

Resilient States Start with Resilient Homes

A legislative guide to bolstering resilience and promoting affordability through state resilient home retrofit grant programs.

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Executive Summary

Climate change is [threatening the affordability](#) and [availability](#) of property insurance throughout the United States. [Growing losses](#) from wildfires, hurricanes, severe convective storms, and other disasters are causing widespread insurance market disruptions. State policymakers are increasingly facing pressure to dedicate a [larger share of state budgets toward disaster preparedness](#), while also intervening to stabilize insurance markets.

As state policymakers work to address these challenges, one popular intervention has been the establishment of resilient home retrofit programs, which offer grants to homeowners for property-level resilience upgrades. These programs typically fund roof fortification, but in some cases also fund home hardening against wildfires and, less frequently, property-level flood mitigation projects. They are designed to reduce losses and insurance claims in the event of a disaster and are frequently funded in whole or in part by fees or taxes paid by the insurance industry.

This report focuses on these property-level resilience retrofit programs, making recommendations to improve existing programs and expand programs to other states. It does not make recommendations for other state climate resilience efforts nor suggest that property-level resilience retrofit programs are the only solution to the wide range of resilience needs states face. Instead, this report will frame property-level resilience retrofits as a critical tool within the broader [toolkit of policies needed to bolster climate resilience](#).

Well-designed resilience retrofit programs will help confront rising insurance costs—one of the major ways that [climate change is threatening household affordability](#). When implemented alongside state investments in energy efficiency and climate pollution reduction, these programs can meaningfully reduce climate-driven cost increases for households.

The growth of roof fortification programs in particular is based largely on the proven [success of the Strengthen Alabama Homes program](#), which provides \$10,000 grants to homeowners for wind and hurricane resilient roof upgrades. That program has relied on research insights from the Insurance Institute for Business & Home Safety (IBHS), an insurance industry funded nonprofit focused on demonstrating and quantifying the impacts of different mitigation actions on reducing insured losses. States seeking to emulate Alabama’s approach have usually named their programs “Strengthen [State] Homes” or “Fortify [State] Homes” programs.

Alabama’s successful roof fortification program, built on research from IBHS, has [prompted a host of state governmental roof fortification efforts](#), as well as more recent incentives for wildfire home hardening. At the Spring 2026 meeting of the National Association of Insurance Commissioners (NAIC), [numerous insurance commissioners celebrated](#) the spread of Alabama’s model to other states.

Encouraging though it is to see more states promoting resilience, several of the existing programs lack dedicated funding, data-driven objectives, and equitable design features. These shortcomings create the real possibility that programs will fail to meaningfully improve the affordability and availability of insurance and could end up excluding the very communities most in need of assistance. As more states look to create these programs, it’s critical to design them for success. To do so, states should consider key lessons and best practices emerging across other states.

This report puts forth priorities for program design for home resilience retrofit grant programs. The majority of these recommendations are applicable to roof fortification and wildfire home hardening programs, with some recommendations applicable to similar property-level flood mitigation programs as well. The report also outlines recommendations for how resilience retrofit programs can be integrated with other elements of state policy to stabilize insurance markets and promote climate resilience.

States with existing programs should apply these best practices and lessons learned from other states to ensure they effectively and equitably tackle the full scale of resilience needed across the state. Policymakers in states that have not set up a program yet should use the principles that follow to establish robust programs that achieve the scale of property-level risk reduction needed in response to growing climate damages.

Effective programs will address the following priorities. The underlying program design principles can help states achieve these priorities.

A. ESTABLISH ROBUST RETROFIT GRANT PROGRAMS THAT MEET LOCAL NEEDS WITH ADEQUATE FUNDING FROM THE INSURERS THAT BENEFIT FROM RESILIENCE RETROFIT INVESTMENTS.

- Inform grant program design through research on the type and scale of property-level resilience retrofit investments needed throughout the state.
- Require insurers to contribute to grant programs through fees or premium taxes.
- Revenue should be deposited in a nonlapsing fund, with grants available on an ongoing basis.

B. TARGET GRANTS TOWARD THE COMMUNITIES IN GREATEST NEED OF FINANCIAL ASSISTANCE FOR PHYSICAL RISK MITIGATION.

- Evaluate the full range of risk mitigation needs for each program applicant, providing upfront costs associated with resilience upgrades as grant-eligible.
- Offer larger grant sizes for low- and moderate-income homeowners.
- Enable nonprofit organizations to receive and disburse grant funding.
- Extend grant program eligibility and insurance discounts across property types, including to multifamily properties, mobile homes, modular homes, and manufactured homes.
- Use granular insurance department data to target grant programs rather than rely on insurance companies to provide this information.
- Include low-income uninsured homeowners as eligible for resilience retrofit grants.

C. ENSURE THAT RESILIENCE RETROFIT INVESTMENTS RESULT IN COST SAVINGS AND OTHER BENEFITS FOR POLICYHOLDERS.

- Require insurers to reward resilience upgrades through discounts based on avoided losses and by incorporating broader resilience investments into risk modeling.
- Extend notice periods for insurance non-renewals to provide homeowners additional time to make resilience upgrades.
- Require insurers to offer no- or low-cost endorsements for cost-effective resilience retrofit upgrades to encourage rebuilding to resilient standards in the event of a disaster.
- Integrate resilience retrofit grant programs with the state's residual markets, usually called the Fair Access to Insurance Requirements (FAIR) Plan, and direct them to provide additional insurance resilience benefits.

D. BUILD TOWARDS WHOLE-HOME RETROFIT PROGRAMS INCLUSIVE OF ENERGY EFFICIENCY AND CLIMATE POLLUTION REDUCTION PROJECTS.

- Fund home retrofits that advance both resilience and climate pollution reduction.
- Establish an interagency council to coordinate across multiple state grant programs (spanning climate resilience, disaster preparedness, climate pollution reduction, and energy efficiency) and build toward a central hub for administering climate-related grant programs.
- Create workforce recruitment and training programs to respond to the scale of statewide fortification needs.

E. TARGET LONG-TERM SUCCESS THROUGH COMPREHENSIVE RESILIENCE AND CLIMATE POLLUTION REDUCTION STRATEGIES.

- Build new homes to resilient standards.
- Expand investments in community-wide resilience and climate risk reduction.
- Bolster resilience investments with state climate pollution reduction strategies.

Background, History, and Definitions

CLIMATE CHANGE IS INCREASING COSTS AND 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% of those losses originating in the United States. In response to the growing costs of climate change, insurers are raising rates rapidly. Property insurance prices increased by an estimated [12% nationally in 2025](#) following an estimated [24% increase between 2021 and 2024](#). Though insurance costs are rising across geographies, costs are most burdensome in particularly climate vulnerable areas. With global temperatures on track to [exceed 2 degrees Celsius](#) above preindustrial levels as soon as 2029, the scale of this challenge is expected to continue growing.

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. Rising insurance costs can also increase financial burdens for renters, as landlords, particularly in tight rental markets, are [passing rising insurance costs onto their tenants](#). Lack of insurance affordability and availability is also [hampering affordable housing development](#) throughout the country.

As insurance becomes less affordable and less available, some homeowners are being forced onto [residual market plans](#) or plans offered by [non-admitted carriers](#) (also called surplus lines), which frequently provide less comprehensive coverage for a higher price, sometimes [without core consumer protections](#). Other homeowners are responding to rising insurance costs by reducing insurance coverage or going without insurance entirely. Researchers predict that if insurance price increases continue at current rates, a sizable percentage of households will be [forced to reduce insurance coverage](#), exposing households to significant financial risk in the event of a disaster.

All of these dynamics are worsening the insurance protection gap—the difference between total losses and insured losses. When the protection gap grows, the share of disaster recovery and rebuilding costs that are borne by governments, businesses, and households grow. A larger protection gap can place chronic stress on state budgets and local economies. Analysts at the First Street Foundation have warned that growing climate risk and its impact on insurance markets may [imperil real estate values](#), in turn [stressing municipal bond markets](#) and making it harder for municipalities to finance themselves.

INVESTING IN RESILIENCE IS ESSENTIAL FOR STABILIZING INSURANCE MARKETS.

As the impacts of climate change grow more severe and widespread, resilience investments become more essential. Investments in resilience provide significant cost savings in the event of a 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 that otherwise would be assumed by homeowners, insurers, or state governments. Through reducing damages and insured losses, resilience investments can also promote greater availability of insurance by making insurers more willing to write coverage in markets they might otherwise exit. Numerous studies have shown that community investments in [ecological floodplain management](#) and [landscape-level forest management](#) can substantially bring down insured losses. Applied to the household level, fortification upgrades have been shown to [reduce losses and insurance claims](#) in the event of a disaster and keep properties insurable over the long-term.

Risk reduction investments are essential in every region of the country. Wildfires and hurricanes rightly capture significant attention, but they are not the only drivers of rising insurance costs. In the Midwest and Southwest, where insurance premiums are rising quickly, hail exposure plays a significant role. States like Nebraska, Illinois, and Iowa have seen some of the sharpest spikes in insurance premiums, driven largely by severe convective storms. In Colorado, wildfires were initially assumed to be the primary driver of insurance cost and availability changes; instead, hail has been identified as the number one cost driver. Analysis by the Colorado's Division of Insurance reveals that hail risk accounted for an average of [26% to 54% of annual homeowners insurance premiums](#). The rise in both hurricane and hail risk makes roof fortification an essential component of resilience. As [wildfire-prone geographies expand](#), wildfire home hardening will also be essential in growing regions of the country.

Insurers are currently incentivizing investments in property-level resilience in three key ways:

- Grants - Where a state, insurer, or another entity (e.g., [The Federal Home Loan Bank of Dallas](#)) offers an amount of money to a homeowner to use toward resilience improvements.
- Discounts - Where an insurer offers a discount, commonly a percentage reduction of a policyholder's annual property insurance premium, for having implemented resilience improvements that meet a certain standard or certification.
- Endorsements - Also known as riders, endorsements are amendments to existing insurance contracts that allow the policyholder to upgrade their home or business to be more resilient following a claim and a certain amount of damage to their property, with no or minimal additional costs.

States have relied heavily on standards established by IBHS for resilience retrofit grants, discounts, and endorsements. IBHS's two risk mitigation programs are [FORTIFIED](#) and [Wildfire Prepared](#), and they include opportunities for multifamily properties, modular homes, and community-level protections. More details about these standards are provided in the appendix of this report. Fortified roof programs are currently more common than wildfire programs across states, but interest is growing in both. For perils where IBHS has not established resilient standards, such as flood, states may wish to establish their own standards to direct insurance incentives.

What is IBHS? The Insurance Institute for Business & Home Safety is a scientific research nonprofit funded by the insurance industry. IBHS is a leader in building safety research and providing real-world solutions for home and business owners, helping to create more resilient communities.

What is the NAIC? The National Association of Insurance Commissioners is a standard-setting organization governed by the chief insurance regulators from the 50 states, the District of Columbia, and five U.S. territories to coordinate regulation of multistate insurers. The NAIC provides expertise, data, and analysis for insurance commissioners to effectively regulate the insurance industry and protect consumers.

States and the IBHS should evaluate if current FORTIFIED roof standards are optimal for long-term cost savings and insurance benefits. At numerous recent meetings of the NAIC, insurance commissioners have [shared concerns](#) and [anecdotes](#) suggesting that the standard age for what is considered an insurable roof ([generally 15-20 years](#)) seems to be changing. IBHS leadership has confirmed that the most common roof material in the U.S.—asphalt roof shingles—[do not perform well after more than 10 years](#). Researchers have also found that metal roofs, although more expensive to install up front, [perform better even when they're older](#). To maximize the effectiveness of resilience programs, more research needs to be done to confirm the comparative cost-effectiveness and risk reduction benefits related to different roof materials.

THE STRENGTHEN ALABAMA HOMES PROGRAM PROVIDES A TEMPLATE FOR OTHER STATES LOOKING TO ADOPT RESILIENCE GRANT PROGRAMS.

Resilient homes programs are primarily state-operated grant programs to assist homeowners with property-level resilience investments for the purpose of reducing damages and insurance claims in the event of a disaster. 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 high risk counties in Alabama are eligible for a grant up to \$10,000 for a roof upgrade meeting the IBHS FORTIFIED Roof standard.

The program has proved successful. A study of insurance claims and payments in Alabama following Hurricane Sally in 2020 found that homes with FORTIFIED roofs had at least [55% lower claim frequency and 15% lower claim severity](#) than homes with standard roofs. The program's success, as well as [national media coverage](#) highlighting the relative health of Alabama's insurance markets, compared with neighboring Gulf South states, helped the approach gain traction in other states.

The Strengthen Alabama Homes program was authorized in 2011 without a dedicated source of funding, leaving funding up to legislative appropriations, the receipt of federal grants, or other sources. In 2015, the state passed legislation to [increase insurance company licensing fees](#) for the purpose of funding the Strengthen Alabama Homes program. Licensing fee revenue is currently the sole source of program funding.

Alabama has pursued other mandatory insurance company incentives for meeting FORTIFIED roof standards. Mandatory discounts ranging from 20% to 55% for FORTIFIED roofs went into effect statewide for home and commercial policies in 2018, and requirements that insurers offer FORTIFIED roof endorsements began in 2020. By the time Hurricane Sally hit in 2020, homes with fortified roofs had fewer and less expensive claims, and [more than 80% of the fortified roofs in IBHS's study had been fortified without grant funding](#). In other words, supplementing grants with discounts and endorsements created an economic ecosystem where fortification could become the norm in Alabama. The success of this approach also highlights that, when pairing significant discounts with grants, the grants should be targeted to households that do not have the financial resources to invest up front.

In eleven states and counting, insurance departments are incentivizing investments in climate resilience by providing grant funding to homeowners and nonprofit organizations assisting in home retrofitting for property-level resilience upgrades. In addition, the Federal Home Loan Bank (FHLB) of Dallas launched a grant program through FHLB member institutions in 2023 that now covers Arkansas, Louisiana, Mississippi, New Mexico, and Texas. Through

this program, grantees can receive up to \$17,000 for a FORTIFIED roof replacement on an existing home. In states like Louisiana, the state program funds are applied first, and FHLB funds can be applied afterward. New programs in [Arkansas](#), [Colorado](#), [New Hampshire](#), and [Rhode Island](#) have been signed into law, but not yet launched. It should be noted that of these newly authorized programs, only the Strengthen Colorado Homes program provides a funding mechanism that will allow the program to make grants in the near future. The other three states' new programs have [not yet had funding appropriated](#) to them.

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
California	California Safe Homes	Offers grants to homeowners for resilience upgrades matching the standards specified in the insurance department's Safer from Wildfires regulations.	State appropriations
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 the 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 Strengthen Your Coastal Roof (SYCR) Stronger Roof	Strengthen Your Roof offers up to \$10,000 grants to eligible NCIUA policyholders for FORTIFIED roof upgrades. Strengthen Your Coastal Roof provides up to \$6,000 for eligible NCIUA policyholders in 18 coastal counties. NCIUA "Stronger Roof" program covers up to \$5,000 after a loss for roof upgrades.	North Carolina Insurance Underwriting Association *As of June 2026, the NCJUA, North Carolina's FAIR plan, is also offering additional grants.
Oklahoma	Strengthen Oklahoma Homes	Offers \$10,000 grants to homeowners for FORTIFIED roof upgrades.	Insurance industry fees collected by the Department of Insurance
South Carolina	SC Safe Home Mitigation Grant	Offers up to \$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

THE NEED FOR RESILIENCE OUTWEIGHS CURRENT COMMITMENTS AND PLANS BY STATES.

To date, most insurance departments have not considered the scale of resilience investments needed to stabilize insurance markets in the face of growing climate disasters. The NAIC has [set a goal](#) of scaling up the number of fortified homes from [roughly 100,000 today](#) to 1 million homes nationally. Although this is an ambitious goal, it does not reflect the scale of fortification needed to meaningfully reduce risk for households and communities and calm insurance market disruptions.

In states where grant programs have been established, [they are often oversubscribed](#), and the need for resilient homes will only grow with time as climate change expands the reach of disaster events and more communities become vulnerable. An [estimated 1.5 million properties](#) have a greater than 26% chance of burning over the next 30 years and an [estimated 43.5 million homes](#) nationally face elevated risk of hail damage.

States must also recognize that resilience retrofit grant programs are only one solution to address the growing impacts of climate change on insurance markets. Community and landscape scale resilience is also needed in response to escalating climate disasters. Additionally, insurance markets are affected by a host of interrelated public policy issues, including [land use, building codes, and energy policy](#). Legislation authorizing resilience retrofit programs will not single-handedly resolve all of these issues, but their establishment presents an opportunity to foster better intergovernmental coordination toward these shared policy imperatives.

Ultimately, addressing the insurance crisis at its source also requires decarbonization through rapid greenhouse gas emissions 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. Stabilizing property insurance markets requires both climate mitigation and climate resilience, not a choice between the two.

WILDFIRE HOME HARDENING MEASURES ARE NOT EXPANDING QUICKLY ENOUGH TO MEET THE CRISIS.

As losses from climate disasters continue to grow in their scale and complexity, state governments need to build resilience from multiple perils. The IBHS supplemented its existing FORTIFIED standard with its Wildfire Prepared standard in 2022. The IBHS's [Wildfire Prepared Standard](#) specifies roof and construction materials that are less combustible and therefore less hazardous, and details best practices for increasing defensible space, managing vegetation, and otherwise reducing risk. Four states participated in the Wildfire Prepared designation initially, [expanding to 14 states in 2026](#).



Source: Earth.org

In 2025, two states took lessons from resilience programs that were developed with hurricanes and storms in mind and applied them to the wildfire context. With the passage of [The Wildfire Prepared Act](#), New Mexico became the [first state to enact a wildfire-specific grant program](#). The Wildfire Prepared Act established a wildfire task force to distribute mitigation resources to local governments, and directed the task force to establish standards that were at least as strong as those promulgated by IBHS.

Importantly, the Wildfire Prepared Act supports community level mitigation—actions like landscape scale forest treatment—which tend to [reduce risk more effectively than household actions](#). Unfortunately, after establishing these strong standards, [New Mexico’s legislature failed to fund these programs](#), authorizing a \$10 million appropriation to support household-level mitigation instead. New Mexico policymakers have the opportunity to build on their 2025 actions by fully funding the community level grants that the wildfire task force stands ready to distribute.

Also in 2025, California’s legislature enacted [The California Safe Homes Act](#), creating the California Strong Homes grant program. The grant program, which is [expected to launch this year](#), has a focus on reducing wildfire risk, with grant eligibility dependent on meeting the [Safer from Wildfires standard](#). That standard was developed by the California Department of Insurance (CDI) in 2022, in a process that was separate from the IBHS’s standards development. The Safer from Wildfires standard outlines 10 steps households can take—including upgrading to a Class-A fire rated roof, upgrading eaves and windows, and creating a five-foot ember-resistant zone around the home—to reduce wildfire risk. When the CDI finalized those standards, it [also mandated discounts to reward the mitigation steps](#).

CDI’s approach has prompted criticism. The [insurance industry has argued](#) that discounts should only be required if all of the steps from the Safer from Wildfire standard are satisfied, notwithstanding research finding that [each individual mitigation action reduces risk](#). Given the complexity and cost of implementing the full standard, there are also concerns that grants provided under the program may be insufficient.

Since [severe convective storm damages are climbing](#) virtually everywhere and wildfire risk is growing, even in [geographies where it has not been high historically](#), state policymakers should encourage retrofits that reduce risk across a range of perils if possible. In so doing, states should adopt the IBHS’s standards to avoid raising both fiscal and political complications.

Policy Recommendations and Design Principles

The following policy recommendations represent best practices for states adopting resilience grant programs. Successful programs will meet local needs with adequate funding from the insurance industry, target the communities in greatest need of financial assistance for risk mitigation, ensure that resilience investments result in cost savings and other benefits for policyholders, build towards whole-home retrofit programs inclusive of energy efficiency and climate pollution reduction projects, and be a part of states' comprehensive resilience and mitigation strategies—rather than approached as the entire solution to climate challenges.

A. ESTABLISH ROBUST RETROFIT GRANT PROGRAMS THAT MEET LOCAL NEEDS WITH ADEQUATE FUNDING FROM THE INSURERS THAT BENEFIT FROM RESILIENCE RETROFIT INVESTMENTS.

1. INFORM GRANT PROGRAM DESIGN THROUGH RESEARCH ON THE TYPE AND SCALE OF PROPERTY-LEVEL RESILIENCE RETROFIT INVESTMENTS NEEDED THROUGHOUT THE STATE.

States should establish grant programs reflective of both the type and scale of property-level resilience investments needed in the state over the long-term. The realities of climate change necessitate widespread property-level resilience investments. Even with rapid and widespread carbon emissions reduction, past and ongoing emissions will continue to increase global temperatures and the frequency and severity of extreme weather events for decades to come.

Currently, the majority of roof fortification programs are administered by insurance departments, but states should evaluate if insurance departments are the right administrators of the grant program, or if housing authorities or other agencies that have existing relationships with contractors, affordable housing operators, and nonprofit organizations are better suited to administer these programs.

In part because state insurance departments generally do not have experience administering grant programs, resilience programs have typically been set up as pilot programs. These pilot programs can be useful for refining the approach to grant administration, but they also risk wasting valuable time. Regardless of which state agency ends up getting tasked with administering the grants, states should learn from the successes and shortcomings of existing grant programs and position their programs to support mitigation at the scale required as soon as possible. By designing and implementing a well-funded program with an ambitious scale, the grant programs can have co-benefits for participants and non-participants alike, extending to workforce development and beyond.

2. REQUIRE INSURERS TO CONTRIBUTE TO GRANT PROGRAMS THROUGH FEES OR PREMIUM TAXES.

Establishing grant programs at the scale of the need in a state will require stable and long-term funding. Given the existing strain on households and state and local government budgets, property-level resilience grant programs that are designed to lower insured losses should require the property insurance industry to contribute through fees or premium taxes on both admitted and non-admitted carriers operating in the state.

Insurance departments should not divert or transfer funds that would result in decreased department staffing, oversight, or regulatory enforcement in order to fund resilience grant programs. Instead, insurance departments should increase fees or premium taxes on property insurers operating in the state. This will ensure existing insurance department capacity is not eroded to fund grant programs and will support ongoing program viability as climate-driven disasters increase in frequency and expand in geographical scope.

Legislators and insurance commissioners should consider increasing fees or premium taxes proportional to insurer underwriting profits, loss ratios, or rate increases. Connecting fees to these metrics, thereby reducing insurer incentives to raise rates excessively or deny claims, can also incentivize insurers to improve market conduct over time. Insurance departments should be vigilant of attempts by insurers to pass through increased fees onto policyholders through rate increases, especially in states that utilize a “file and use” or “use and file” system rather than requiring prior approval of rates.¹

Insurers can afford to contribute to these programs, as they have maintained high profits and low loss ratios in recent years. While individual company finances vary, in 2025, the industry overall made \$67.8 billion in underwriting profit, the strongest underwriting gain in nearly 20 years. Even as climate disasters have made underwriting gains less reliable in some years, investment income has consistently allowed insurance companies to make generous distributions to their shareholders and executives. Years of declining loss ratios, or the fraction of premium collected paid out in claims, left insurers with \$1.27 trillion at year-end 2025.

In addition to increasing fees or premium taxes, states can consider polluter pay models that allow states or insurance companies to seek funding for resilience investments from fossil fuel companies—the primary source of climate risk. For example, in Connecticut, [a proposed bill](#) would establish a 5% surcharge on insurance policies for oil, gas and coal companies, the proceeds of which would be used to fund flood resilience projects in the state.

STATE EXAMPLES:

Existing resilience grant programs are already funded, in large part, by the insurance industry. States have developed multiple approaches to fund their programs:

Insurance department surpluses. Several resilience grant programs were seeded with revenue already collected by the state’s insurance department or are funded on an ongoing basis by surplus insurance department funds. Insurance departments are frequently funded through fees and taxes on insurers, rather than from state appropriations. In 2025, Maine seeded the Fortify Maine Homes program with [\\$15 million of surplus funds](#) from the Bureau of Insurance. The Strengthen Oklahoma Homes program is funded on an annual basis with surplus funds. In Oklahoma, the Insurance Commissioner can transfer up to [50% of the State Insurance Commissioner Revolving Fund](#) to the Strengthen Oklahoma Homes Revolving Fund, up to \$10,000,000, at the end of each fiscal year. However, this is unlikely to be a sustainable approach for most states. State insurance departments generally [do not have an adequate](#) degree of staff capacity to scrutinize rate increases and perform other regulatory responsibilities. It is important for state policymakers to evaluate whether current revenue at the insurance department is adequate before tapping this revenue source.

¹ States have different approaches to regulating insurance rates. In ‘file and use’ states, insurance companies file rates with the state insurance commissioner, who has a fixed period to review. The insurance commissioner can reject the rate within the fixed review period. With no action, the rate can go into effect. In ‘use and file’ states, insurance companies simultaneously charge new rates and submit rates to the insurance commissioner who has a fixed period to roll back the insurer’s rate, if desired. In ‘prior approval’ states, insurance commissioners must approve a rate request before it can be implemented.

Fees and premium taxes on insurance companies. This year, Colorado passed legislation to create the [Strengthen Colorado Homes Enterprise](#), a state program authorized to collect a fee on insurance companies and disburse grant funding for resilient roof upgrades. The enterprise is authorized to collect a tax of 0.5% of total premium collected by an insurer on multiperil homeowners insurance policies in the state in the previous year, up to \$100 million over 5 years. Under the law, insurers are prohibited from passing along the fee onto policyholders as a surcharge. In 2015, [Alabama increased insurance industry licensing fees](#) to fund the Strengthen Alabama Homes Program and in 2026, [Mississippi increased insurance agent certificate of authority fees](#) to fund the Strengthen Mississippi Homes program. States funding their grant programs through fees or premium taxes should follow the lead of Louisiana and [require non-admitted carriers to pay into resilience grant programs](#) as well.

3. REVENUE SHOULD BE DEPOSITED IN A NONLAPSING FUND, WITH GRANTS AVAILABLE ON AN ONGOING BASIS.

States should establish dedicated funds to deposit fees or other funding sources for resilience grant programs. These funds should be nonlapsing and should not be subject to fiscal year limitations. Establishing [dedicated funds to support mitigation](#) has proven worthwhile in a wide range of state and local government contexts. Creating dedicated funds helps ensure that revenue generated for grant programs is not diverted for other uses or to cover budget shortfalls. Creating funds which are nonlapsing helps demonstrate a long-term commitment to climate resilience. For practical reasons it is also essential that grant program funds are not subject to fiscal year limitations, which would create artificial deadlines for grant disbursement misaligned with project completion.

In several states, authorizing legislation clarifies that the grant program fund can receive contributions from numerous sources, including federal grants or bond proceeds. Though states should not depend on these funding sources, they should allow program funds to receive money from these sources for maximum flexibility. Programs should undergo periodic evaluations to determine the scale of fortification still needed and the necessity of additional funding.

STATE EXAMPLES:

Many states have created or proposed dedicated, nonlapsing funds for resilience grant programs. In Maine, legislation authorizing the [Fortify Maine Homes program](#) created the Home Resiliency Fund as a “nonlapsing” account that “may receive money from any gift, grant, contribution, legislative appropriation, allocation, or transfer or bond proceeds.” In Rhode Island, the legislature approved a bill to create the [Strengthen Rhody Homes program](#). That legislation stipulates that the program will be supported by a fund, which “shall be a continuing fund, not subject to fiscal year limitations, and shall consist of any monies deposited to the fund from the receipt of federal grants or funds or from other sources of grants or funds.”

Numerous states have identified inadequate funding as a problem after initially setting up these programs. The Fortify Louisiana Homes program has consistently experienced far [more demand for grants than available money](#), one factor in Governor Jeff Landry’s reversal in his approach to the program. Initially, Landry [proposed](#) slashing funding for the program substantially and was met with consistent public pressure from housing advocates. In 2026, Landry [signed legislation](#) to add \$50 million to the program, and reportedly “praised the fortified roof subsidy as a data-driven solution to Louisiana’s homeowner insurance crisis.” Similarly, in Minnesota, the legislature created the Strengthen Minnesota Homes program in 2023, but [funded it at only \\$1 million](#), well short of the governor’s proposal to support the program with \$16 million in each of its first two years. Minnesota’s legislature subsequently authorized a Task Force on Homeowners and Commercial Property Insurance, which highlighted [funding the program](#) as one of its major recommendations.

B. TARGET GRANTS TOWARD THE COMMUNITIES IN GREATEST NEED OF FINANCIAL ASSISTANCE FOR PHYSICAL RISK MITIGATION.

1. EVALUATE THE FULL RANGE OF RISK MITIGATION NEEDS FOR EACH PROGRAM APPLICANT, PROVIDING UPFRONT COSTS ASSOCIATED WITH RESILIENCE UPGRADES AS GRANT-ELIGIBLE.

To incentivize program uptake, particularly for low- and moderate-income (LMI) households, any upfront costs associated with the resilience project, such as an evaluator assessment to determine eligibility, should be eligible for grant funding. Expenses 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 resources. Case managers 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.

STATE EXAMPLES:

In North Carolina, a grant program administered by one of North Carolina's insurers of last resort, the North Carolina Insurance Underwriting Association (NCIUA), [pays the fees](#) for FORTIFIED evaluations and certifications for policyholders. This allows homeowners to access the technical assessments necessary to verify their home meets the standards. Because assessments alone can cost upwards of \$600, paying for the evaluator fee can significantly reduce the cost barrier to participation.

2. OFFER LARGER GRANT SIZES FOR LOW- AND MODERATE-INCOME HOMEOWNERS.

States should consider offering larger grants that either meet or come closer to meeting the full cost of resilience upgrades for LMI homeowners. To extend funds to a larger pool of recipients, they should explore partnerships with other entities, including nonprofit organizations, green banks or local Community Development Financial Institutions, which can provide additional funds or low- or no-interest financing. **States should consider streamlined approaches to determining eligibility for larger grant sizes, for example eligibility for other existing state benefits such as state Medicaid or SNAP benefits, to avoid lengthy and resource intensive eligibility verification processes.**

The \$10,000 standard grant size for a fortified roof leaves significant costs for the homeowner to cover—\$10,000 or more in some cases. For many LMI homeowners, this cost is prohibitive and disincentivizes participation in the program. Program design that in practice excludes LMI homeowners both limits program usefulness and creates significant equity concerns. Due to a history of systemic exclusion, low-income households are overrepresented in climate-vulnerable areas and are disproportionately subjected to higher premiums or loss of coverage. Further limiting investment in climate-vulnerable LMI communities only [exacerbates existing inequalities](#).

STATE EXAMPLES:

Fortify Maine Homes, a program that provides grant funding for FORTIFIED roof replacements and property-level flood mitigation addresses the needs of LMI homeowners by offering a two-tier structure for grant eligibility. The standard grant size is \$10,000, while lower-income

homeowners are eligible for an enhanced grant of \$15,000. The legislation that authorized the Fortify Maine Homes program gave the Bureau of Insurance the ability to [establish two or more tiers of eligibility](#) based on factors that reflect the income or financial means of the applicant and set different maximum grant sizes across tiers. 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.

3. 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. States should verify that nonprofit organizations have experience with home building or retrofitting, and require documentation that nonprofits are effectively using public resources.

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.

STATE EXAMPLES:

Learning from the uptake challenges of early state grant programs, many states are considering nonprofit eligibility from the start and clarifying eligibility in authorizing legislation. In 2024, legislation to establish the [Strengthen Kentucky Homes Program](#) ensured nonprofits were eligible to receive grants along with homeowners. In Rhode Island, the Strengthen Rhody Homes program makes similar provisions for nonprofits.

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. On the state level, legislators can exclude grant funding from state income tax in the authorizing legislation.

CASE STUDY

Lessons 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 annually in premium](#), on average. 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% of homes in the state](#)—are not eligible. 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. Following significant advocacy in the state, starting in 2027, Louisiana will move to a [benchmark approach for FORTIFIED roof discounts](#). Insurers will be mandated to provide department-set discounts for the hurricane portion of the insurance premium ranging from 16% to 49% based on geography and roof type.

Given Louisiana's exposure to climate disasters today, scaling up the program quickly is essential, including by accelerating uptake by LMI homeowners. Advocates in Louisiana have pushed the state to expand the grant program to meet the scale of resilience required by making the program more accessible to LMI homeowners. At the current pace, advocates estimate it would take until 2062 to retrofit 25% of Louisiana homes through the grant program, far too slow a pace for the climate challenges the state faces. This gap underscores the need for the grant program to serve as a catalyst, supporting economic development advancements that can help the state meet its goals faster. To this end, nonprofit organizations are also innovating ways to supplement the services being provided by the state, for example, by conducting workforce training programs for roof retrofits.

4. EXTEND GRANT PROGRAM ELIGIBILITY AND INSURANCE DISCOUNTS ACROSS PROPERTY TYPES, INCLUDING TO MULTIFAMILY PROPERTIES, MOBILE HOMES, MODULAR HOMES, AND MANUFACTURED HOMES.

Grant programs should extend across property types, with a focus on affordable housing. Authorizing legislation should explicitly permit multiple property types as eligible and adjust maximum grant sizes to reflect the cost of upgrades to various property types. States can look to IBHS's multifamily FORTIFIED standard and Wildfire Prepared standard for applicable multifamily properties.

Multifamily affordable housing operators are acutely impacted by the rising costs and reduced availability of property insurance. Declining insurance access makes it more difficult to increase the supply of affordable housing or preserve existing affordable units. The Federal Reserve Bank of Minneapolis found that owners of multifamily rental housing for LMI communities are [struggling to make ends meet](#) as property insurance premiums increase and insurance coverage shrinks. 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. Research from the Climate & Community Institute has confirmed that insurance costs are [hampering affordable housing development](#) and delaying needed green retrofits. 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.

STATE EXAMPLES:

Several states have incorporated multifamily properties into insurance incentives. The bill authorizing the [Strengthen Kentucky Homes Program](#) required insurers to provide discounts for properties in compliance with the IBHS FORTIFIED Multifamily construction standards. Likewise, the bill authorizing the [Strengthen Minnesota Homes program](#) required insurers to provide a discount to any policyholder with a roof that conforms to any Fortified standard (and includes hail resistance), including the IBHS's FORTIFIED multifamily standard.

The majority of state grant programs require grants to fund resilience upgrades on owner-occupied properties. States such as [Maine](#) did not explicitly limit the types of properties eligible for a grant in the program's authorizing legislation, but the requirement that the property be owner-occupied limits many multifamily properties in practice. [Minnesota](#) likewise did not dictate the types of properties eligible for a grant in statute, but the Department of Commerce has limited grants to single- or two-family homes [in program implementation](#).

5. USE GRANULAR INSURANCE DEPARTMENT DATA TO TARGET GRANT PROGRAMS RATHER THAN RELY ON INSURANCE COMPANIES TO PROVIDE THIS INFORMATION.

Insurance departments can help state agencies 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. Insurance companies may wish to direct resilience investments towards properties that are most profitable to insure, but insurance departments should make their own judgements regarding priority communities for resilience investments based on physical exposure and financial need.

When targeting grant programs, state agencies should consider both disaster impacts and financial need. Relying solely on insured losses, or other proxies for disaster impacts, can result in the exclusion of less expensive homes and uninsured homes. Similarly, relying on targets provided by insurers can skew the program towards expensive and lower-risk properties. Investments in granular data on disaster impacts, insurance costs and claims, and other metrics by insurance departments will be useful beyond grant program targeting. Information asymmetries between insurance companies and insurance departments limit the effectiveness of insurance regulation and leave policyholders bearing high costs.

In 2025, [the NAIC collected data](#) on the impacts of climate change and extreme weather on insurance costs and availability. This collection covered zip-code level data on more than 400 insurers covering 80% of the market, including data on policies in force, premiums, and claims. In spring 2026, the NAIC announced that it would [continue to collect an expanded set of data](#), though it has [not yet committed to publishing the data](#). It is therefore important for state legislators to be aware of this data collection, to ask state insurance offices for the data, and to compel ongoing collection and publication if necessary. Going forward, individual states can and should collect and publish granular data to ensure that policymakers and researchers can help to target and evaluate interventions for insurance affordability and availability.

6. INCLUDE LOW-INCOME UNINSURED HOMEOWNERS AS ELIGIBLE FOR RESILIENCE RETROFIT GRANTS.

States should include both insured and uninsured homeowners as eligible for resilience grants. Due to rising insurance costs and reduced availability of insurance, many homeowners in need of resilience grants do not have insurance. In several states, including West Virginia, New Mexico, and Louisiana, the [rate of uninsured homes tops 20%](#). Without intervention, increasing climate impacts will continue to drive up the rate of uninsured homes. Excluding uninsured homeowners from grant programs also excludes many LMI homeowners who are disproportionately uninsured. **Homeowners making under \$50,000 a year are [twice as likely as the general population to be uninsured](#)**, exacerbating existing financial precarity.

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. Additionally, in states that operate residual markets, the state insurance office can assist grant recipients with placement in the residual market as a bridge to hopefully returning to the admitted market.

C. ENSURE THAT RESILIENCE RETROFIT INVESTMENTS RESULT IN COST SAVINGS AND OTHER BENEFITS FOR POLICYHOLDERS.

1. REQUIRE INSURERS TO REWARD RESILIENCE UPGRADES THROUGH DISCOUNTS BASED ON AVOIDED LOSSES AND BY INCORPORATING BROADER RESILIENCE INVESTMENTS INTO RISK MODELING.

In the event of a disaster, homeowners and insurers benefit from cost savings from resilience investments. States should require that insurers offer minimum discounts for resilience upgrades, whether or not these upgrades are funded 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 insurance prices.

Major insurance companies are increasingly offering discounts voluntarily, which suggests not only that they are feasible but also that they offer advantages for insurers. States should require discounts to ensure they are adopted by all insurers in the state and at a level commensurate with the risk reduction benefits resilience investments provide. Insurance departments should use actuarial studies to establish benchmark discounts rather than allowing companies to independently define what they believe is actuarially justified. Failing to adopt benchmark discounts set by the insurance department can result in substantially different discounts across insurers, leaving homeowners without a reasonable expectation of the discount they can receive for different resilience measures. Mandatory discounts should operate as a floor not a ceiling; insurers can still compete with one another to offer larger discounts than those mandated by the state or by offering discounts on deductibles. States should ensure that information on discounts is accessible to help homeowners evaluate the costs and benefits of making resilience investments.

To provide broader reward for public investment in risk reduction, insurers should also be required to update catastrophe models and wildfire risk models to reflect resilience measures that have been taken by households and communities. Without a requirement to do so, insurers may not factor these investments into risk modeling, overestimating a property's risk and charging more in premium than is justified. Requiring resilience investments to be incorporated into risk modeling ensures the cost savings from risk reduction benefit policyholders, rather than accrue exclusively to insurers.

STATE EXAMPLES:

States have taken varying approaches to mandatory discounts for resilience upgrades. Some, including [Mississippi and Oklahoma](#), require insurers to offer discounts for a FORTIFIED roof but do not mandate the level of discount required. In 2016, [Alabama](#) shifted to a benchmark approach, requiring a 35% to 60% discount on the hurricane portion and a 20% to 35% discount on the wind portion of the premium. Louisiana is also moving to a benchmark approach beginning in 2027.

In 2025, Colorado passed a bill to require insurers to [factor community and household investments in mitigation into their models](#) for pricing and underwriting, the first state to do so. Seven states have since introduced legislation modeled on Colorado's law. In New Mexico, [legislation modeled off Colorado's bill](#) directs the insurance regulator to promulgate rules specifying "required discount ranges for full and partial mitigation" in accordance with IBHS standards.

2. EXTEND NOTICE PERIODS FOR INSURANCE NON-RENEWALS TO PROVIDE HOMEOWNERS ADDITIONAL TIME TO MAKE RESILIENCE UPGRADES.

States should extend non-renewal notice periods to 90 days or more to give homeowners an opportunity to complete projects that lower their property's risk and can help maintain insurance coverage by their current provider or another admitted carrier. 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.

Extending the non-renewal notice period will give policyholders time to complete projects that reduce risk to their property and evaluate alternative coverage options. Existing non-renewal notice periods were not designed with construction projects in mind and most are too short to allow households to find funds and undertake resilience projects.

For most homeowners, insurance company renewal and rate decisions are entirely opaque. Requiring insurers to disclose the reason for a dropped policy and near-term actions the homeowner could take to reinstate coverage will help direct homeowners towards the most impactful property improvements and serve as additional oversight for insurers who wish to drop policies wholesale in climate-exposed areas.

Gaps in insurance coverage due to short non-renewal notice periods can have significant financial consequences for homeowners. Inability to find insurance coverage with another admitted carrier can push homeowners onto expensive surplus lines or residual market plans. Homeowners with a mortgage that fail to find alternative coverage can be put into a lender-placed (also known as forced-placed) insurance plan, expensive and incomplete coverage that protects the lender but not the homeowner's equity in their property. Property owners that choose to go without coverage entirely following non-renewal, even for a short period of time, open themselves up to financial devastation in the event of a disaster.

STATE EXAMPLES:

Extending non-renewal notice periods has gained momentum across states in recent years. [Texas](#) and [Georgia](#) extended the required notice period for homeowners insurance policy non-renewals from 30 to 60 days in 2023 and 2025, respectively. [Hawaii](#) and [Ohio](#), among other states, have introduced legislation to do the same. However, these non-renewal notice extensions are insufficient for the purpose of making property-level resilience upgrades to remain insurable or finding alternate high-quality coverage and should be extended further.

Another approach states can take is to prevent insurers from non-renewing a policyholder for a specific risk they have addressed through meeting resilient standards. For example, legislation to create the [Strengthen Washington Homes program](#), introduced this year, would have prohibited insurers from using wildfire risk as a disqualifying risk factor for eligibility of property insurance coverage if the property met Wildfire Prepared standards. Washington's insurance commissioner asserted the bill's provisions requiring that "homeowners who go through the program could not be canceled or nonrenewed based on their wildfire risk" was an [important principle](#).

Colorado's 2025 legislation requiring insurers to factor community and household investments in mitigation into their models for pricing and underwriting also requires insurers to [disclose the mitigation measures that can help with availability and affordability](#). This change was made after many Coloradans testified about confusing and disparate treatment from insurers even after taking similar mitigation steps to their neighbors.

3. REQUIRE INSURERS TO OFFER NO- OR LOW-COST ENDORSEMENTS FOR COST-EFFECTIVE RESILIENCE RETROFIT 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 to all policyholders. Insurers should guarantee that in the event of qualifying damage to the property, the insurers will repair the home to a resilient standard, for example repairing a roof to FORTIFIED standard, at no or low-cost to the homeowner.

Following a climate disaster, both homeowners and insurers should be incentivized to rebuild in a way that will limit damages in the future. Low- or no-cost endorsements for resilient upgrades provide benefits to both insurers and policyholders. Upgrading a property to resilient standards during rebuilding or repair can come at limited marginal cost to the insurer and can reduce climate damages and insurance claims should another disaster affect the property. These endorsements offer significant cost savings for homeowners, who would otherwise take on the cost of resilience upgrades themselves.

STATE EXAMPLES:

Several states, including [Alabama](#), [Kentucky](#), and [Louisiana](#), require insurance companies writing homeowners insurance to offer fortified roof endorsements to policyholders when damage to the insured property requires a roof to be replaced. These laws, however, do not require insurers to offer fortified roof endorsements at no cost or a capped cost to the policyholder. The North Carolina Insurance Underwriting Association provides endorsements that provide up to \$5,000 in coverage for roof replacements up to the FORTIFIED standard at no cost to the policyholder.

4. INTEGRATE RESILIENCE RETROFIT GRANT PROGRAMS WITH THE STATE'S RESIDUAL MARKETS (I.E. FAIR PLANS) AND DIRECT THEM TO PROVIDE ADDITIONAL INSURANCE RESILIENCE BENEFITS.

Climate change is causing an expansion of residual markets—[privately administered, but state-enabled insurers of last resort](#)—known as Fair Access to Insurance Requirements (FAIR) Plans in most states. These plans frequently offer barebones, expensive coverage to risky properties that admitted market carriers do not want to insure. **Resilience upgrades can help reduce risk to the FAIR plan and, in some cases, make properties insurable by admitted market carriers.** Because homeowners with insurance coverage through state residual markets are frequently most in need of mitigation upgrades on their property, states should prioritize FAIR Plan policyholders for resilience program assistance. States should also implement reforms to FAIR Plan administration so that plans can offer discounts and endorsements to policyholders for resilience upgrades, and seek and distribute state funding for resilience grants.

Given the concentration of high-risk properties in these plans, their growth can raise the likelihood that payouts will exceed premium revenue. When that happens, [an assessment is issued to cover the difference](#), and the costs can sometimes be split with policyholders statewide. As such, rapid FAIR plan growth without risk reduction can pose risks to all policyholders in the state.

STATE EXAMPLES:

The North Carolina Insurance Underwriting Association (NCIUA), one of the state's insurers of last resort, [incentivizes resilience investments](#) to reduce risk for the policyholder and

the insurer. 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 up to an additional \$5,000 to upgrade a home to a FORTIFIED roof. In North Carolina, private insurers and NCIUA are required to offer modest discounts to policyholders for FORTIFIED roofs in coastal counties. 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.

As mentioned above, New Mexico passed [but did not fund](#) the grant program created by the passage of the Wildfire Prepared Act in 2025. However, New Mexico's 2025 budget appropriated \$10 million to the Office of the Superintendent of Insurance during the session in January for wildfire mitigation grants to FAIR plan policyholders who live in increasingly wildfire-prone areas.

Although North Carolina's nation-leading approach to driving risk reduction can reportedly be [traced back](#) to the General Assembly's passage of a 2009 law directing the NCIUA to develop a mitigation strategy, NCIUA's leadership deserves credit for largely pursuing these policies on their own. Most residual market administrators are not so innovative. In most cases, emulating North Carolina's approach will require state legislatures to be more prescriptive in directing FAIR Plan administrators to pursue a statewide resilience strategy.

Because most residual markets operate with minimal accountability to or oversight from the legislature, fostering greater resilience by FAIR Plans may require governance reforms. For example, in New York, the Senate approved [S.8583](#) in 2026, although the legislation did not advance in the Assembly. In addition to requiring insurance premium discounts for mitigation measures, the bill reforms the governance of the New York Property Insurance Underwriting Association (NYPIUA) to make its board consist of majority public appointees. It also requires more regular testimony by NYPIUA's leadership to the legislature, including detailed information about the NYPIUA's "financial position" as well as "risk reduction investments."

D. BUILD TOWARDS WHOLE-HOME RETROFIT PROGRAMS INCLUSIVE OF ENERGY EFFICIENCY AND CLIMATE POLLUTION REDUCTION PROJECTS.

1. FUND HOME RETROFITS THAT ADVANCE BOTH RESILIENCE AND CLIMATE POLLUTION REDUCTION.

States should coordinate the provision of resilience grants with programs that provide similar assistance with energy efficiency, renewable energy, and electrification, such as the installation of attic insulation, rooftop solar, and heat pumps. **Resilience investments alone are not enough to keep communities insured, lower 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. Effectively cutting climate-related costs for states, residents, and insurers over the long-term requires pairing resilience investments with climate pollution reduction measures.**

Coordinating across programs can offer benefits for homeowners, including reduced housing costs, and for departments—such state housing agencies or state-affiliated green banks—by streamlining resources and leveraging workforce recruitment and training efforts.

STATE EXAMPLES:

The “[whole homes program](#)” approach promoted by the Minnesota Department of Commerce aims to maximize the value of state assistance programs for residents living in eligible homes while minimizing hurdles to program participation and disruption to households. This means aiming for alignment, to the greatest extent possible, of eligibility criteria, applications, and scheduling of upgrades such as roof fortification, weatherization, and energy efficiency programs. This strategy is part of the Department of Commerce’s implementation of Minnesota’s statewide climate action framework. Minnesota’s Department of Commerce houses insurance, financial services, and energy offices all under one umbrella, making interagency coordination easier than in most states. Taking advantage of this feature of Minnesota’s government will require most states to build explicit structures for interagency information-sharing and coordination.

States can look to existing programs for energy efficiency and climate pollution reduction for strategies to integrate resilience efforts with other programs. In Pennsylvania, for example, the [Whole-Home Repairs Program](#) provides funding for safety measures, essential repairs, and weatherization retrofits, including roof repair, lead and mold remediation, insulation, and HVAC upgrades.

2. ESTABLISH AN INTERAGENCY COUNCIL TO COORDINATE ACROSS MULTIPLE STATE GRANT PROGRAMS 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 climate pollution reduction upgrades on the same property, leverage existing program capacities and expertise, share data across agencies, convene nongovernmental stakeholders, and other functions. Currently, siloes between state agencies and programs limit efficient deployment of state resources across related programs.

Long-term, states should consider combining programs related to home resilience, weatherization, and climate pollution 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 climate pollution 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

STATE EXAMPLES:

In some states, interagency coordination may center around a Chief Resilience Officer within the governor’s office, as is the case in [Massachusetts](#). In Alabama, the [Alabama Resilience Council](#) was formed to coordinate resilience-related activities, with co-chairs from the insurance department and emergency management agency. The first report published by the Council recommended a comprehensive resilience plan to enhance cross-agency coordination and establish a Chief Resilience Officer for implementation.

Emerging grant programs should start by identifying the agencies and relevant actors who should advise on the integration of resilience retrofits with other retrofit programs and broader state planning. Connecticut’s [Severe Weather Mitigation & Resiliency Advisory Council](#), which recommended the development of a new retrofit program, also urged coordination with the

state's clean energy efforts through the Connecticut Green Bank and Energize CT, as well as the Department of Housing's Connecticut Homes program.

3. CREATE WORKFORCE RECRUITMENT AND TRAINING PROGRAMS TO RESPOND TO CLIMATE CHALLENGES.

To support widespread and timely adoption of grant programs, states must invest in workforce recruitment and training, including through grant program funding. States should do proactive outreach to workers and labor unions with the skills to complete resilience and energy efficiency projects and should not assume a skilled workforce will be available at program launch. States should also consider subsidizing the cost to become certified evaluator, contractor, or builder for resilience or energy retrofits if training costs are deterring workers from obtaining relevant certifications. To assist grant recipients and other homeowners in connecting with the qualified workforce necessary for these projects, states should publish and regularly update an online list of skilled or certified contractors.

Achieving resilience and climate pollution reduction goals will not be possible without a skilled workforce who can complete required projects. Failing to plan for worker recruitment and training will slow grant program uptake and project completion. Investing in workforce training and recruitment also has benefits beyond the grant program. **Homeowners who do not receive grants but are independently making resilience or climate pollution reduction upgrades to their homes likewise need skilled workers to complete these projects and will benefit from a trained workforce in the state.**

STATE EXAMPLES:

Introduced legislation to establish the [Strengthen Washington Homes Program](#) recognized that workforce recruitment and training will be a key component of grant success. The legislation authorized the insurance commissioner to conduct pilot projects to inform program implementation, including “development of the necessary workforce to implement the program fully.” Insurance departments can look to models in other states, for example [home weatherization training programs](#), for lessons on program development. At the Spring 2026 NAIC meeting, Minnesota Commerce Commissioner Grace Arnold [described](#) how her state’s “whole homes” approach aims to train a workforce of auditors and contractors that will support not just roof fortification but also weatherization and energy efficiency.

E. TARGET LONG-TERM SUCCESS THROUGH COMPREHENSIVE RESILIENCE AND CLIMATE POLLUTION REDUCTION STRATEGIES.

1. BUILD NEW HOMES TO RESILIENT STANDARDS.

In addition to retrofitting existing homes, states should ensure that new homes are being built to resilient standards as well. States and municipalities should approve new home developments only in lower disaster risk areas. States and municipalities should update building and energy codes to reflect resilient building standards and require new homes be built to these updated standards. **Failing to update building and energy codes and building in high risk areas means the state is adding to the risk ledger at the same time it is investing in reducing risk through resilience.**

The Federal Emergency Management Agency (FEMA) has long recommended [updated building codes and avoiding construction in high-hazard areas](#) to reduce losses. These reforms also have support from the insurance industry. The [insurance industry](#) has advocated for communities to adapt to growing climate impacts by adopting and strictly enforcing stronger building codes in high-risk areas and focusing on better community planning. Homes that meet current building code requirements are generally considered less risky to insure for a variety of reasons, including because they are [less likely to go into delinquency following disasters](#).

But aligning building and energy codes to resilient standards at scale and limiting new construction only to low risk areas is difficult due to the diverse local jurisdictions that govern these decisions. Despite growing climate-related risks, new homes and businesses continue to be built in [high-hazard areas](#), and only [21% of hazard-prone jurisdictions](#) have adopted current hazard-resistant codes.

STATE EXAMPLES:

Despite the challenges, some states have taken steps to align building codes with resilient standards. Since 2012, at least [17 counties in Alabama have adopted enhanced building codes](#), similar to the FORTIFIED standard. In 2023, [Colorado passed legislation](#) to establish a code board to first define the wildland-urban interface and areas of the state within it and then adopt minimum codes and standards for this area to reduce the risk to life and property from the effects of wildfires.

2. 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 larger scale, community-level resilience that can more substantially reduce risk. States should create funds that can be supported by funding mechanisms like federal grants, bonds, and appropriations. These dedicated, nonlapsing, revolving funds should support county, municipal, and tribal government projects that reduce risks from climate disasters for [neighborhoods](#) and communities.

Resilience against some perils such as flooding and wildfires are often most effective at the community scale, requiring that state efforts to retrofit individual homes and businesses be complemented by larger scale project investment. **Homes are also dependent on the infrastructure that surrounds them, and investments in infrastructure resilience, emergency services, and public resources are just as important as property-level resilience.**

STATE EXAMPLES:

In Rhode Island, the [Resilient Rhody Infrastructure Fund](#) will provide multi-million dollar loans for resilience projects in the state. The fund builds on both the existing success of the state's infrastructure bank to support clean water projects and an extensive local planning process involving each of Rhode Island's 39 municipalities. In Maine, the [Safeguarding Tomorrow Revolving Loan Fund](#) provides similar benefits to fund building elevation, flood mitigation, and broader disaster reduction, with a focus on technical capacity-building for local governments. In Virginia, legislators showed how these funds can benefit the most vulnerable. In 2026, the legislature [amended the state's Resilient Virginia Revolving Fund](#) to give additional weight to projects located in low-income geographic areas and projects that incorporate nature-based solutions when distributing loans or grants.

3. BOLSTER RESILIENCE INVESTMENTS WITH STATE CLIMATE POLLUTION REDUCTION STRATEGIES.

To mitigate climate change and reduce insured losses, states need comprehensive plans to reduce climate pollution. This can include creating goals for net-zero emissions using all available tools and integrating them into policy across sectors. 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 and incentivize renewable energy expansion.

Former California insurance commissioner Dave Jones has correctly observed that the prospect of an “[uninsurable future](#)” is fundamentally driven by “[greenhouse gas emissions and fossil fuel production](#).” No state policy response aimed at stabilizing insurance markets is truly complete unless it includes steps to stabilize our climate by reducing climate pollution.



Photo by Eric Thayer

Conclusion

Insurance markets have been called [“the climate crisis’s canary in the coal mine.”](#) Fannie Mae’s chief climate officer has observed that “insurance is now a [kitchen table topic](#) for most people in the United States.” Within this context, it makes sense that state policymakers are exploring the available toolkit to stabilize insurance markets and regulate the insurers operating in their state.

State policymakers have embraced resilience programs as an effective tool within this toolkit. These programs should be understood as foundational to the long-term goal of closing the protection gap. In light of the growing complexity and severity of insurance market disruptions, the opportunity to make this foundation as solid as possible must not be missed.

To create effective resilience grant programs, states should establish programs with adequate funding from the insurance industry, target the communities in greatest need of financial assistance for risk mitigation, ensure that resilience investments result in cost savings and other benefits for policyholders, and incorporate the state’s energy efficiency and climate pollution reduction goals wherever possible.

States must also recognize that resilience programs are merely an initial step toward improving the long-term health of insurance markets. By following these design principles, state policymakers can ensure that the programs improve the affordability and availability of insurance in the short term, laying a strong foundation for future action.

Appendix

This appendix offers additional details about the IBHS standards mentioned in the report.

FORTIFIED STANDARD

Primarily designed to minimize damage to properties from wind, rain, and hail.

FORTIFIED HOME

FORTIFIED ROOF

The baseline level of protection that focuses on roof fortification.

FORTIFIED SILVER

Adds to FORTIFIED Roof with additional protections to windows, doors, chimneys, and more.

FORTIFIED GOLD

Includes all the protection of FORTIFIED Roof and Silver and requires that a home's entire structure be tied together.

FORTIFIED MULTIFAMILY

Offers protection to renters or property owners of multifamily apartment buildings and condominiums. Costs are determined based on the designation level sought, the number of buildings, and the gross roof area.

Same designation levels as FORTIFIED Home (i.e., Roof, Silver, Gold).

FORTIFIED COMMERCIAL

Offers protections for community-based and light to moderate commercial structures such as hotels, retail stores, and schools/municipal buildings.

WILDFIRE PREPARED

Designed to minimize damage to properties from wildfire.

WILDFIRE PREPARED HOME

BASE

Protects homes from wind-blown embers, the leading cause of home ignition.

PLUS

Add to Base with protections against flames and radiant heat exposure.

WILDFIRE PREPARED NEIGHBORHOOD

A neighborhood designation level with protections that aim to reduce the likelihood of ignition at the neighborhood edge, limit the impact of wind-driven embers, slow or stop fire spread between structures, and generally enable neighborhoods to function as a system that resists wildfire.

WILDFIRE PREPARED MULTIFAMILY

ESSENTIAL

Requires mitigation measures such as establishing the 0–5 Foot Noncombustible Zone, upgrading key building features, and maintaining the defensible space to 30 feet from the structure.

ENHANCED

Includes additional mitigation measures beyond the Essential level, including enhanced protection of key building features and structure spacing requirements.