



MITIGATION

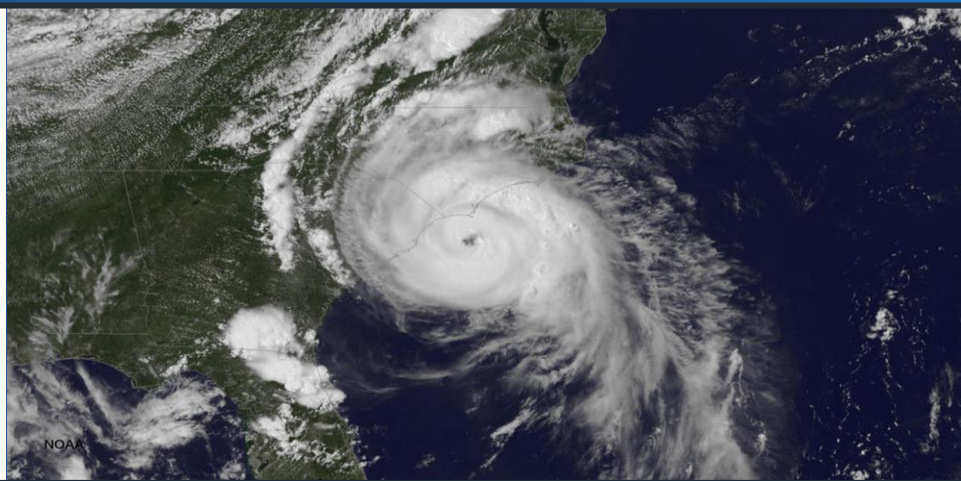
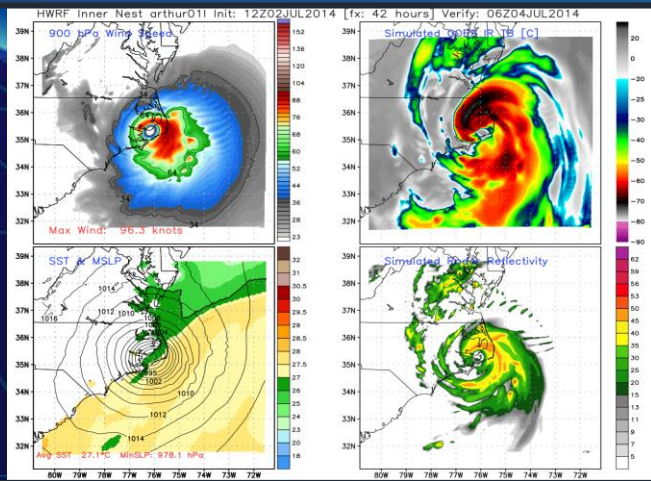
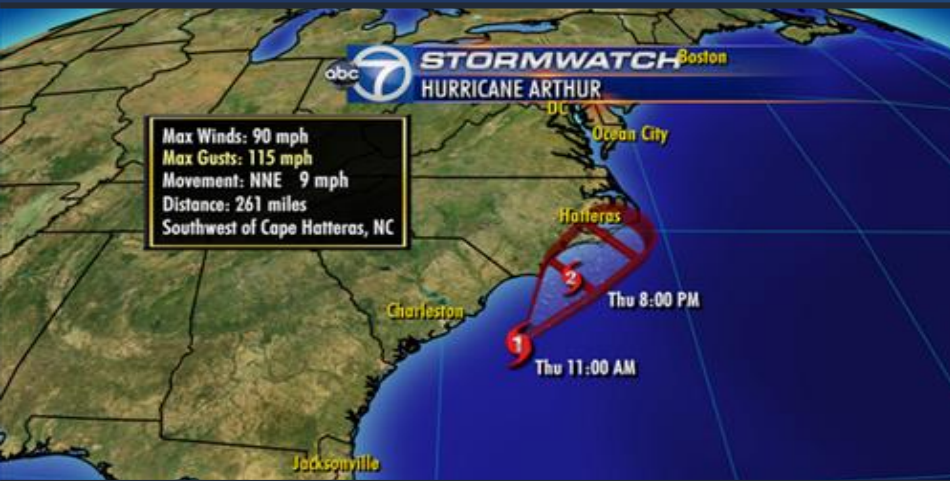
CREATING RESILIENT COMMUNITIES





HURRICANE ARTHUR

Hurricane Arthur struck the Outer Banks of North Carolina as a CAT 2 Hurricane in July 2014





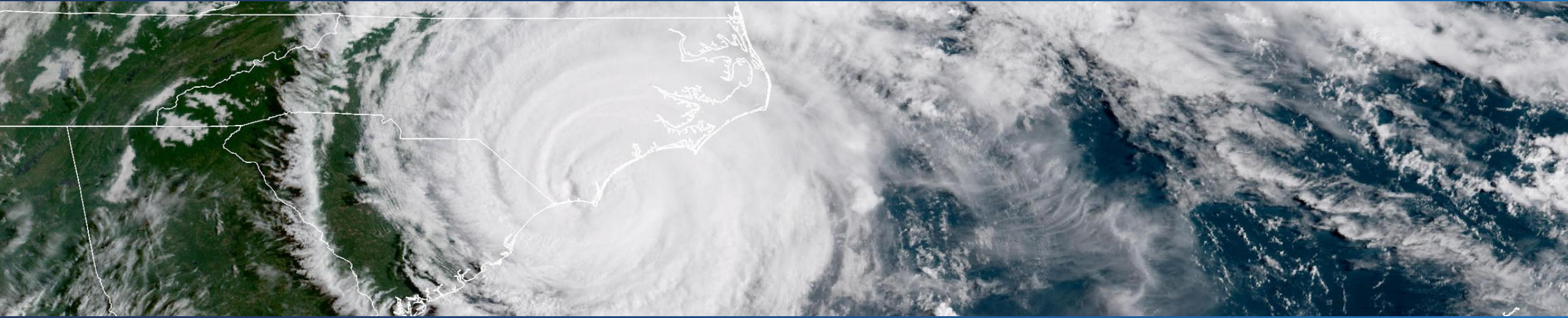
HURRICANE FLORENCE

100,000 Claims and Losses Exceeding \$1.7 Billion





90% of Claims Settled Within 60 Days





TOP 10 HURRICANES

HURRICANE	AMOUNT OF LOSS	CATEGORY
Katrina, 2005	\$160.2 Billion	CAT 3
Harvey, 2017	\$128.2 Billion	CAT 4
Maria, 2017	\$ 91.8 Billion	CAT 4
Sandy, 2012	\$ 70.7 Billion	CAT 3
Irma, 2017	\$ 51.0 Billion	CAT 4
Andrew, 1992	\$ 48.2 Billion	CAT 4
Ike, 2008	\$ 34.5 Billion	CAT 2
Ivan, 2004	\$ 27.2 Billion	CAT 3
Michael, 2018	\$ 25.0 Billion	CAT 4
Florence, 2018	\$ 24.0 Billion	CAT 1

Source: NOAA



NATURAL DISASTERS





INSURANCE INSTITUTE FOR BUSINESS & HOME SAFETY (IBHS)





THE NATIONAL ASSOCIATION OF MUTUAL INSURANCE COMPANIES (NAMIC)

RESEARCH SHOWS:

\$6 SAVED
\$1 invested in pre-disaster mitigation
= \$6 saved in future disaster cost

\$11 SAVED
For those with the most updated building codes:
\$1 in pre-disaster mitigation
= \$11 saved in future disaster cost

RESILIENCY WEEK 2019 | #RESILIENCYWEEK

[M] NAMIC[®] ADVOCACY | **THE ROAD TO RESILIENCY STARTS NOW**



IMPACT OF RESILIENT CONSTRUCTION



- Less Community Damage
- Reduced Costs of Emergency Management and Disaster Recovery Resources
- Maintaining Tourism and Tax Base
- Lower Insurance Losses
- Increased Availability of Insurance
- Improved Affordability of Insurance



IMPACT OF RESILIENT CONSTRUCTION



- **Minimizing Disruption to the Homeowner's Lives**
- **Increased Protection for What Cannot be Replaced by Insurance Dollars**



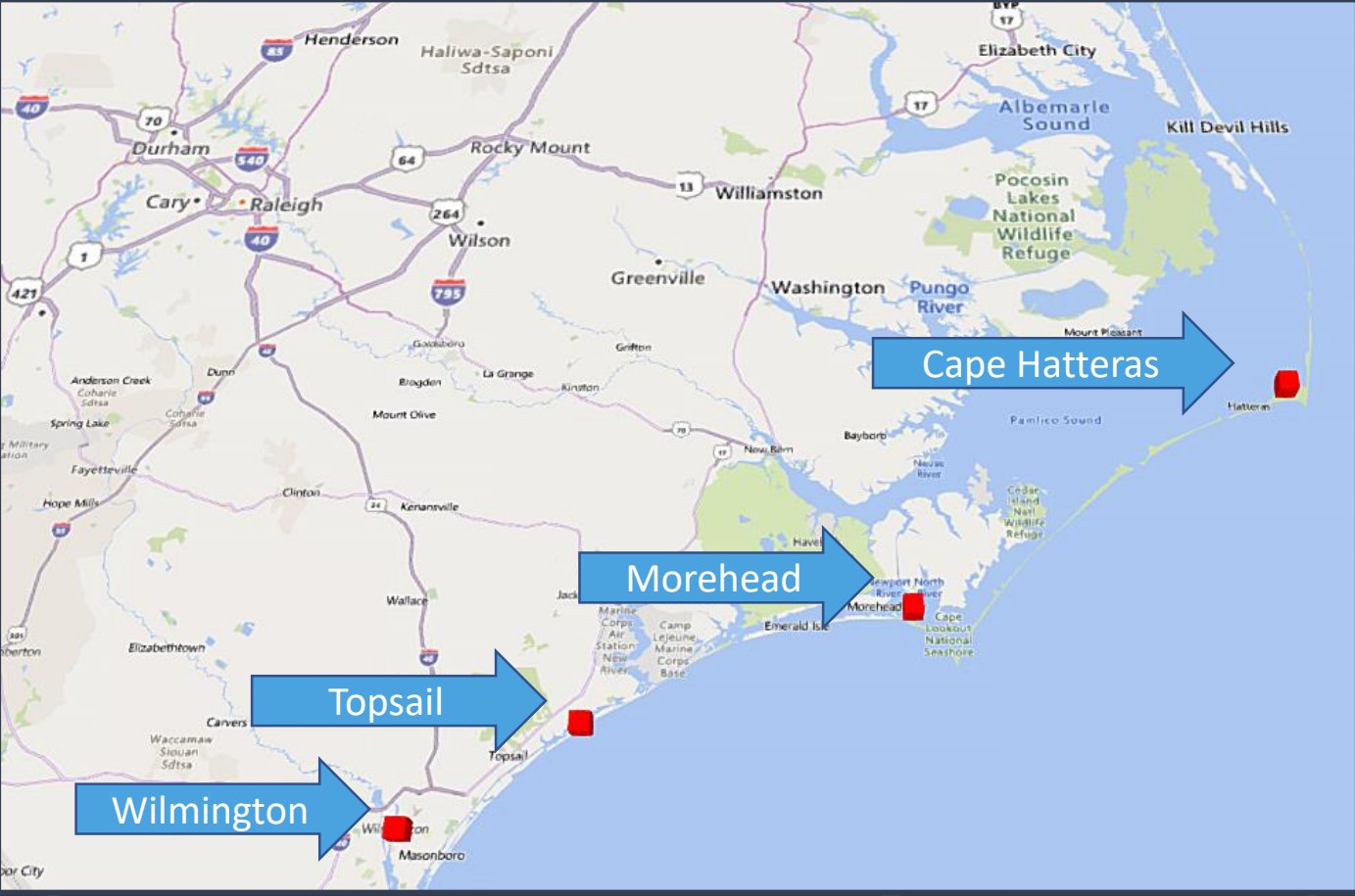
MITIGATION CREDITS



NCIUA RESULTS - DECEMBER 2016



NCIUA CERTIFIED IBHS FORTIFIED ROOFS DECEMBER 2016





HOW DO WE INCENTIVIZE CONSUMERS?



DESIRING A FORTIFIED HOME

How can we get consumers to desire a Fortified Home or Roof as much as they desire Granite or Quartz Countertops?





CHANGING OUR APPROACH



BUILDING INFRASTRUCTURE



MULTIPLE IBHS EVALUATOR/CONTRACTOR/ROOFING TRAINING





FIRST PILOT PROGRAM: ENHANCEMENT ENDORSEMENT



NCIUA ENHANCEMENT ENDORSEMENT

HOMEOWNERS
 PF 01 00 11 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL ROOF COVERAGE, IBHS FORTIFIED HOME™ BRONZE LEVEL ROOF REPLACEMENT (OPTION TWO), TERRITORIES 110 & 120 ONLY

INTRODUCTION

FORTIFIED Home™ is an engineering and building standard developed by the Insurance Institute for Business & Home Safety (IBHS) to mitigate wind-related hurricane damage. The program also includes evaluation and inspection requirements to ensure the technical standards are properly implemented, resulting in the designation of a home as meeting the FORTIFIED Home requirements.

COVERAGE

If the amount of a "covered loss" to the roof covering of the dwelling on the "residence premises" shown on the declarations is greater than 50% of the replacement cost value of the entire roof covering and the roof sheathing on the dwelling is (or was immediately prior to the loss) a minimum of 7/16-inch OSB or plywood, then this endorsement may apply at the option of the insured.

When the coverage provided by this endorsement applies and the insured opts to invoke the coverage provided by this endorsement, the Association will pay the costs of the materials and labor, the costs of the initial inspection and assessment, and the costs of the verification inspection(s) necessary to obtain the IBHS designation "FORTIFIED Home™ Hurricane Bronze with new roof cover." The insured will be responsible for arranging and coordinating the roof replacement work, as well as the inspections, assessments and verifications required by IBHS.

DEFINITIONS

With respect to the coverage provided by this endorsement, "covered loss" means a loss occurring between January 1, 2017 and June 30, 2017 that is caused by a Peril Insured Against named under "SECTION I – PERILS INSURED AGAINST, A. Coverage A – Dwelling And Coverage B – Other Structures" that is not excluded by "SECTION I – EXCLUSIONS" or otherwise excluded by any other provision or condition of this policy.

SPECIAL CONDITIONS

A. In addition to the requirements of the Loss Settlement and Replacement Cost provisions of this policy, the insured must submit proof of the IBHS designation "FH Hurricane Bronze with new roof cover" to the Association upon completion of the designation process.

All other provisions and conditions of the policy shall apply.

Territories 110 & 120 represents the Outer Banks and Barrier Islands of North Carolina

Approved by NCDOL on December 28, 2016



EXTERIOR ROOF

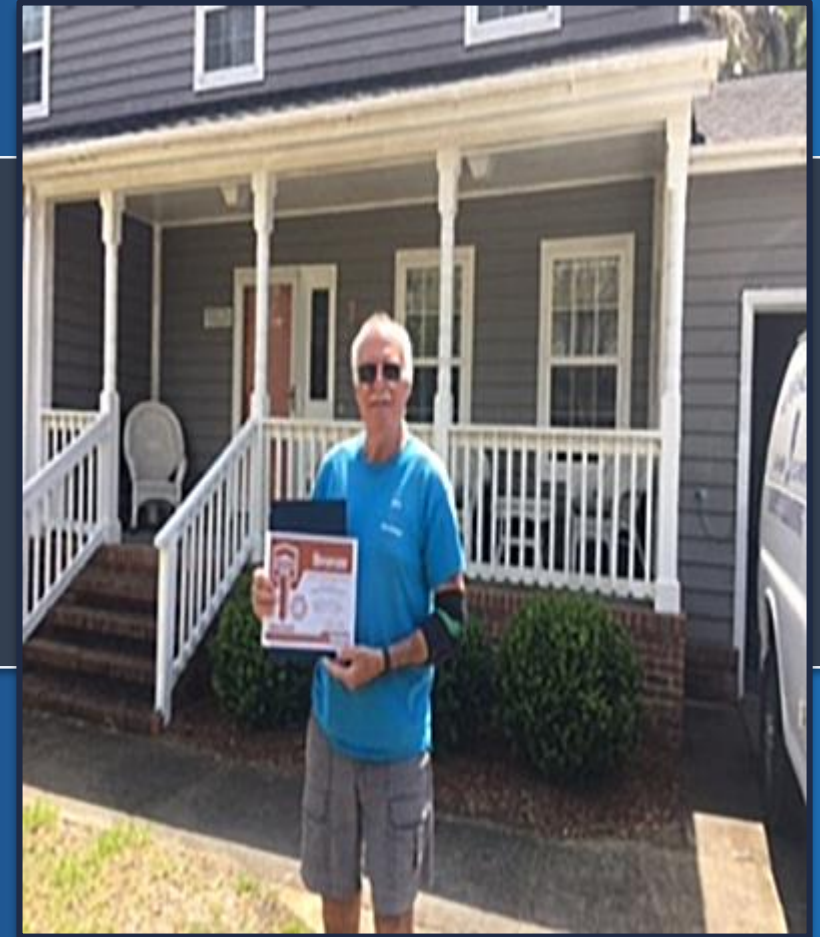


- Existing Roof Removed to the Decking
- Sealed Roof Deck
- Nail Spacing
- Ring Shank Nails
- Roof Mounted Vents



FIRST PILOT PROGRAM IBHS CUSTOMER

“Just wanted to say thanks again for your quick response and coordination on the roof damage and upgrade. You and your team handled every aspect with true professionalism and made the whole process totally stress free.”

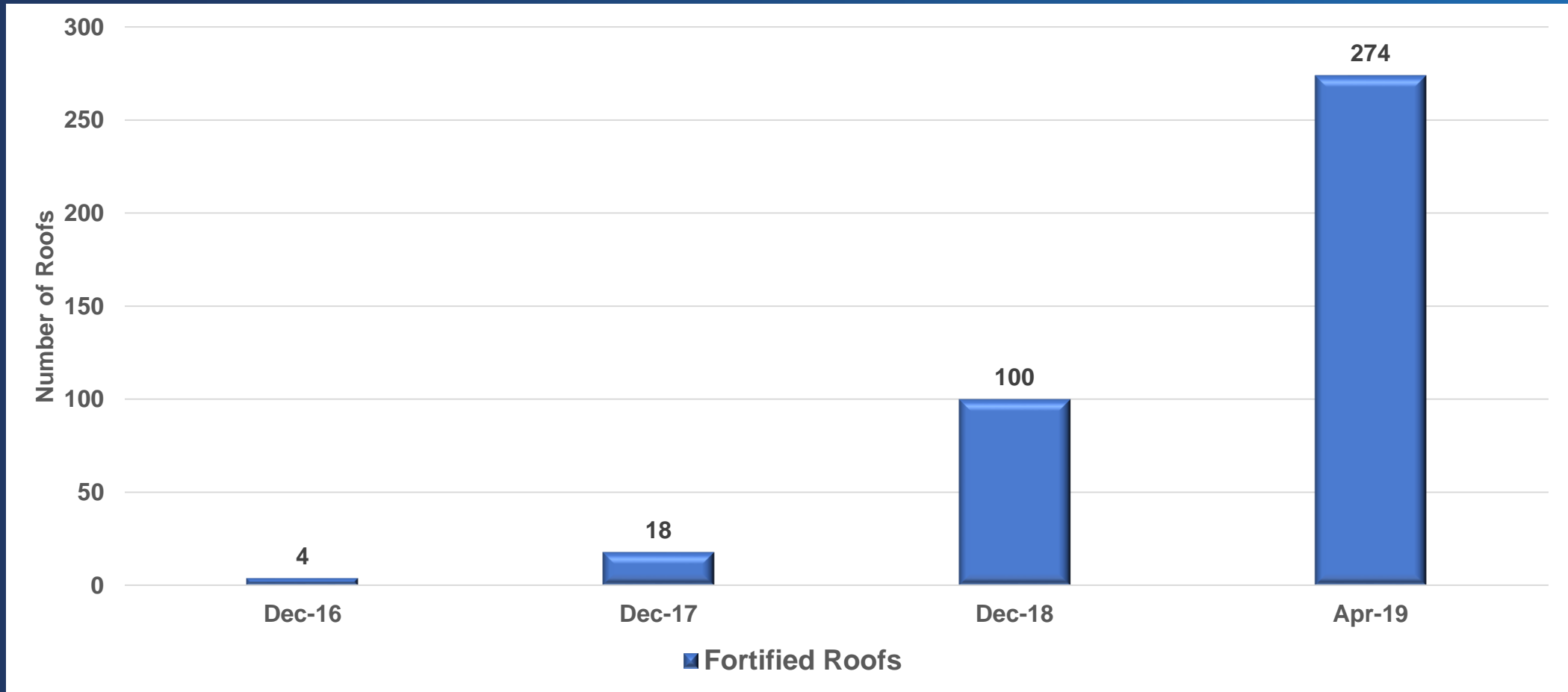




PILOT PROGRAM RESULTS



NCIUA CERTIFIED IBHS FORTIFIED ROOFS APRIL 2019





LESSONS LEARNED



- During Florence, some policyholders did not take the FORTIFIED Roof upgrade, because they did not want to wait for the evaluator and roofer to coordinate installation
- During Florence, some roofers discouraged policyholders from accepting the FORTIFIED Roof upgrade as they desired to complete as many roofs as possible. The FORTIFIED Roof would have required more time to complete.



2019 - CONTINUING TO INNOVATE



STRENGTHEN YOUR ROOF



NCIUA pilot program to build better beach communities



FIRST HOME TO RECEIVE GRANT APPROVAL



Emerald Isle

**1,900 Square Feet; Built 1984;
\$193,000 Value**



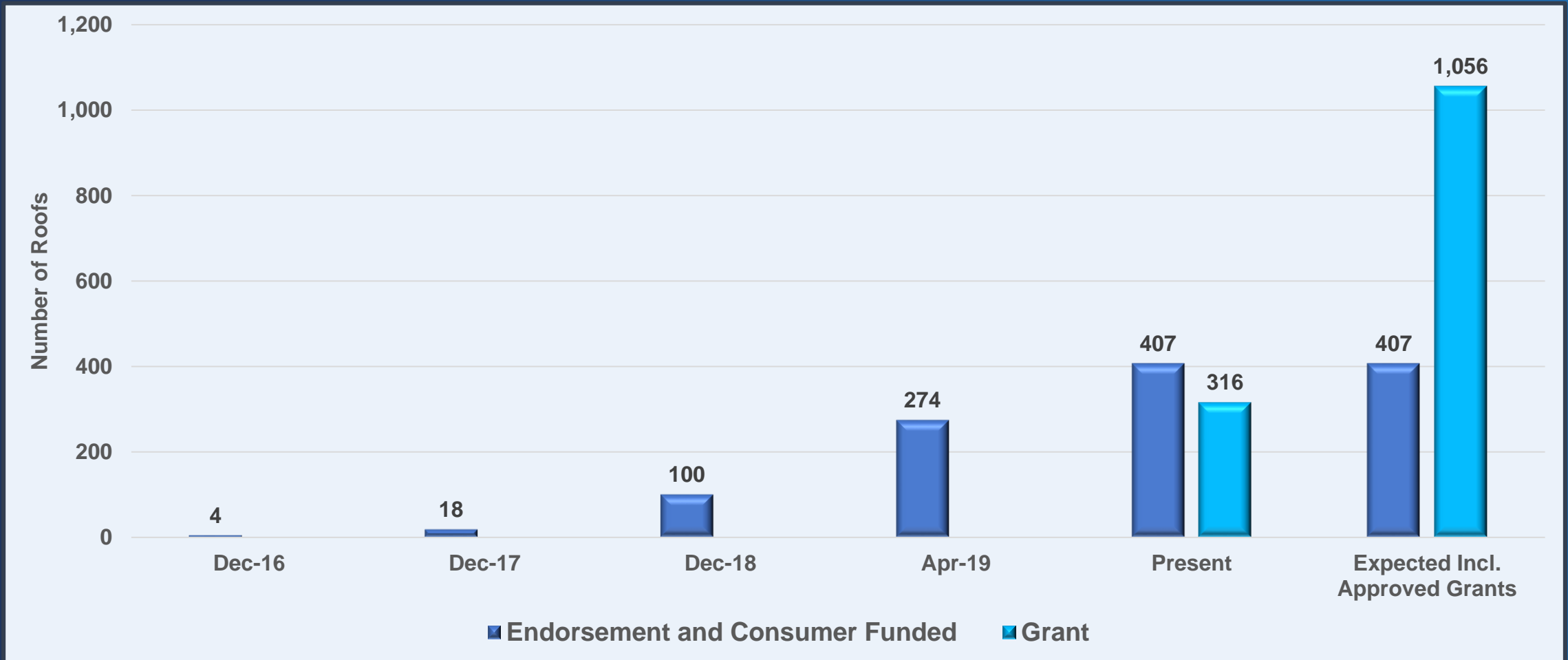
COMMENTS REGARDING THE “GRANT” PROGRAM



- **“The one thing I wasn’t worried about was the roof! This was an awesome program!”**
- **“We are happy as we can be that we got the roof on before the hurricane.”**
- **“Everything was great from what our son told us. I’m very pleased with the whole operation and how quickly I got refunded. I would be glad to be a recommendation for others, just call me!”**
- **“Everything is fine: my peace of mind was out of the world with my new roof”**



NCIUA CERTIFIED FORTIFIED IBHS ROOFS



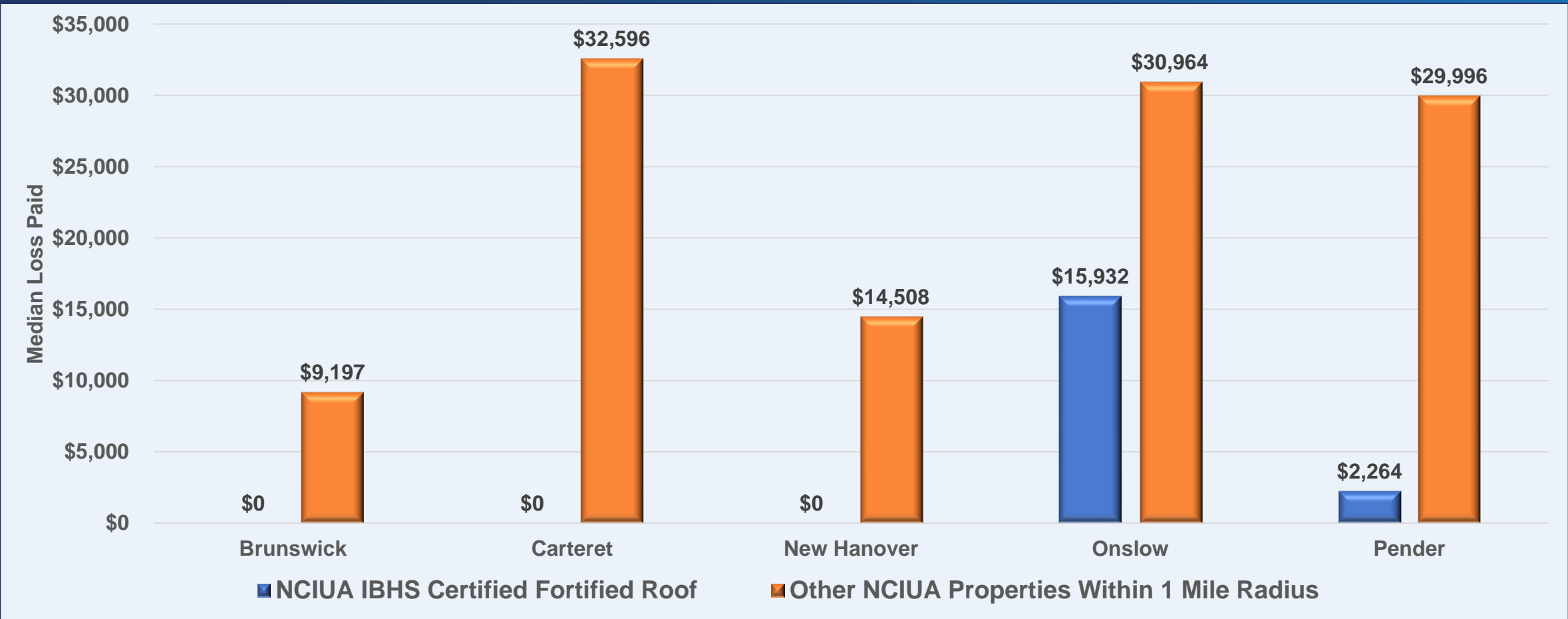


HOW DID FORTIFIED ROOFS PERFORM



MEDIAN LOSS

COUNTIES WITH MOST FLORENCE CLAIMS





- **Of all NCIUA properties (400+) with FORTIFIED Roofs in place when Hurricane Dorian struck North Carolina, only 7 losses reported roof damage. Of those, 3 reported minor interior water damage and only 1 suffered significant water intrusion.**



COMMENTS

REGARDING NCIUA FORTIFIED ROOFS AFTER HURRICANE DORIAN



- ***“My roof was excellent. The yard had lots of shingles in it, but they weren't mine! Thanks for the grant.”***
- ***“I had incredible piece of mind! The winds and debris from trees didn't sound as strong with the new roof; no shingles were found when raking this time!”***
- ***“The one thing I wasn't worried about was the roof! This was an awesome program!”***
- ***“The roof stayed intact and did its job. I'm very pleased.”***





PLEASE OFFER AGAIN...



- “This was a good grant program, even though others thought it was a scam. Please offer it again so the non-believers can take advantage of it!”
- “I have said good things about the roof to the neighbors. We were very skeptical at first of the grant being too good to be true. I had a very positive experience in every way. I'm grateful. They don't understand it's not the wind but water leaks that cause so much damage from storms.”



OTHER MITIGATION PROGRAMS



CALIFORNIA EARTHQUAKE AUTHORITY

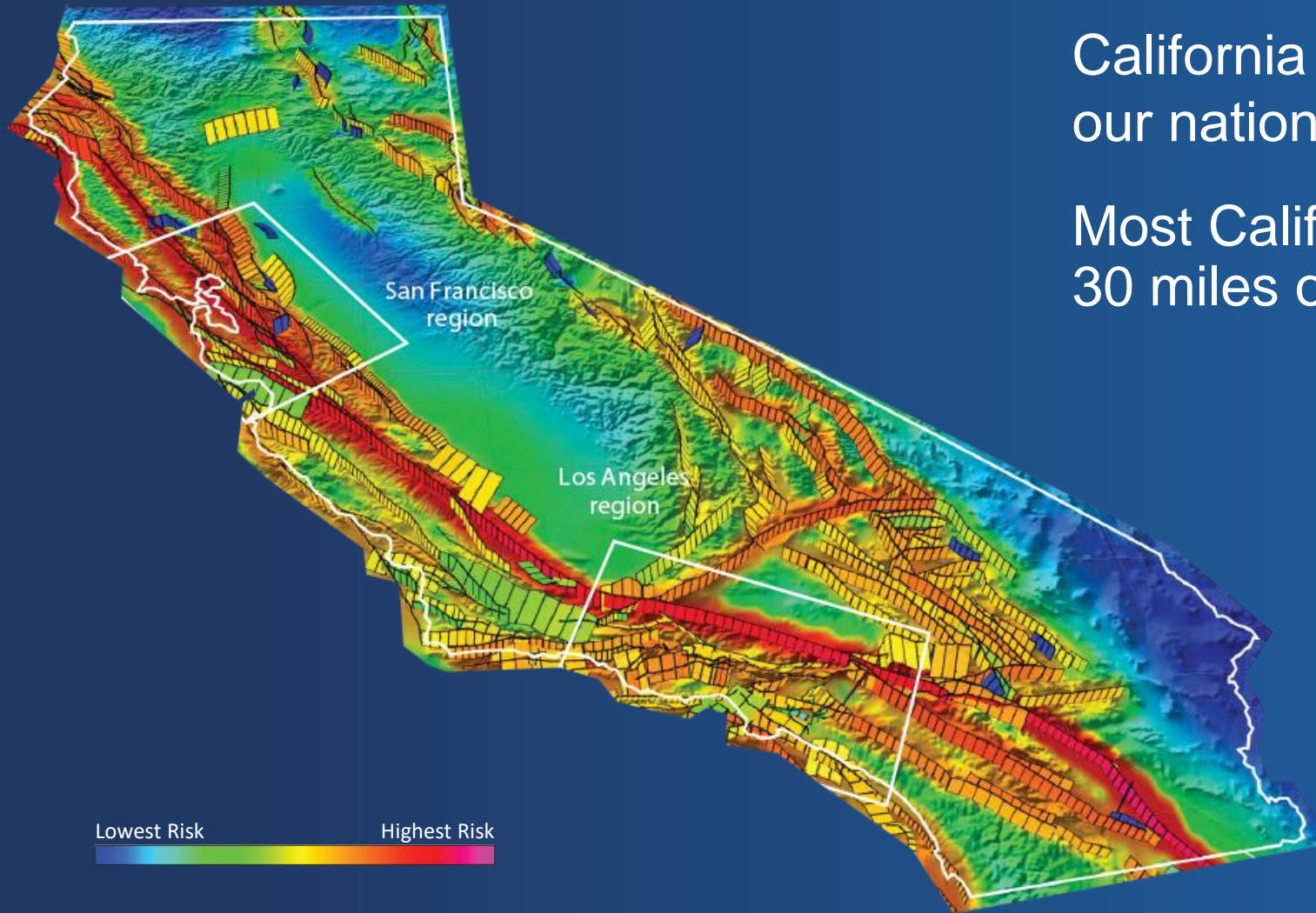
CEA is a not-for-profit residential earthquake insurer



WHEN NORTHRIDGE EARTHQUAKE STRUCK IN 1994



- Caused \$20 billion in residential damage
- Destroyed or severely damaged thousands of single-family homes
- Left about 22,000 people homeless



California is home to two-thirds of our nation's earthquake risk

Most Californians live within 30 miles of an active fault



Grants of \$3,000



A GROWING PROGRAM

2014:	9 homes	2017:	2,182 homes
2015:	528 homes	2018:	3,349 homes
2016:	1,639 homes	2019:	FEMA funding \$23M

10,000 homes retrofitted since 2014 launch



STRENGTHEN ALABAMA HOMES



STRENGTHEN
ALABAMA HOMES



The Strengthen Alabama Homes program provides grants, up to \$10,000 per application, to Alabama residences for mitigating their home against wind damage by achieving the FORTIFIED™ standard developed by the Insurance Institute for Business and Home Safety.





North Carolina Joint Underwriting Association | FAIR Plan
North Carolina Insurance Underwriting Association | Coastal Property Insurance Pool

SOUTH CAROLINA SAFE HOMES



The South Carolina Safe Home program, administered by the South Carolina Department of Insurance, solely funded through the General Assembly and provides \$5,000 matching and non-matching grant funds to help coastal property owners retrofit their homes to make them more resistant to hurricane and high-wind damage.





OUR JOURNEY CONTINUES: WHAT'S NEXT



2020



\$10 Million – NCIUA Grant (Strengthen Your Roof)



PROGRAM EXPANSION: 2020 CHALLENGE GRANT

Can NCIUA Secure Matching Funding?

NCIUA Board has authorized an additional \$10 million dollars to expand program if NCIUA can obtain matching funding from Federal, State, Local or Private Sources.





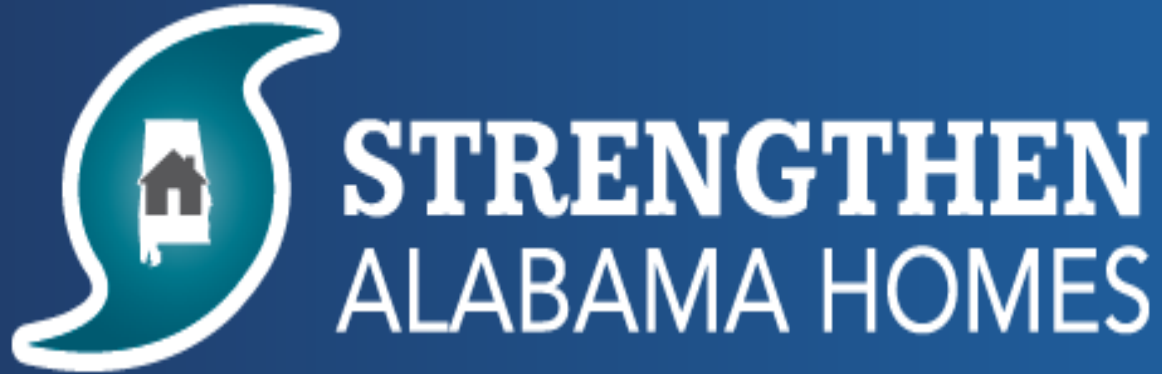
2020



- Complete at least 2,600 grants
- Applied for four additional FEMA Grants



2020



Current amount of funding available for 2020: \$10,000,000

FORTIFIED™ jobs projected to be completed with current 2020 funding: 1,000



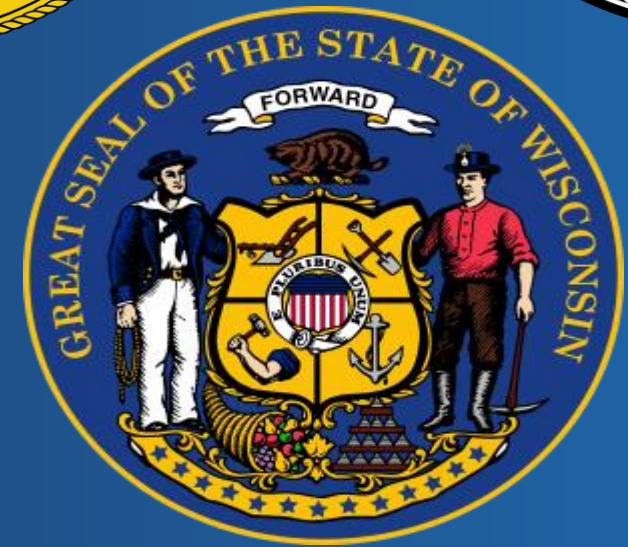
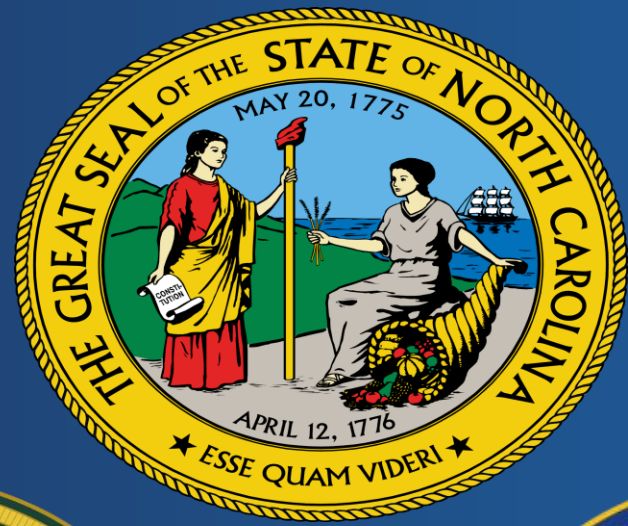
2020



\$1.1 Million of Funding from General Assembly of South Carolina



WORKING TOGETHER TO EXEMPT GRANTS FROM FEDERAL TAX





H.R. 5494: Catastrophe Loss Mitigation and Tax Parity Act

Representative Mike Thompson introduced H.R. 5494 on December 19, 2019 which establishes tax exempt status for state-funded residential mitigation programs for earthquake, windstorm and wildfire.



H.R. 5494

Sponsor: Rep. Mike Thompson (D, CA)

Co-Sponsors:

California

Rep. Aguilar (D)

Rep. Bera (D)

Rep. Brownley (D)

Rep. Calvert (R)

Rep. Chu (D)

Rep. Cook (R)

Rep. Garamendi (D)

Rep. Gomez (D)

Rep. Panetta (D)

Rep. Sanchez (D)

Rep. Speier (D)

Rep. Swalwell (D)

Alabama

Rep. Bradley (R)

Rep. Rogers (R)

Rep. Sewell (D)

South Carolina

Rep. Rice (R)

North Carolina

Rep. Rouzer (R)

Wisconsin

Rep. Moore (D)



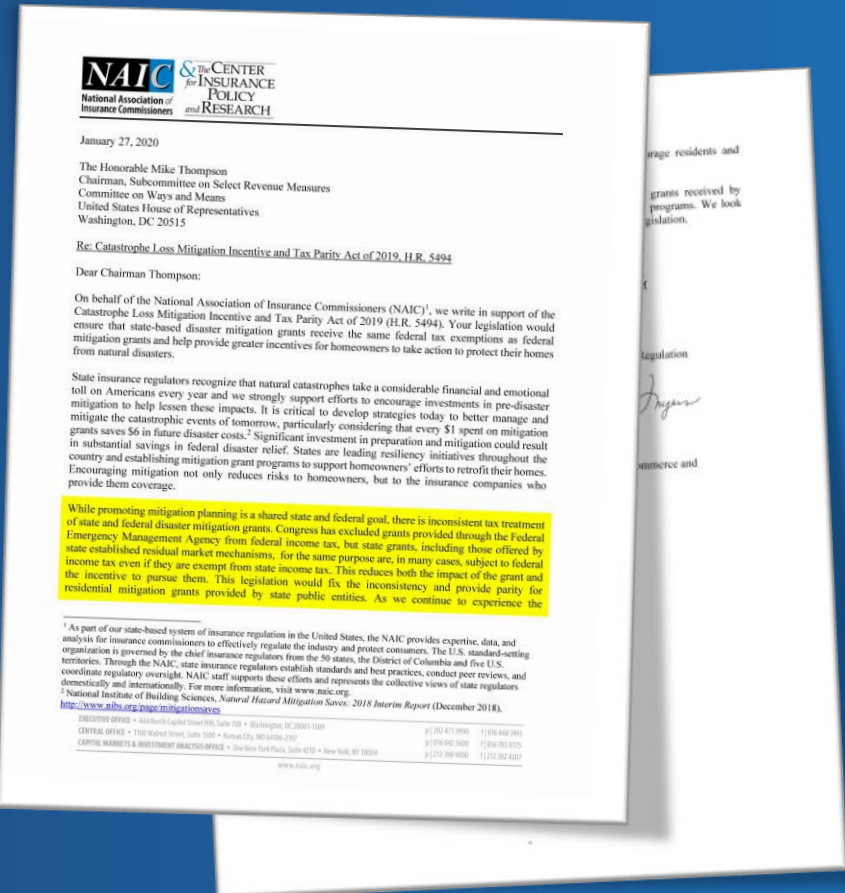


H.R. 5494: Catastrophe Loss Mitigation and Tax Parity Act

National Association of Insurance Commissioners



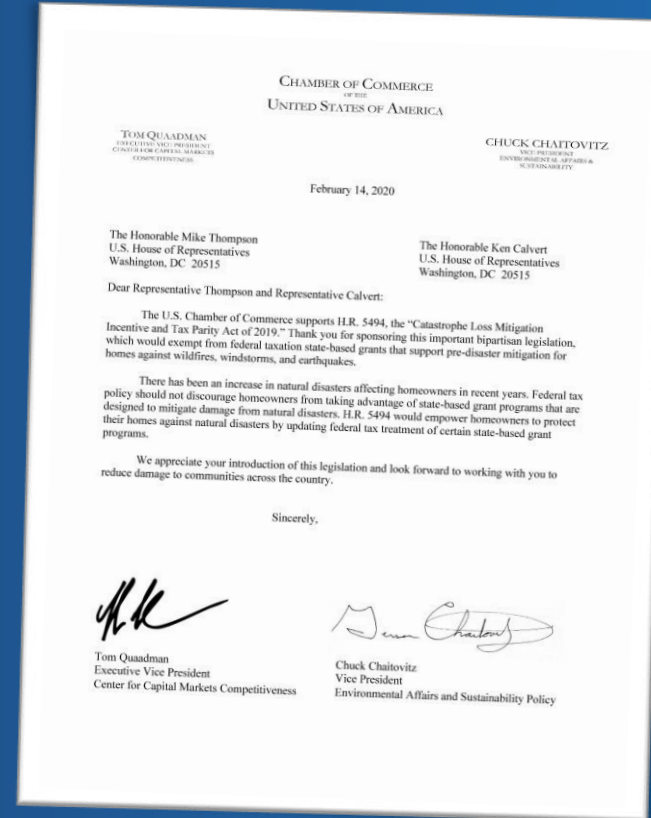
“While promoting mitigation planning is a shared state and federal goal, there is inconsistent tax treatment of state and federal disaster mitigation grants ... This legislation would fix the inconsistency and provide parity for residential mitigation grants provided by state public entities.”





H.R. 5494: Catastrophe Loss Mitigation and Tax Parity Act *Chamber of Commerce of the United States of America*

“H.R. 5494 would empower homeowners to protect their homes against natural disasters by updating federal tax treatment of certain state-based grant programs.”

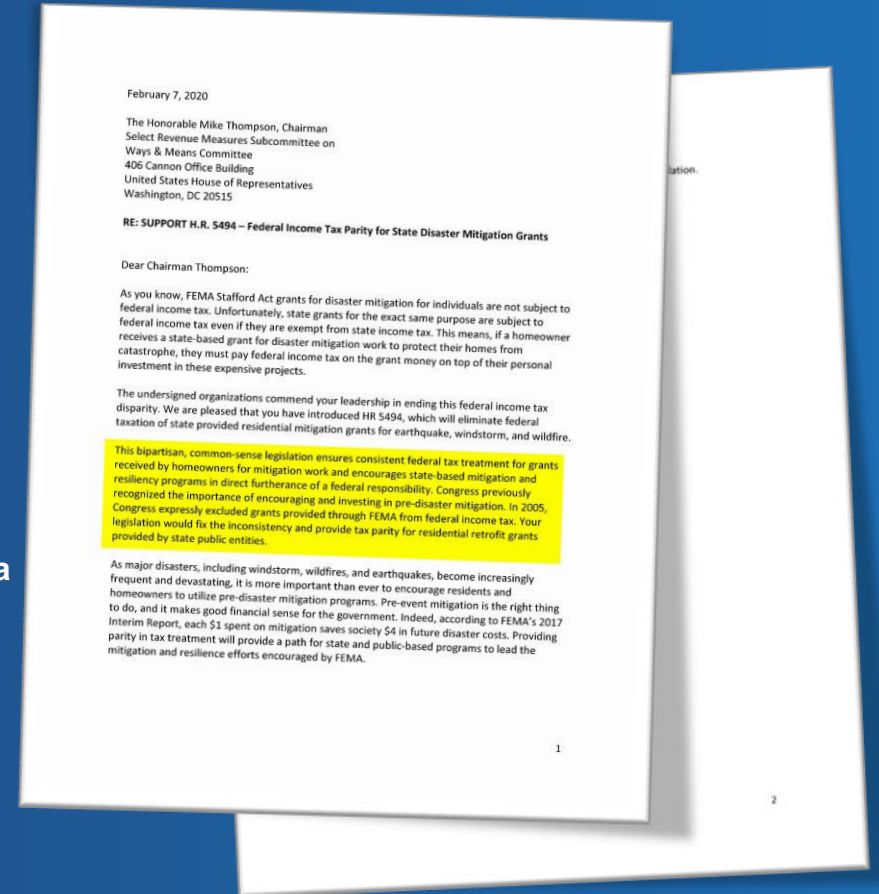




H.R. 5494: Catastrophe Loss Mitigation and Tax Parity Act

A Growing List of Supporters

- Alabama Association of REALTORS®
- Alabama Center for Insurance Information and Research
- Alabama Independent Insurance Agents
- Alabama Insurance Coalition
- American Family Insurance
- American Property Casualty Insurance Association
- BuildStrong Coalition
- Earthquake Engineering Research Institute
- Enterprise Community Partners, Inc.
- Federal Alliance for Safe Homes
- Independent Insurance Agents and Brokers of America
- Independent Insurance Agents of North Carolina
- Independent Insurance Agents of Wisconsin
- Institute for Business and Home Safety
- International Code Council
- National Association of Mutual Insurance Companies
- National Council of Structural Engineers Associations
- Property Insurance Plans Services Office
- R Street Institute
- Reinsurance Association of America
- Structural Engineers Association of California
- United Policyholders
- US Resiliency Council
- Wisconsin Insurance Alliance



“This bipartisan, common-sense legislation ensures consistent federal tax treatment for grants received by homeowners for mitigation work and encourages state-based mitigation and resiliency programs in direct furtherance of a federal responsibility.”



North Carolina Joint Underwriting Association | FAIR Plan
North Carolina Insurance Underwriting Association | Coastal Property Insurance Pool

JOIN US ON THE JOURNEY



OPPORTUNITIES

- 1) Assist with Securing State and Federal Funding**
- 2) Encourage more legislators to co-sponsor federal legislation H.R. 5494 exempting grants from Federal Taxation**
- 3) Encourage other residual plans and private market insurers to educate policyholders and provide enhancement coverage**
- 4) Engage with the Building Community**





TOGETHER WE CAN BUILD RESILIENT COMMUNITIES

