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National Council of Insurance Legislators (NCOIL)

Strengthen Homes Program Model Act

**Sponsored by Rep. Jim Dunnigan (UT)*

**Co-sponsored by Rep. Matthew Gambill (GA)*

**Draft as of ~~October 2~~March 13, 2024. To be ~~introduced and~~ discussed by the NCOIL
Property & Casualty Insurance Committee on ~~October 7~~April 13, 2024.*

Table of Contents

Section 1.	Title
Section 2.	Purpose
Section 3.	Grant Program
Section 4.	Premium Discount or Insurance Rate Reduction
Section 5.	Effective Date

Section 1. Title

This Act shall be referred to as the “[State] Strengthen Homes Program Model Act.”

Section 2. Purpose

The purpose of this Act is to promote the strengthening of homes in order to protect against severe weather.

Section 3. Grant Program

(A) The [State] Strengthen Homes Program is hereby created within the Department of Insurance. The Commissioner of Insurance, as program administrator, may make financial grants to retrofit roofs of insurable property, as defined in Section 4(~~BC~~)(~~89~~) of this Act, with a homestead exemption to resist loss due to hurricane, tornado, or other catastrophic windstorm events and to meet or exceed the "fortified roof" standard of the Insurance Institute for Business and Home Safety.

(B) The commissioner shall promulgate rules governing eligibility requirements for grants and the administration of the program, which shall include application forms and procedures for seeking a grant. The rules shall set forth that applications will be accepted on a first-come, first-served basis within each income tier established by the Commissioner, with priority given to lower-income applicants, applicants who live in locations that, based on historical data, have a higher susceptibility to catastrophic weather events, and applicants meeting any other criteria the Commissioner determines is appropriate to meet the purpose of the program.

(CB) In order to receive a grant pursuant to this Section, the grantee shall do all of the following:

- (1) Obtain all permits required by law or ordinance for construction.
- (2) Arrange and pay for inspections required by law or ordinance and the terms of the grant, which shall include inspection pursuant to Section 4(~~BC~~)(~~23~~) of this Act.
- (3) Comply with applicable building codes.
- (4) Maintain records as required by Section 4(~~BC~~)(~~34~~) and (~~45~~) of this Act and the terms of the grant.

(DE) The name of a recipient of a grant received pursuant to this Section, the amount of the grant, and the municipal address of the retrofitted insurable property shall be a public record.

(ED) There is hereby established in the state treasury as a special fund the [State] Strengthen Homes Program Fund, hereafter referred to in this Section as the "fund".

(1) The following shall be deposited into the fund:

(a) All grants and funds received or raised by the Commissioner under paragraph (6) of this subsection.

(b) Any discretionary appropriations made to the fund by the Legislature.

(2) Monies appropriated or transferred to the fund shall be deposited by the state treasurer after compliance with the provisions of xxxxxxx of the Constitution of [State].

(3) Monies in the fund shall be invested in the same manner as monies in the state general fund, and any interest earned on monies in the fund shall be credited to the fund.

(4) All unexpended and unencumbered monies in the fund at the end of the fiscal year shall remain in the fund.

(5) Monies in the fund shall be used to provide grants pursuant to this Section.

(6) The Commissioner shall use his or her best efforts to obtain grants or funds from the federal government or other funding sources for deposit into the fund to supplement any appropriations to the fund made by the Legislature.

(FE) Implementation of the Program is subject to the receipt of federal grants or funds or from other sources of grants or funds.

Drafting Note: States that implemented these types of “Strengthen Home Programs” have funded them in different ways. The above language primarily comes from Kentucky and Louisiana, but other funding methods have been used such as in Oklahoma where the legislature authorized the Insurance Commissioner to transfer funds from the State Insurance Commissioner Revolving Fund to the Strengthen Homes Program Fund.

(GE) This Section does not create any of the following:

- (1) An entitlement for property owners to receive funding to inspect or retrofit residential property.
- (2) An obligation for the state to appropriate funding to inspect or retrofit residential property.

(HF) The provisions of this Section shall terminate and have no effect beginning at twelve o'clock midnight on xxxxxxxx.

Section 4. Premium Discount or Insurance Rate Reduction

(A) All insurance companies writing property insurance for any property located in [State] that has been certified as complying with the most recent version of the “fortified roof” standard of the Insurance Institute for Business and Home Safety:

(1) shall provide a premium discount or rate reduction on the coverage if the discount or reduction is actuarially justified and there is sufficient and credible evidence of cost savings that can be attributed to the construction standards; and

(2) may provide a premium discount or rate reduction on the coverage in accordance with any standard discount amounts, targets, or benchmarks established under Section 4(C)(1) of this section, and any other adjustment on the coverage. Any insurer required to submit rates and rating plans to the commissioner shall provide an actuarially justified discount, credit, rate differential, adjustment in stadeductible, or any other adjustment to reduce the insurance premium to insureds who build or retrofit a structure to comply with the requirements of the [State Building Code] or the fortified home or fortified commercial standards created by the Insurance Institute for Business and Home Safety.

(B) Any insurer required to submit rates and rating plans to the commissioner shall provide an actuarially justified discount, credit, rate differential, adjustment in deductible, or any other adjustment to reduce the insurance premium to insureds who install mitigation improvements or

~~retrofit their property utilizing construction techniques demonstrated to reduce the amount of loss from a windstorm or hurricane. The mitigation improvements or construction techniques shall include but not be limited to roof deck attachments; secondary water barriers; roof coverings; brace gable ends; construction techniques which enhance or reinforce roof strength; roof covering performance; roof to wall strength, wall to floor to foundation strength; opening protection; and window, door, and skylight strength.~~

~~(BC) (1) All insurers required to submit rating plans to the commissioner shall provide an actuarially justified discount, credit, rate differential, adjustment in deductible, or any other adjustment to reduce the insurance premium charged to any insured who builds or retrofits a structure to comply with the requirements of the fortified home and fortified commercial standards created by the Insurance Institute for Business and Home Safety.~~

~~(12) To obtain a credit or discount provided in this Subsection, an insurable property located in this state shall be certified as constructed in accordance with the fortified roofhome or fortified commercial standards provided by the Insurance Institute for Business and Home Safety.~~

~~(23) An insurable property shall be certified as in conformance with the fortified roofhome or fortified commercial standards only after inspection and certification by an Insurance Institute for Business and Home Safety certified inspector.~~

~~(34) An owner of insurable property claiming a credit or discount shall maintain and provide certification records and construction records, including certification of compliance with the Insurance Institute for Business and Home Safety standards, for which the owner seeks a discount. Such documents may include but are not limited to receipts for contractors, receipts for materials, and records from local building officials.~~

~~(45) An owner of insurable property claiming a credit or discount shall maintain the Insurance Institute for Business and Home Safety certification documents, which shall be considered evidence of compliance with the fortified home or fortified commercial standards. The certification shall be presented to the insurer or potential insurer of a property owner before the adjustment becomes effective for the insurable property along with any other necessary records.~~

~~(56) The credit or discount shall apply only to policies that provide wind coverage and may apply to the portion of the premium for wind coverage or to the total premium, if the insurer does not separate out the premium for wind coverage in the rate filing. The adjustment shall apply exclusively to the premium designated for the improved insurable property. The adjustment is not required to be in addition to other mitigation adjustments provided by the insurer and shall be in lieu of those other adjustments, including those in place prior to xxxxxxxx, if they are deemed to be duplicated.~~

~~(67) The records required by this Subsection shall be subject to audit by the commissioner.~~

(78) Nothing in this Section shall prohibit insurers from offering additional adjustments in deductible, other credit rate differentials, or a combination thereof. These adjustments shall be available under the terms specified in this Section to any owner who builds or locates a new insurable property in this state to resist loss due to hurricane, tornado, or other catastrophic windstorm events.

(89) For the purposes of this ~~Act~~Subsection, insurable property includes residential property that is an owner-occupied, single-family, primary residence, ~~commercial property, modular homes, and manufactured homes~~ that may be retrofitted.

~~C.D.~~ The commissioner of insurance, in consultation with the State Uniform Construction Code Council, shall promulgate rules and regulations in accordance with the Administrative Procedure Act to implement the provisions of this Section. The rules and regulations may include but not be limited to the following:

(1) Provisions defining and delineating the criteria for discounts, credits, rate differentials, targets, benchmarks, adjustments in deductibles, or any other adjustments to reduce the insurance premium and how such discounts, credits, rate differentials, adjustments in deductibles, or any other adjustments are computed in determining their application in each premium quoted. Any standard discount amounts, targets, or benchmarks promulgated shall be optional and primarily for the benefit of insurers that are unable to obtain actuarially valid data to provide a premium discount or rate reduction under Section 4(A)(1) due to inadequate resources or experience.

(2) Those items necessary for an insurer to compute or otherwise determine the actuarially justified amount of any premium rate reduction, discount, credit, rate differential, reduction in deductible, or other adjustment available to an insured.

(3) Provisions establishing the inspection and certification requirements for insureds who comply with the provisions of this Section.

(4) Recordkeeping requirements for insurers.

Section 5. Effective Date

This Act shall take effect xxxxxxxx.