Principles for Resilient Homes Grant Programs

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Overview

Climate change is destabilizing property insurance markets, with $30 billion a year globally in insured losses now attributable to climate change.[1] Insurance companies are raising rates and retreating from climate-vulnerable communities, financially straining homeowners, renters, and housing providers and increasing the risk of broader financial instability. This crisis requires ambitious government intervention and investment to advance climate mitigation and adaptation. It also requires action from the insurance industry. Rather than offload growing risks and costs onto households, communities, and governments, insurers should invest in risk reduction to promote the availability of high-quality insurance at affordable rates.

State governments, as the primary regulators of insurance, can facilitate this investment through fees and taxes on insurers that fund grants to homeowners, nonprofit organizations, and housing providers for fortified roof upgrades and property-level wildfire and flood mitigation. While proven solutions can lower costs by reducing risk, many households need upfront financial support. Ten states and counting have created grant programs to fund property-level climate resilience, and numerous additional states have introduced legislation to follow suit.

This paper offers five sets of recommendations for states pursuing resilience grant programs:

1. States should set up robust retrofit grant programs that meet local needs with adequate funding from the insurers who benefit from resilience investments.
2. Grants should be targeted toward the communities in greatest need of financial assistance for risk mitigation.
3. States should ensure that resilience investments result in cost savings and other benefits for policyholders.
4. States should build towards whole-home retrofit programs inclusive of energy efficiency and emissions reduction projects.
5. States should target long-term success through comprehensive resilience and mitigation strategies.

[1] Insure Our Future, Within Our Power: Cut Emissions Today To Insure Tomorrow (Dec. 2024).

Climate change is destabilizing property insurance markets.

Escalating climate disasters, including wildfires, hurricanes, and severe convective storms are driving up insured losses. For the sixth consecutive year, global insured losses topped $100 billion in 2025, with 80 percent of those losses originating in the United States.[2] In response to the growing costs of climate change, insurers are raising rates rapidly. Between 2021 and 2024, property insurance costs increased by 24 percent, outpacing inflation by 11 percent.[3] Though insurance costs are rising across geographies, costs are most burdensome in particularly climate vulnerable areas. In some states with rising hail exposure, such as Nebraska and South Dakota, rates increased by over 30 percent during this period.[4] In Florida, average property insurance costs topped $9,400 in 2024.[5]

The rising cost of property insurance is creating financial strain for many homeowners. Research published by the Federal Reserve Bank of Dallas found that rising property insurance costs are driving up household indebtedness as well as mortgage and credit card delinquencies.[6] Rising insurance costs can also increase financial burdens for renters, as landlords, particularly in tight rental markets, pass rising insurance costs on to their tenants.[7]

In some climate-vulnerable geographies, insurers have stopped writing homeowners policies entirely. In these communities, residents are turning to expensive last-resort options including Fair Access to Insurance Requirements (FAIR) plans or surplus lines, which typically provide less comprehensive coverage for a higher price. Due to rising costs, some homeowners are cutting back on their insurance coverage or going without insurance entirely. Researchers predict that if insurance price increases continue at current rates, between 17 percent and 31 percent of households will be forced to substantially reduce insurance coverage due to cost constraints.[8] Underinsured and uninsured homeowners can face financial devastation in the event of a climate disaster,

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[2] Mohsen Rahnama & Sarah Hartley, 2025 Catastrophe Review: Executive Summary, Moody's (Feb. 18, 2026).
[3] Sharon Cornelissen et al., Overburdened: The Dramatic Increase in Homeowners Insurance Premiums and its Impacts on American Homeowners, The Consumer Federation of America (April 2025).
[4] Id. at 13.
[5] Id. at 22.
[6] Shan Ge, Stephanie Johnson, and Nitzan Tzur-Ilan, Climate Risk, Insurance Premiums, and the Effects on Mortgage and Credit Outcomes, Federal Reserve Bank of Dallas (Jan. 2025).
[7] Caglar Demir et al., Q3 2023 Housing Affordability Update: The US Is Still Rent Burdened and Surging Insurance Premiums Could Pile On, Moody's (Nov. 13, 2023).
[8] Parinitha Sastry et al., The Limits of Insurance Demand and the Growing Protection Gap, Harvard Business School (May 31, 2024).

taking on repair and rebuilding costs left by gaps in their coverage or the absence of coverage entirely.

Addressing the insurance crisis at its source requires climate mitigation through rapid greenhouse gas reduction across the economy. This includes emissions reduction from the insurance industry, which worsens climate change through its underwriting of and investment in fossil fuels and other emissions intensive industries. Past and ongoing emissions also necessitate widespread investments in resilience. Stabilizing property insurance markets requires both climate mitigation and climate adaptation, not a choice between the two.

The insurance industry holds untapped potential for climate risk reduction.

The insurance industry's approach to managing growing losses through rate increases and retreat has proved profitable for insurers. The industry has posted record profits in recent years, with an estimated $60 billion in underwriting gains last year, the strongest in nearly 20 years, and an all-time-high of $1.2 trillion remaining after paying out claims.[9] Along with the ability to socialize costs through rate increases and retreat, the insurance industry profits from investing premiums. In 2024, the industry's $164 billion investment income vastly outweighed its $25 billion profit from underwriting.

The insurance industry's financial success is increasingly at odds with the interests of policyholders and communities. Major insurers continue to invest and underwrite the expansion of oil, gas, and coal projects that exacerbate climate risk, while leaving a trillion-dollar gap in insurance coverage needed to deploy investments for the energy transition.[10] Critical investments in resilience, those that would reduce losses, improve safety, and stabilize premiums, remain underfunded. In addition to failing to meet the needs of policyholders, communities, local and national economies, and humanity at large, the current approach also leaves the insurance industry without a credible plan to preserve viable markets for property and casualty insurance over the long-term. This misalignment represents a market failure ripe for state intervention.

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[9] Jean Eaglesham, The Uproar Over Affordability Is Coming for Insurers, The Wall Street Journal (Jan. 22, 2026); National Association of Insurance Commissioners, U.S. Property & Casualty and Title Insurance Industries – 2025 First Half Results (2025).

[10] Insure Our Future, Within Our Power: Cut Emissions Today To Insure Tomorrow (Dec. 2024); Howden and Boston Consulting Group, The Bigger Picture: The $10 trillion role of insurance in mobilizing the climate transition (June 2024).

Instead of allowing risks to grow unaddressed, insurers should proactively invest in building climate resilience that will reduce losses in the event of a disaster and keep properties insurable over the long-term. Early industry investments in research, such as those by the Insurance Institute for Business & Home Safety (IBHS), represent an important first step, but do not meet the scale of the crisis. State regulators can harness the investment power of insurance to better serve the public interest by reducing risk, improving affordability, and expanding access to insurance coverage for safe, sustainable homes. A practical first step is to use existing mechanisms, such as industry fees and taxes, to fund mitigation for households most in need. Tapping into insurer profits to fund resilience investments does not obviate the need for federal and state government investments in resilience, mitigation, and disaster recovery but can help offset the cost burden increasingly borne by households and state and local governments.[11]

Resilience grants are the first step in insurer investment rather than retreat.

Resilience investments offer numerous benefits to households, communities, and insurers alike. Foremost, they provide significant cost savings in the event of a climate disaster. The U.S. Chamber of Commerce estimates that every $1 spent on climate resilience and preparedness saves communities an estimated $13 in damages, cleanup costs, and economic impact—costs which would be assumed by homeowners, insurers, or state governments.[12] Investments in resilience also promote long-term insurability. When resilience upgrades reduce expected losses in the event of a disaster, they reduce the risk of insuring a property and diminish the likelihood of insurer retreat. As some areas become unsafe or unsustainable to live within, some communities may ultimately want support to relocate. But climate harms affect every region of the country, and the vast majority of households will need financial assistance with resilience investments to stem the rising burden of premiums.

Grants are essential to address an early gap; though resilience investments provide savings in the long-run, low- and moderate-income homeowners frequently do not have the ability to make these up-front investments and require financial assistance. Insurability is key to promoting local economic viability. The loss of insurance can result in the loss of mortgage credit and other financial services, erode property values, and reduce local tax revenue, among other financial and economic harms.[13]

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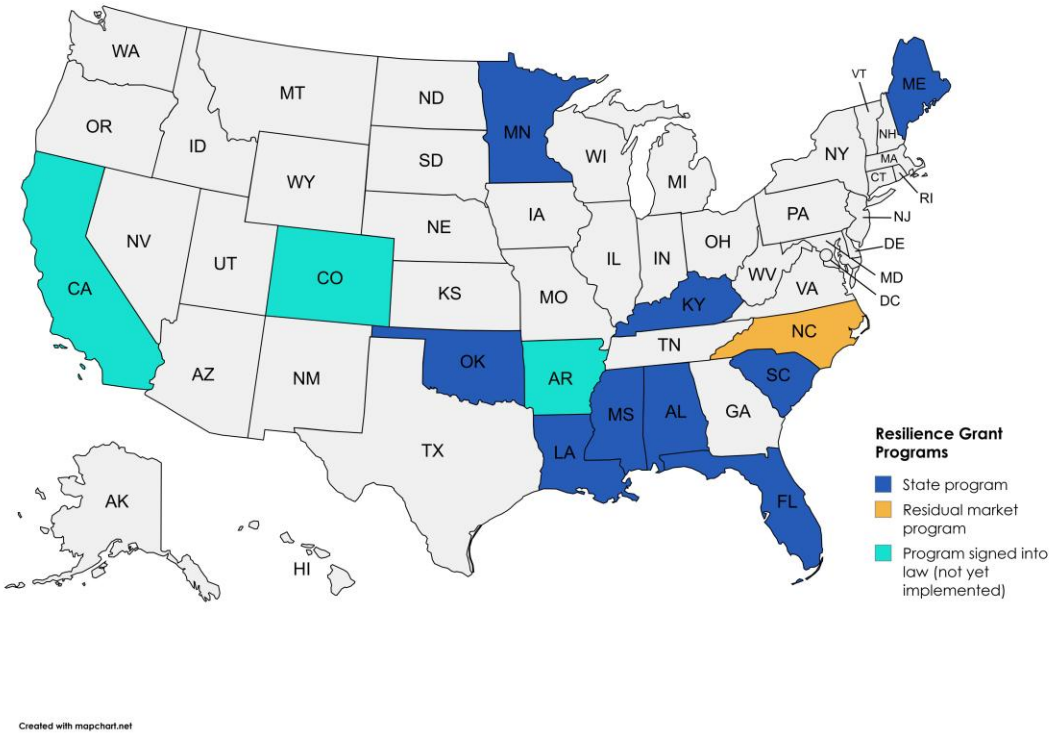
[11] Eric Roston, US Spending on Climate Damage Nears $1 Trillion Per Year, Bloomberg (June 17, 2025).
[12] U.S. Chamber of Commerce, New report finds investing in resilience saves jobs and incomes (June 25, 2024).
[13] First Street, Property Prices in Peril (Feb. 3, 2025).

In ten states, insurance departments are incentivizing investments in climate resilience by providing grant funding to homeowners and nonprofit organizations for property-level resilience upgrades. The majority of these programs provide grant funding for upgraded roofs that can better withstand high winds and hail from hurricanes and severe convective storms. Resilience programs that address other perils, such as wildfires and floods, are nascent but appropriate for many states considering adopting resilience grant programs, as well as several states with existing programs. States commonly use FORTIFIED roof standards from IBHS to certify that a home is sufficiently protected for eligible homeowners to receive grants from the state.[14] FORTIFIED roof upgrades have a strong research backing. A study of insurance claims and payments in Alabama following Hurricane Sally in 2020 found that homes with FORTIFIED roofs had at least 55 percent lower claim frequency and 15 percent lower claim severity than homes with standard roofs.[15]

Many resilience grant programs are modeled off the Strengthen Alabama Homes Program. This program, authorized in the Strengthen Alabama Homes Act in 2011 and launched by the Alabama Department of Insurance in 2016, provides grants to homeowners for wind and hurricane resilient roof upgrades. Owners of existing, owner-occupied, single-family homes in certain counties in Alabama are eligible for a grant up to $10,000 for a roof upgrade meeting the IBHS FORTIFIED Roof standard.[16] Homeowners are required to have an in-force homeowners insurance policy, including wind coverage, to qualify for the grant. Funding for the program comes from insurance industry licensing fees.[17]

[14] Insurance Institute for Business & Home Safety, Construction Standards, https://ibhs.org/guidance/fortified-construction-standards/.
[15] Alabama Department of Insurance & University of Alabama, Performance of IBHS FORTIFIED Home™ Construction in Hurricane Sally (May 5, 2025).
[16] Alabama Department of Insurance, Strengthen Alabama Homes, https://www.strengthenalabamahomes.com/.
[17] Smart Home America, Strengthen Alabama Homes Grant Program, https://www.smarthomeamerica.org/resources/strengthen-alabama-homes.

Resilience grant programs across states



The table below outlines the key features of each state program. In addition, the Federal Home Loan Bank (FHLB) of Dallas also offers a grant program through FHLB member institutions in Arkansas, Louisiana, Mississippi, New Mexico, and Texas. Grantees can receive up to $17,000 for a FORTIFIED roof replacement on an existing home. California and Arkansas have passed legislation authorizing resilience grant programs but have yet to secure a source of funding for the grants. Colorado's program was signed into law in June 2026 and has yet to be implemented.

Operational state resilience grant programs

State	Program Name	Program Overview	Funding Source
Alabama	Strengthen Alabama Homes	Offers $10,000 grants to homeowners for FORTIFIED roof upgrades.	Insurance industry licensing fees
Florida	My Safe Florida Home	Grant matching program, $2 for every $1 spent by the homeowner, up to $10,000 for roof fortification and other home hardening projects.	State appropriations
Kentucky	Strengthen Kentucky Homes	Offers $10,000 grants to homeowners for FORTIFIED roof upgrades.	Insurance industry fees collected by Department of Insurance
Louisiana	Louisiana Fortify Homes	Offers $10,000 grants to homeowners for FORTIFIED roof upgrades.	Surplus lines insurance taxes, insurance industry licensing fees, state appropriations
Maine	Fortify Maine Homes	Offers $10,000 grants, and $15,000 enhanced grants for low-income homeowners, for FORTIFIED roof upgrades and flood mitigation projects.	Surplus fees collected by the Bureau of Insurance
Minnesota	Strengthen Minnesota Homes	Offers $10,000 grants to homeowners for FORTIFIED roof upgrades.	State appropriations
Mississippi	Strengthen Mississippi Homes	Offers $10,000 grants to homeowners for FORTIFIED roof upgrades.	Agent certificate of authority fees
North Carolina	Strengthen Your Roof	Offers up to $10,000 grants to eligible NCIUA policyholders for FORTIFIED roof upgrades.	North Carolina Insurance Underwriting Association
Oklahoma	Strengthen Oklahoma Homes	Offers $10,000 grants to homeowners for FORTIFIED roof upgrades.	Insurance industry fees collected by Department of Insurance
South Carolina	SC Safe Home Mitigation Grant	Offers up $6,000 for matching grants and $7,500 for non-matching grants for roof retrofit projects. Offers smaller grants for other home-resilience projects.	Premium taxes on private insurers and the South Carolina Wind and Hail Underwriting Association

Resilience and energy retrofit grants serve complementary purposes. A joint approach can lower household and community climate costs.

Resilience is an essential tool to lower risk and costs, but it requires investments in climate mitigation to succeed in the longer term. Well-designed home retrofit programs can target both climate mitigation and climate resilience to lower costs for homeowners today and reduce climate risk in the future. Coordinating across programs can offer benefits for homeowners and insurance departments by streamlining resources, leveraging joint workforce recruiting and training, and harnessing overlapping community networks for outreach and implementation.

Household energy use is responsible for one-fifth of all U.S. emissions, making electrification and energy efficiency upgrades essential for climate mitigation.[18] Heat pumps alone, for example, can reduce household emissions by 80 percent.[19] Energy retrofits can also dramatically lower household energy costs, helping homeowners who face rising insurance and energy-related inflation, as well as other cost pressures. States can accelerate the adoption of emissions reduction technology such as heat pumps, high quality insulation, energy efficient windows and duct sealing, electric appliances, and solar energy to reduce emissions, lower utility bills, and improve health. These investments are particularly important for low-income households and communities of color, disproportionately burdened by pollution, insurance availability, and energy costs.

Insurance departments can learn important lessons from existing energy grant programs, which have faced and overcome challenges insurance departments may face, such as contractor training or certification, grant administration, and community outreach. The lessons include the importance of creating sustainable funding sources to avoid a surge and collapse of activity, providing strong oversight to ensure investments translate into lower costs, investing in workforce training, building strong relationships with community organizations, centralizing or streamlining multiple grant types, and lowering application barriers. These programs have also developed innovative solutions mentioned below.

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[18] Benjamin Goldstein, Dimitrios Gounaridis and Joshua P. Newell, The carbon footprint of household energy use in the United States, Proc. Natl. Acad. Sci. U.S.A. 117 (32) 19122-19130 (2020).
[19] HeatSmart Alliance, https://heatsmartalliance.org/.

Recommendations for resilience grant programs

The following five sets of recommendations are best practices for states adopting resilience grant programs.

1. States should set up robust retrofit grant programs that meet local needs with adequate funding from the insurers who benefit from resilience investments.

a. **Inform grant program design through research on the type and scale of resilience investments ultimately needed throughout the state.** States should establish grant programs reflective of both the type and scale of resilience investments needed in the state. At present, most state grant programs are limited to roof replacements, but grants for property-level flood and wildfire mitigation are also necessary in several regions. States should authorize and fund grant programs that create the conditions to meet the resilience needs of the state over the long-term. The realities of climate change necessitate widespread property-level resilience investments. Grants will not be sufficient to cover all adaptation and mitigation needs, but when designed within the context of broader mitigation and adaptation planning and public investment, they can provide a powerful initial stimulus.

b. **Require insurers to contribute to grant programs through fees or premium taxes.** At a time when household and state budgets are strained and insurer profits are strong, initial resilience grant programs should use funding from the property insurance industry—following the lead of Alabama, Oklahoma, and Maine. Since home resilience upgrades reduce insurer losses in the event of a disaster, they will recoup some of the funding costs. To promote long-term viability of the grant programs, given that climate-driven disasters will increase in frequency and expand in geographical scope over time, state insurance departments should increase fees or premium taxes on all property insurers operating in the state, including non-admitted carriers. Legislators and insurance commissioners should consider increasing fees or premium taxes proportional to insurer underwriting profits or rate increases.

Connecticut considers making polluters pay for resilience funding
Funding for resilience grants does not need to be limited to the insurance industry. In Connecticut, a proposed bill would allow insurance companies to pass these costs on to a particular set of commercial clients: the oil, gas, and coal companies responsible for accelerating climate-driven insured losses.[20] Through a 5 percent surcharge established on insurance policies for oil, gas and coal companies, the new mechanism would require these corporate clients to contribute to a state resilience fund. Insurance companies currently pass the costs of rising climate disasters on to homeowners and housing providers, creating a "pollution premium."[21] Connecticut's approach would require insurers to pass the costs back to the companies generating this risk.

c. **Fees collected to fund grant programs should be deposited in a nonlapsing fund and should not be subject to fiscal year limitations.** Depositing fees, grants, and other money collected for the grant program into a specified, nonlapsing fund will ensure funds collected for the grant program cannot be used by the insurance department for other activities or swept into the state's general fund for other purposes. Lag time between the insurance department receiving a grant program application and the disbursement of grant funds will mean that some projects will carry over across years. It is essential that grant program funds are not subject to fiscal year limitations, which would create artificial deadlines for grant disbursement misaligned with project completion.

2. Grants should be targeted toward the communities in greatest need of financial assistance for risk mitigation.

a. **Include upfront costs associated with resilience upgrades as grant-eligible, and direct homeowners ineligible for grant funding towards state resources.** To incentivize program uptake, particularly for low-income households, any upfront costs associated with the project, such as an assessment to determine eligibility and project needs, should be eligible for grant funding. Fees not covered by the grant will disincentivize participation from residents with the most financial need. For any homes that are deemed structurally unsuitable for upgrades, program administrators should direct the homeowners to other state

[20] An Act Concerning a Climate Change Related Surcharge of Insurance Policies, No. 453, 115th Gen. Assem., 2nd Sess. (Conn. 2026)
[21] Kenny Stancil and Risalat Khan, Out of Pocket: Out of Pocket: Pollution Premiums – the real cost of fossil fuels on our insurance bills, 350.org (May 14, 2026).

resources. Case manager trained by the Department of Housing and Urban Development (HUD) can help homeowners access the structural repairs that may be required to become eligible for resilience grants. States should invest in training case managers for this purpose to ensure that homeowners who require structural repairs on their property, many of whom are low-income, are not excluded from resilience benefits.

Increased tax liabilities and benefits cliffs are a deterrent for program uptake.

Uncertainty about potential tax and benefits implications can deter participation in grant programs. At the federal level, grant funding for resilience upgrades, even when paid directly to contractors or builders, may be considered income for the purposes of taxation and benefits eligibility. This can deter LMI homeowners from participation in resilience grant programs, even though these homeowners would benefit most from the grants. One approach to addressing this uncertainty is the Disaster Mitigation and Tax Parity Act, introduced by Senators Tillis, Padilla, Cassidy, and Schiff. This bill would exclude resilience grants from a recipient's gross income, making the grant tax exempt and ineligible for consideration as income in benefits determinations.[22] On the state level, legislators can exclude grant funding from state income tax in the authorizing legislation.

a. **Offer larger grant sizes for low- and moderate-income (LMI) homeowners.** For LMI homeowners, insurance departments should consider offering larger grants that either meet or come closer to meeting the full cost of resilience upgrades. When insurance departments are unable to offer grants covering the full cost of the upgrade, they should explore partnerships with other entities that can provide additional funds, including nonprofit organizations. Insurance departments should consider streamlined approaches to determining eligibility, for example based on eligibility for other state benefits, to avoid lengthy and resource-intensive verification processes.

[22] Disaster Mitigation and Tax Parity Act of 2025, S.336, 119 Cong. (2025)

Case Study: Fortify Maine Home Resiliency Program prioritizes program uptake from LMI Maine homeowners.

The Fortify Maine Home Resiliency Program, a program that provides grant funding for FORTIFIED roof replacements and property-level flood mitigation, has taken several steps to be accessible to LMI Maine homeowners. The program has a two-tier structure for grant eligibility. The standard grant size is $10,000, but lower-income homeowners are eligible for an enhanced grant of $15,000. Residents qualify for an enhanced grant if they qualify for MaineCare, Maine's Medicaid program, or the Supplemental Nutrition Assistance Program (SNAP). Basing enhanced grant eligibility on existing benefits eligibility avoids complex and costly eligibility verification by the insurance department and increases transparency for interested homeowners.

c. **Enable nonprofit organizations to receive and disburse grant funding.** Nonprofit organizations can be a valuable conduit between resilience grant programs and in-need homeowners. In addition to homeowners and affordable housing providers accessing grants directly, nonprofit organizations that provide similar resources within the community, particularly those that work on home repair and building, should be eligible to receive grant funding from the insurance department and disburse it to homeowners. Each grant recipient should remain subject to the maximum grant size, but nonprofit organizations should be able to work across numerous grantees. 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.

Case Study: Lesson learned from the Louisiana Fortify Homes program.

Louisiana is at the center of the climate-driven insurance crisis. Insurance prices in Louisiana are the second highest in the nation, with homeowners paying nearly $7,000 in premium, on average.[23] The Louisiana Fortify Homes program provides eligible homeowners with a $10,000 grant towards a FORTIFIED roof replacement, funded through a combination of taxes on surplus lines insurance, licensing fees on admitted carriers, and state appropriations.

At present, there are significant barriers to making the program accessible and valuable for LMI homeowners. The program is not targeted to LMI homeowners, meaning there are no income limits nor priority given to homeowners with financial need. Homeowners must pay out of pocket for an inspector to determine eligibility and residents are frequently left to fill the gap between their grant and the total cost of a roof, disincentivizing program uptake. Nonprofit organizations are currently the primary conduit by which LMI homeowners access grant funding, causing operational and administrative strain on these organizations due to insignificant support from the insurance department. Lastly, uninsured homeowners—which includes over 20 percent of homes in the state—are not eligible.[24] In practice, excluding uninsured homes means making many LMI homeowners and many of the most climate vulnerable homeowners ineligible.

For residents that do upgrade their roofs, not all are seeing the benefits reflected in their insurance bill. Discounts have been small and varied based on the company. Louisiana is now moving to a benchmark approach and announced to insurers in April 2026 that they will need to provide a specific discount benchmark by 2027.[25] Given Louisiana's exposure to climate disasters today, scaling up the program quickly is essential, including by accelerating uptake by LMI homeowners. At the current pace, advocates estimate it would take until 2062 to retrofit 25 percent of Louisiana homes through the grant program, far too slow a pace for the climate challenges the state faces.

[23] Sharon Cornelissen et al., Overburdened: The Dramatic Increase in Homeowners Insurance Premiums and its Impacts on American Homeowners, The Consumer Federation of America (April 2025) at 22.
[24] Julia Taliesin and Chris Schafer, Risking It All: 1 in 6 Homeowners in the Most Climate-Vulnerable States Skip Home Insurance, Insurify (Jan. 30, 2026).
[25] Carleen Bongat, Louisiana orders every property insurer to discount fortified homes by January 2027, Insurance Business (May 13, 2026).

d. **Extend grant program eligibility and insurance discounts across property types, including to multi-family properties, mobile homes, modular homes, and manufactured homes.** Grant programs should extend across property types, with a focus on affordable housing. Multifamily affordable housing operators are acutely impacted by the rising costs and reduced availability of property insurance.[26] Declining insurance access makes it more difficult to increase the supply of affordable housing or preserve existing affordable units. Rising insurance costs reduce the ability of affordable housing operators to invest in needed repairs and upgrades, including investments in climate resilience and energy efficiency. Modular, manufactured, and mobile homes are other important sources of affordable housing across the country and should also be eligible for resilience grants so long as they meet other program requirements. Grant sizes should reflect the cost of upgrades to different property types.

e. **Use granular insurance department data to target grant programs rather than rely on insurance companies to provide this information.** Insurance departments should target programs to communities both impacted by disasters and with the most financial need, based on their own analysis rather than relying on insurer-provided geographic targets. Departments should collect and publish census tract-level data on disaster impacts, insurance costs, and insurance claims and compare this with demographic data to better target grant funding. Relying on insured losses or premium amounts alone to target grants is insufficient, as this approach can exclude less expensive homes. Additionally, insurance companies may wish to direct resilience investments towards properties that are most profitable to insure. Insurance departments should make their own judgements regarding priority communities for resilience investments based on physical exposure and financial need.

f. **Include low-income uninsured homeowners as eligible for resilience grants.** Many homeowners in need of resilience grants do not have insurance—either because it has become unavailable or too costly due to climate risks. As a result, excluding uninsured homeowners from grant eligibility would mean that many of the LMI and climate risk-exposed homeowners who would benefit most from grant funding could not participate. Including uninsured homeowners as grant eligible also has the potential to increase insurability 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.

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[26] Emily Flitter, Soaring Insurance Costs Could 'End' Affordable Housing, Developers Warn, The New York Times (Aug. 25, 2024).

3. States should ensure that resilience investments result in cost savings and other benefits for policyholders.

a. **Require insurers to reward resilience upgrades through discounts and by incorporating resilience investments into risk modeling.** In the event of a climate disaster, insurers benefit from climate resilience investments made by the property owner. Insurers therefore should be required to offer premium discounts or rate reductions, commensurate with cost savings, set by the state for properties with resilience upgrades. This discount should apply regardless of whether the relevant upgrades were supported through state grants. Insurers should also be required to update catastrophe models and wildfire risk models to reflect resilience measures that have been taken by property owners to further lower prices, as Colorado has done.[27] Insurance departments should publicize data on resilience-related discounts provided to policyholders and catastrophe model updates to ensure compliance.

b. **Extend notice periods for insurance non-renewals to provide homeowners with additional time to make resilience upgrades.** Existing non-renewal notice periods were not designed with construction projects in mind. Most are too short to allow households to find funds and complete projects to renew coverage or find new insurance. States should extend the notice period to give policyholders time to make upgrades that may keep their home insurable by their current carrier or alternate providers. Insurance companies should also be required to disclose the reason for a dropped policy in writing, along with any specific near-term actions the homeowner could take to reinstate coverage.

c. **Require insurers to offer no- or low-cost endorsements for resilience upgrades to encourage rebuilding to resilient standards in the event of a disaster.** To facilitate a resilient recovery following a climate disaster, insurers should be required to offer no- or low-cost endorsements for resilience upgrades. An endorsement is an amendment to an insurance contract to modify its terms. In this case, it is a guarantee from an insurer that in the event of qualifying damage to the property, the insurers will repair the home to a resilient standard at no or low-cost to the homeowner. For example, an insurer may offer a no-cost endorsement for a FORTIFIED roof, where in the event of a disaster that necessitates an insurer paid roof replacement, the insurer will cover the cost to replace the roof to a FORTIFIED standard at no additional cost to the policyholder. Both homeowners and insurers should be incentivized to rebuild in a way that will limit climate damages in the future. Policyholders should be

[27] Risk Model Use in Property Insurance Policies, H.B.25-1182, 75th Gen. Assem., 1st Sess. (Colo. 2025)

eligible for resilience discounts following the upgrade.

d. **Integrate resilient grant programs with the state's residual markets (usually called the FAIR Plan) and direct them to provide additional resilience benefits.** Homeowners with insurance coverage through state residual insurance markets, or FAIR plans, often have properties deemed too risky for coverage from private insurers and are frequently most in need of resilience upgrades on their property. States should partner with FAIR plan administrators to implement reforms so that plans can offer similar grants for home retrofits, discounts, no-cost endorsements to policyholders for resilience upgrades, and additional resilience investments. Resilience upgrades can help reduce risk to the FAIR plan and, in some cases, make properties insurable by admitted market carriers.

Case Study: North Carolina's insurer of last resort is reducing risk through resilience investments.

The North Carolina Insurance Underwriting Association (NCIUA), the state's insurer of last resort, incentivizes resilience investments to reduce risk for the policyholder and the insurer.[28] NCIUA administers the Strengthen Your Roof grant program for FORTIFIED roof upgrades, offering grants of up to $10,000 to policyholders on the barrier islands and $6,000 in other coastal areas. NCIUA also offers a FORTIFIED roof endorsement to policyholders. When a roof replacement is required following a disaster, NCIUA will pay an additional $5,000 to upgrade a home to a FORTIFIED roof. In North Carolina, private insurers and NCIUA are required to offer discounts to policyholders for FORTIFIED roofs. NCIUA has also pioneered a Resilience Catastrophe Bond, a $600 million insurance-linked security, which offers catastrophe protection to NCIUA and pays into NCIUA's resilience efforts.[29]

4. States should build towards whole-home retrofit programs inclusive of energy efficiency and emissions reduction projects.

a. **Fund home retrofits with the goals of both resilience and emissions reduction.** Resilience investments alone are not enough to keep communities insured, lower

[28] Hope Thompson, In North Carolina, Opportunities to Protect People—Not Just Insurance Profits, NRDC (Feb. 24, 2026).
[29] The University of North Carolina at Chapel Hill School of Law, Historic $600 million insurance innovation links storm-resilient construction with financial markets (Oct. 23, 2025).

costs, and protect against climate disasters. Continued greenhouse gas emissions are accelerating climate change and increasing the likelihood of disasters, contributing to larger insured losses. Emissions reduction is needed alongside resilience investments to reduce risk. Given the significant emissions contribution from household energy use, home retrofit programs have the potential to achieve both emissions reduction and resilience goals, while lowering regular utility costs for homeowners. States should consider funds for grants that achieve both resilience and emissions reduction, such as double-paned windows and duct sealing to lower household energy use and reduce wildfire risk, as well as bundled retrofit approaches, such as programs that target attic insulation, roof fortification, and rooftop solar together.

b. **Establish an interagency council to coordinate across multiple state grant programs spanning climate resilience, emissions reduction, and energy efficiency and build toward a central hub for administering climate-related grant programs.** Insurance departments should formalize coordination with state housing, environmental, and other relevant agencies through mechanisms such as an interagency council. An interagency council can facilitate resilience and emissions reduction upgrades on the same property, leverage existing program capacities and expertise, share data across agencies, convene nongovernmental stakeholders, and other functions. Long-term, states should consider combining programs related to home resilience, weatherization, and emissions reduction into one holistic, whole-home retrofits navigator. As part of this approach, housing counselors or case managers should be trained to provide guidance to homeowners on accessing available grants or making necessary changes to their property to become eligible for resilience or emissions reduction investments. Because community needs will overlap and programs will face similar challenges, combined outreach, awareness, and planning can increase uptake for each grant program.

Case Study: Pennsylvania's central grant navigators.

Pennsylvania's state Whole-Home Repairs Program provides funding for safety, energy and weatherization retrofits, such as roof repair, lead and mold remediation, insulation, weatherization, and HVAC upgrades. The Whole-Home Repair Program funds Philadelphia's Built to Last program, which maintains a central navigator hub for multiple grants, with a single intake and case management system to streamline access. Combining multiple grants into one central hub has reduced application burdens, cut program costs, and shortened the project timelines for homes.[30]

c. **Create workforce recruitment and training programs to respond to climate challenges.** Achieving resilience and emissions reduction goals will not be possible without a skilled workforce that can complete these projects. States should do proactive outreach to workers and labor unions, rather than assume a skilled workforce will be available at program launch, and invest in recruiting and training workers if needed. Investing in workforce training and recruitment has benefits beyond the grant program. Homeowners who do not receive grants but independently make resilience or emissions reduction upgrades to their homes likewise need skilled workers to complete these projects. States should publish and regularly update an online list of skilled or certified contractors so homeowners can contact them easily. Furthermore, states should consider subsidizing the cost to become a certified evaluator, contractor, or builder for resilience or energy retrofits to promote uptake.

5. States should target long-term success through comprehensive resilience and mitigation strategies.

a. **Build new homes to resilient standards.** In addition to protecting and insuring existing homes and communities, new home developments should be approved only in lower disaster risk areas and should be built to the highest available standards of resilience. States and municipalities should update building and energy codes and standards to align with the requirements of their resilience grant programs. Without requiring resilient construction, the state is contributing to risk in housing and insurance markets at the same time it is attempting to invest in risk reduction.

[30] Susanna Berkouwer & Adi Jahić, Building to Last: Impacts of a Philadelphia Energy-Efficiency Housing Rehabilitation Program for Low-Income Households, Kleinman Center for Energy Policy (April 2024).

b. **Expand investments in community-wide resilience and climate risk reduction.** In addition to individual grants to households and housing providers, meaningful loss reduction will require broader, community-level resilience that can more substantially reduce risk, particularly for wildfires and floods. Homes are dependent on the infrastructure that surrounds them, and investments in infrastructure resilience, emergency services, and public resources are equally important. States should center grant programs within broader efforts to mitigate risk and establish a nonlapsing fund and funding mechanisms for community-level resilience measures against floods, fires, and any other extreme weather and disasters.

c. **Bolster resilience investments with state climate mitigation strategies.** To mitigate climate change and, therefore, insured losses, states need comprehensive plans to reduce carbon emissions. This can include creating goals for net-zero emissions and integrating them into policy across sectors, using all available tools. In addition to supporting renewable energy usage on the household level, states can promote broader clean energy adoption through policies affecting private vehicles and charging infrastructure, commercial buildings, and utilities. States can also curtail new fossil fuel infrastructure, require fossil fuel companies to pay for resilience, and require the financial sector to address climate-related risks.

Conclusion

The accelerating frequency and intensity of climate disasters requires resilience upgrades at a large scale. Grant programs can help build needed resilience in the face of accelerating disasters while lowering insurance costs and keeping communities economically viable. As additional states consider creating resilience grant programs, they should adopt best practices from existing programs and innovate to address remaining gaps. States should prioritize funding programs with fees and taxes on insurers, targeting the most physically and financially in-need communities, and integrating resilience grant programs with property-level energy efficiency and emissions reduction projects.

States should also seek to address resilience needs at the scale required. Widespread resilience improvements across the existing housing stock are needed to meet a world shaped by climate change. In addition to creating and funding grant programs, states should adopt a comprehensive strategy to create resilient homes and lower insurance costs. This approach should include investing in community-scale resilience, building and rebuilding new homes to resilient standards, and prioritizing emissions reduction.