. <https://msflh.com/florida-contractor-resources/>; Florida Department of Business & Professional Regulation. *Construction Industry*. <http://www.myfloridalicense.com/DBPR/construction-industry/#ce>.
- ²³ Mississippi Windstorm Underwriting Association. *Wind Mitigation Programs*. <https://msplans.com/mwua/wind-mitigation-programs>.
- ²⁴ South Carolina Department of Insurance. *Independent Contractor & Inspector Resources*. <https://doi.sc.gov/930/Independent-Contractor-Inspector-Resourc>.
- ²⁵ Kansas Adjutant General's Department. *Residential Safe Room Program*. <https://www.kansastag.gov/541/Residential-Safe-Room-Program>.
- ²⁶ Oklahoma Department of Emergency Management. *SoonerSafe Rules & Regulations*. <https://oklahoma.gov/oem/programs-and-services/soonersafe-safe-room-rebate-program/rules-and-regulations.html>.
- ²⁷ FEMA. *FEMA P-361 Safe Rooms for Tornadoes and Hurricanes*. https://www.fema.gov/sites/default/files/documents/fema_safe-rooms-for-tornadoes-and-hurricanes_p-361.pdf
- ²⁸ For more information on Safe Room Funding, see FEMA. *Safe Room Funding*. <https://www.fema.gov/emergency-managers/risk-management/building-science/safe-rooms/funding>.
- ²⁹ FLASH and CIPR. (2023). *Research & Insights on How to Support State Insurance Departments in Retrofitting Older Buildings*.
- ³⁰ SMART HOME AMERICA. *Alabama FORTIFIED Insurance Discount Sheets*. <https://www.smarthomeamerica.org/resources/alabama-fortified-insurance-discounts-sheet>.
- ³¹ California Earthquake Authority. *How to Qualify for an Earthquake Insurance Premium Discount*. <https://www.earthquakeauthority.com/California-Earthquake-Insurance-Policies/Earthquake-Insurance-Policy-Premium-Discounts>.

- ³² Conn. Gen. Stat. § 38a-316b. (2023). *Premium discount on homeowners insurance policies for installation of permanent storm shutters or impact-resistant glass*. https://www.cga.ct.gov/current/pub/chap_700.htm#sec_38a-316b.
- ³³ Department of Financial Services. (2006, Dec. 17). Fla. Admin. Code R. 69O-170.017 (2006). *Windstorm Mitigation Discounts*. <https://www.flrules.org/gateway/ruleNo.asp?ID=69O-170.017>.
- ³⁴ Discounts offered by Georgia Underwriting Association.
- ³⁵ Kentucky H.B. 256. 2024. <https://apps.legislature.ky.gov/record/24rs/hb256.html>.
- ³⁶ Louisiana H.B. 294 (2023). <https://legis.la.gov/legis/BillInfo.aspx?i=244174>; Louisiana R.S. 22:1483. <https://legis.la.gov/legis/Law.aspx?d=508468>.
- ³⁷ Md. Code, Insurance § 19-210. <https://mgaleg.maryland.gov/mgaweb/Laws/StatuteText?article=gin§ion=19-210&enactments=true>.
- ³⁸ Minnesota Commerce Department. *Strengthen Minnesota Homes Grant Program*. <https://mn.gov/commerce/energy/consumer/energy-programs/strengthen-mn-homes.jsp>. The Strengthen Minnesota Homes program provides a premium discount for FORTIFIED roof compliance. The program launch date has not yet been announced.
- ³⁹ Department of Financial Services. *Managing and Mitigating Losses*. https://dfs.ny.gov/consumers/help_for_homeowners/insurance/managing_and_mitigating_losses.
- ⁴⁰ Rhode Island Department of State. *Property Insurance and Weather Related Claims (230-RICR-20-05-13)*. <https://rules.sos.ri.gov/regulations/part/230-20-05-13>.
- ⁴¹ State of Alabama Department of Insurance. (2019, Aug. 7). *Bulletin 2019-06. Implementation of FORTIFIED Roof™ Endorsement Law New Section 27-31D-2.1, Code of Alabama 1975 Act 2019-240 (HB 283, 2019 Regular Session)*. <https://www.aldoi.gov/pdf/legal/Bulletin%202019-06.pdf>.
- ⁴² Smart Home America. *Upgrading to a FORTIFIED Roof is now easier than ever*. <https://www.smarthomeamerica.org/news/upgrading-to-a-fortified-roof-is-now-easier-than-ever>.

- ⁴³ Alabama Department of Revenue. *Sales Tax Holidays*. <https://www.revenue.alabama.gov/sales-use/sales-tax-holidays/>.
- ⁴⁴ Florida Department of Revenue. *2023 Disaster Preparedness Sales Tax Holidays*. https://floridarevenue.com/taxes/tips/Documents/TIP_23A01-02.pdf. No state sales tax (6%) on retail purchases of impact-resistant doors, impact-resistant garage doors, and impact-resistant windows from July 1, 2022, through June 30, 2024. My Safe FL Home. *Homeowner's Guide*. <https://mysafehome.com/wp-content/uploads/2023/03/3-3-23-MSFH-012-Homeowners-Guide-to-My-Safe-Florida-Home-Program-030223-v13-FINAL-TO-POST.pdf>.
- ⁴⁵ La. R.S. 47:305.58 (2023). <https://www.legis.la.gov/legis/Law.aspx?d=453091>.
- ⁴⁶ “Section 12-6-3665 allows an income tax credit of up to \$1,500 for the state sales or use taxes paid on purchases of tangible personal property used to fortify one’s legal residence.” South Carolina Department of Insurance. *State Income Tax Credit for Fortification Measures*. <https://www.doi.sc.gov/593/State-Income-Tax-Credit-for-Fortificatio>.
- ⁴⁷ Texas Comptroller. *Emergency Preparation Supplies Sales Tax Holiday*. <https://comptroller.texas.gov/taxes/publications/98-1017.php/>.
- ⁴⁸ Virginia Tax. *Virginia Sales Tax Holiday*. <https://www.tax.virginia.gov/virginia-sales-tax-holiday>.
- ⁴⁹ Alabama offers a retrofit tax deduction of the lesser of 50% of the cost or \$3,000 for residents that mitigate their homes against wind or flood. Alabama Department of Revenue. *Individual Income Tax. Costs to retrofit or upgrade home to resist wind or flood damage*. <https://www.revenue.alabama.gov/individual-corporate/current-issues/>.
- ⁵⁰ Colorado Department of Revenue. *Income Tax Topics: Wildfire Mitigation Measures*. https://tax.colorado.gov/sites/tax/files/documents/ITT_Wildfire_Mitigation_Measures_Feb_2024.pdf
- ⁵¹ Louisiana permits an individual income tax deduction of 50% for voluntary retrofits of existing primary residences to bring it into compliance with the State Uniform Construction Code. State of Louisiana Department of Revenue. (2009, Jan. 20) *Revenue Information Bulletin No. 09-007*. <https://revenue.louisiana.gov/LawsPolicies/RIB09007.pdf>.

- ⁵² South Carolina has a residential retrofit credit permitting the lesser of \$1,000 or 25% of the cost of hurricane, flood, or catastrophic wind-resistant home preparations. South Carolina Department of Revenue. (2022, Feb. 23). *Tax Credits for SC Homeowners – Check to see if you Qualify*. <https://dor.sc.gov/resources-site/media-site/Pages/Tax-credits-for-SC-homeowners-Check-to-see-if-you-qualify.aspx>.
- ⁵³ Alabama Department of Revenue. *Frequently Asked Questions*. https://www.revenue.alabama.gov/wp-content/uploads/2022/03/Catastrophe_Savings_FAQ.pdf.
- ⁵⁴ Mississippi Insurance Department. *Catastrophe Savings Account*. <https://www.mid.ms.gov/mississippi-insurance-department/preparedness/catastrophe-savings-account/>.
- ⁵⁵ South Carolina Department of Insurance. *Catastrophe Savings Account*. <https://www.doi.sc.gov/DocumentCenter/View/7663/Catastrophe-Savings-Account-Brochure?bidId=>.