



STATE-BY-STATE MITIGATION INSURANCE DISCOUNT STATUTES SUMMARIES

An increasing prevalence of natural disasters due to climate change and growing reliance on broad-swathed technological surveying have recently combined to cause insurance providers to shift from taking on frugal risk investments to outright dropping longtime customers, refusing to insure others, and heavily surcharging those they keep. As a result, there is growth in the residual and surplus lines markets where consumers typically pay more or get less, or both. However, mitigation discounts can be a helpful way for homeowners to keep the coverage they have or find affordable coverage. By increasing the resilience of the home, insurance companies can feel more comfortable with the risk they are taking on (or keeping) and homeowners will pay a more reasonable rate. Broadly, mitigation can help prevent market dislocations, thus some states have enacted mitigation discounts statutes.

This memo includes a summary of the discounts available in two categories: (1) states that mandate discounts and rates; and (2) states that do not mandate specific rates:¹

1. STATES THAT REQUIRE MITIGATION DISCOUNTS AT MANDATED RATES

ALABAMA (Alabama Act 2009-500, now codified as Sec. 27-31D-1 to 27-31D-5; Ala. Code 1975)

What is available?

- Insurance companies must provide a premium discount to property owners who construct or retrofit their insurable properties to resist loss due to hurricane or windstorm events.
- Pursuant to the authority provided in Section 27-31D-1, et seq., Code of Alabama 1975, the Alabama Commissioner of Insurance promulgated in Alabama Insurance Bulletin No. 2016-07 the following benchmark discounts which must be considered in all policies providing wind coverage to one- or two-family dwellings, and commercial properties in Alabama:

ZONES

Coastal Zone	Mobile, Baldwin, Washington, Escambia, Covington, Geneva, Houston
Central Zone	Sumter, Marengo, Perry, Dallas, Autauga, Montgomery, Bullock, Barbour, Choctaw, Wilcox, Lowndes, Clarke, Monroe, Conecuh, Butler, Crenshaw, Pike, Coffee, Dale, Henry
Northern Zone	All Other Counties

- Benchmark discounts apply for both the IBHS Hurricane and High Wind or Hail Certificates

RESIDENTIAL HURRICANE PREMIUM DISCOUNTS

Zone	2006+ IRC	Bronze	Silver	Gold	FFSL
Northern	20%	35%	35%	45%	N/A
Central	20%	35%	40%	45%	N/A
Coastal	20%	35%	45%	55%	60%

- Adjustments:
 - Metal Roof > 10 years old: 10 point reduction from above discounts all zones.
 - All Other Roofs > 5 years old: 10 point reduction from above discounts all zones.

COMMERCIAL HURRICANE PREMIUM DISCOUNTS

Zone	2006+ IBC	Bronze	Silver	Gold	FFSL
Northern	20%	35%	35%	40%	N/A
Central	20%	35%	40%	45%	N/A
Coastal	20%	35%	45%	50%	N/A

- Adjustments:
 - Metal Roof > 10 years old: 10 point reduction from above discounts all zones.
 - All Non-Metal Roofs > 5 years old: 10 point reduction from above discounts all zones.

RESIDENTIAL & COMMERCIAL OTHER WIND & HAIL PREMIUM DISCOUNTS

Zone	2006+ IRC	Bronze	Silver	Gold	FFSL
Northern	10%	20%	25%	30%	N/A
Central	10%	20%	25%	30%	N/A
Coastal	10%	20%	25%	30%	35%

- Adjustments:
 - Metal Roof > 10 years old: 10 point reduction from above discounts all zones.
 - All Other Roofs > 5 years old: 10 point reduction from above discounts all zones.

Who’s eligible and what mitigation measures must be performed?

- Qualifying property types include:
 - property located in Baldwin and Mobile counties that have an IBHS Hurricane certificate;
 - single-family, detached structures built on a permanent foundation;
 - townhouses, duplexes, and other multi-unit buildings will not qualify
 - commercial buildings;
 - and residential and commercial buildings in the remainder of the state that have obtained an IBHS High Wind & Hail certificate
- To obtain discount, the property must:
 - be constructed and certified

- in accordance with
 - the 2006 International Residential Code (“IRC”), including all hurricane mitigation construction requirements, or
 - the IBHS Fortified For Safe Living Standards (“FFSLS”), or
 - the IBHS Fortified Commercial Standard (“FCS”); and
- the property shall be certified
 - in accordance with the IRC, only after satisfactory inspection by a certified or licensed building inspector or
 - in accordance with the FFSLS or FCS only after inspection and certification by an FFSLS or FCS certified inspector; or
- be retrofitted
 - in accordance
 - with the IBHS Fortified Home: Hurricane Standards (“FHH”), or
 - with the IBHS Fortified Home: Highwind and Hail Standards (“FHWH”) requirements; and
 - the property shall be certified
 - as conforming to the FCS, FHH, or FHWH requirements only after inspection and certification by an FCS, FHH, or FHWH inspector.

What must insurance companies do?

- Licensed insurers must submit an actuarially justified rating plan for any person who builds an insurable property in compliance with the mitigation requirements, specifically for each of the Bronze, Silver and Gold benchmark categories.
- The discount shall only apply to policies that provide wind or hail coverage.
 - The discount may apply to the wind or hail coverage portion of the premium; or
 - if the insurer does not separate out its premium for wind or hail coverage in its rate filing, the discount applies to the total premium.

GEORGIA (The Georgia Underwriting Association (“GUA”) has adopted a mitigation program)

What is available?

- GUA provides discounts for three levels of Fortified Home designation as administered by the IBHS:

Mitigation Category	Discount Offered Under GUA Policies
BRONZE	5%
SILVER	7.5%
GOLD	10%

Who’s eligible and what mitigation measures must be performed?

- A mitigation credit only applies for wind peril under homeowners programs.

- To qualify, policyholders must produce a document from the IBHS certifying the home was constructed or retrofitted to the IBHS standards.

MISSISSIPPI (House Bill 1410, now codified as Chapter 75 under Title 83 of the Miss. Code)

What is available?

- Licensed Mississippi insurance companies are required to provide discounts to property owners who construct or retrofit their properties to resist loss due to hurricane or windstorm events.

Who's eligible and what mitigation measures must be performed?

- Qualifying property types include:
 - property located in coastal counties, including:
 - Harrison, Hancock, Jackson, Stone, and Pearl River Counties;
 - single-family, detached structures built on a permanent foundation
 - townhouses, duplexes, and other multi-unit buildings will not qualify
- To obtain discount, the property must:
 - be constructed and certified
 - in accordance with
 - the 2006 International Residential Code (“IRC”), including the entire coastal construction supplement as recommended by the Mississippi Windstorm Mitigation Coordination Council, or
 - the IBHS Fortified For Safer Living Standards (“FFSLS”); and
 - the property shall be certified
 - in accordance with the IRC, only after satisfactory inspection by a certified or licensed building evaluator or
 - in accordance with the FFSLS only after inspection and certification by an FFSLS certified evaluator; or
 - be retrofitted
 - in accordance
 - with the one of the tiered mitigation levels as defined in the IBHS Fortified for Safer Homes (“FSH”) requirements; and
 - the property shall be certified
 - as conforming to the FSH only after inspection and certification by an FSH evaluator.

What must insurance companies do?

- Licensed insurers must submit an actuarially justified rating plan for any person who builds an insurable property in compliance with the mitigation requirements.
- The discount shall only apply to policies that provide wind or hail coverage.
 - The discount may apply to the wind or hail coverage portion of the premium; or

- if the insurer does not separate out its premium for wind or hail coverage in its rate filing, the discount applies to the total premium.

NORTH CAROLINA (Homeowners North Carolina Windstorm And Hail Policy Program Manual Supplement Rule A9)

What is available?

- Insurance companies must issue premium credits to policyholders who build, rebuild or retrofit certain residential dwellings to better resist hurricanes and windstorm events.
- Pursuant to the authority provided in North Carolina General Statutes 58-36-30(a) which vests authority in the North Carolina Rate Bureau to promulgate rates, the Commissioner issued Circular P-15-2 dated January 13, 2015.

Who's eligible and what mitigation measures must be performed?

- A dwelling may be eligible for a premium credit if:
 - the property is located in:
 - Territories 110, 120, 130, 140, 150, or 160
 - the property is a residential dwelling
 - condominiums, mobile homes, and tenant policies are excluded from the discount
 - the constructed property
 - has been designed, constructed, and certified as in conformity with the Hurricane, Tornado and Hail and High Wind requirements of the Hurricane Fortified for Safer Living program; or
 - the retrofitted property
 - has been certified as meeting either the Bronze, Silver, or Gold hurricane mitigation measures in the Hurricane Fortified for Existing Homes program promulgated by the IBHS
- The credit will apply for five years from the date of designation
 - the dwelling must then be re-designated to continue receiving the credit

What must insurance companies do?

- Below are the current discount rates insurance companies are required to provide their policyholders who meet the specified requirements:
 - Bronze = 6-8%
 - Silver = 13-15%
 - Gold = 16-19%

2. STATES THAT REQUIRE MITIGATION DISCOUNTS (BUT DO NOT MANDATE SPECIFIC RATES)

FLORIDA (Florida Statute Title XXXVII, Chapter 627, Section 627.0629)

What is available?

- Insurance companies must premium discounts for properties which have installed fixtures or construction that demonstrate reduction in loss from hurricane or windstorm.

Who's eligible and what mitigation measures must be performed?

- The property must be residential.
- The fixtures or construction techniques demonstrated to reduce the amount of loss in a windstorm must include:
 - fixtures or construction techniques that enhance
 - roof strength, roof covering performance, roof-to-wall strength, wall-to-floor foundation strength, opening protection, and wind, door, and skylight strength

What must insurance companies do?

- Insurance companies must file rates that include “actuarially reasonable discounts” for properties which have installed fixtures or construction that demonstrate reduction in loss from hurricane or windstorm.
 - The discounts must be included in the rate filing.
 - A rate filing for residential property insurance shall be separated into two components:
 - rates for hurricane coverage and
 - rates for all other coverages.
- Premium notices shall specify the amount by which the rate has been adjusted as a result of undertaking mitigation measures.

LOUISIANA (Act 323 of the 2007 Regular Session has been codified as Ins. Code Sec. 22:1483)

What is available?

- Insurance companies must offer discounts to property owners who have constructed or retrofitted their homes to reduce the amount of loss.
- Additionally, R.S. 47:301(10)(ee) allows policyholders to receive exclusions on state sales and use tax
 - for mitigation purchases such as storm shutter devices that provide window damage protection in a windstorm; and
- R.S. 47:293(10); 47:293(2) and (9)(a)(xii) provide tax deductions for policyholders who voluntarily retrofit existing residential structures to bring them in compliance with the Louisiana Uniform Construction Code.
 - The deduction is equal to 50% of the cost of mitigation, less any other state municipal or federal-sponsored incentives, and allows for up to \$5,000 of deductions per retrofitted residential structure.

Who's eligible and what mitigation measures must be performed?

- To obtain premium credits, property owners must:
 - build or retrofit a structure to comply with the Louisiana State Uniform Construction Code or
 - install damage mitigation improvements demonstrated to reduce the amount of loss.
 - i.e., roof deck attachments, secondary water barriers, roof covering, and brace gable ends

What must insurance companies do?

- Insurance providers must file a schedule of wind mitigation credits with the DOI.
- Additionally, insurance providers must give notice to its policyholders of the minimum mitigation measures that must be considered to afford its policyholders discounted premiums.
- Insurance companies are responsible for ensuring its producers and authorized representatives are knowledgeable and prepared to properly inform policyholders about the discounts available.

MARYLAND (Ins. Code, Title 19, Subtitle 2, Section 19-210)

What is available?

- An insurer shall offer at least one actuarially justified premium discount on a policy of homeowner's insurance to a policyholder who submits proof of improvements made to the insured premises as a means of mitigating loss from a hurricane or other storm.

Who's eligible and what mitigation measures must be performed?

- The policy must be a homeowner's policy.
- Means of mitigating loss include
 - installation of:
 - hurricane shutters,
 - secondary water barrier,
 - reinforced roof coverings,
 - braced gable ends,
 - reinforced roof to wall connections,
 - tie downs, or
 - reinforced opening protections; or
 - repair or replacement of:
 - exterior doors, including garage doors,
 - hurricane resistant trusses, studs, and other structural components, or
 - or any mitigation effort that materially mitigates loss from a hurricane or other storm covered under the policy.

- Mitigation improvements must be inspected by a contractor licensed by the Department of Labor, Licensing, and Regulation.

What must insurance companies do?

- Insurance companies must provide a premium discount to property owners who meet the specified mitigation requirements.
- Insurers must provide policyholders with annual statements regarding the availability of the discount and the method of applying for the discount.

NEW YORK (Ins. Code Sec. 2346)

What is available?

- Insurance companies may provide a reduction in rates for fire insurance, homeowners insurance, or property/liability premiums for residential property.

Who's eligible and what mitigation measures must be performed?

- Homeowners who complete a disaster preparedness, home safety and loss prevention course may be eligible for premium discounts for up to three years.

What must insurance companies do?

- The law does not mandate an insurer to offer a credit for the policyholder's completion of the preparedness course.
 - Rather, the insurer may, upon approval by the Superintendent, provide a credit for three years after completion of the course.

OKLAHOMA (On May 31, 2017, Oklahoma approved House Bill 1720, which goes into effect April 2018 and is set to be codified in the Oklahoma Statutes as Sec. 961 of Title 36)

What is available?

- The bill requires insurance companies to provide premium discounts or insurance rate reductions (insurance companies may also offer additional adjustments in deductible, other credit rate differentials or a combination thereof).
- The discount adjustments shall be available to any owner who builds a new or retrofits an existing insurable property fortified to resist loss due to tornado or windstorm event.

Who's eligible and what mitigation measures must be performed?

- Obtaining the discount requires
 - the property be located in Oklahoma;
 - the "insurable property" be a single-family residential property or modular home
 - but manufactured and mobile homes are excluded from the required discount

- the property be
 - constructed in compliance with:
 - Appendix Y of the 2015 Oklahoma Uniform Building Code (“OKUBC”)
 - including all tornado mitigation construction requirements and
 - as long as its standards equal or greater than the IBHS Fortified Home High Wind and Hail Standards; or
 - the IBHS Fortified Home High Wind and Hail Standards; or
 - retrofitted in compliance with:
 - the IBHS Fortified Home High Wind and Hail Standards;
 - additionally,
 - the construction requirements must be:
 - satisfactorily inspected and certified by a certified or licensed building inspector, if constructed in compliance with the OKUBC; or
 - evaluated and certified by an evaluator certified pursuant to the IBHS Fortified Home High Wind and Hail Standards; or
 - the retrofitting requirements must be:
 - evaluated and certified as conforming by an evaluator certified pursuant to the IBHS Fortified Home High Wind and Hail Standards.

What must insurance company’s do?

- Licensed insurers must submit an actuarially justified rating plan for any person who builds an insurable property in compliance with the mitigation requirements.
- The discount shall only apply to policies that provide wind or hail coverage.
 - The discount may apply to the wind or hail coverage portion of the premium; or
 - if the insurer does not separate out its premium for wind or hail coverage in its rate filing, the discount applies to the total premium.

RHODE ISLAND (R.I. Gen. Laws Sec. 27-76-1 *et seq.*, 27-29-4(7), 27-29-4,1 and 42-14-17)

What is available?

- Homeowners who mitigate damage, may be eligible to waive their hurricane deductibles.

Who’s eligible and what mitigation measures must be performed?

- The insurance policy must cover personal lines residential property for dwelling houses.

What must insurance companies do?

- The maximum deductible approved for windstorm coverage is 5% of the insured value.
- The deductible shall not be applied to any policyholder who has:
 - installed approved mitigation measures to protect against windstorm damage and
 - the insurer has either
 - inspected the property or
 - the insured has submitted satisfactory proof of installation of the approved mitigation measures
- Approved mitigation measures which require the insurer to waive the hurricane deductible include:
 - With regard to properties located with Rhode Island Building Code Zone 1:
 - Compliance includes any of the mitigation measures allowed for Zones 2 and 3.
 - With regard to properties located with Rhode Island Building Code Zone 2:
 - The maximum mitigation measure that can be required is plywood shutters cut to fit over all window and door openings.
 - Installation must meet Rhode Island Building Code standards and the plywood must be:
 - pre-cut, in good condition, and stored:
 - onsite and in an accessible, dry and secure location on the property.
 - Anchorage hardware must be pre-installed on all window and door openings.
 - An insurer shall also waive the hurricane deductible of any policyholder who voluntarily implements this mitigation measure or any Zone 3 mitigation measure.
 - With regard to properties located with Rhode Island Building Code Zone 3:
 - The maximum mitigation measures that can be required are:
 - plywood shutters cut to fit over all window and door openings.
 - Installation must meet Rhode Island Building Code standards and the plywood must be:
 - pre-cut, in good condition, and stored:
 - onsite and in an accessible, dry and secure location on the property.
 - Anchorage hardware must be pre-installed on all window and door openings.
 - Roof tie downs in accordance with Rhode Island Building Code.
 - Permanent storm shutters or hurricane glass or an equivalent or higher mitigation procedure delineated in Rhode Island Building Code are acceptable alternatives to plywood shutters.
 - In all Rhode Island Building Code Zones, mobile homes must meet the current FEMA regulations to qualify as “mitigated.”

SOUTH CAROLINA (Omnibus Coastal Property Insurance Act of 2007, codified as [S.C. Code Sec. 38-73-1095](#); [Bulletin 2007-05](#); [Bulletin 2007-15](#); [Bulletin 2007-16](#); [Competitive Insurance Act of 2014](#); [Bulletin 2014-08](#))

What is available?

- South Carolina law requires insurers to offer premium discounts for mitigation measures that strengthen coastal homes and businesses against damage from hurricanes.

Who's eligible and what mitigation measures must be performed?

- All residential and commercial policyholders are eligible given that the appropriate mitigation measures have been taken.
- In Bulletin 2007-15, the Director stated that insurers shall include discounts for any fixtures or construction techniques that comply with the minimum requirements of the SC Safe Home Program, IBHS Fortified Homes for Safer Living, International Building, or the International Residential Code.
 - The fixtures or construction techniques shall include, but not be limited to, fixtures that enhance:
 - roof strength,
 - roof covering performance,
 - roof-to-wall strength,
 - wall-to-floor foundation strength,
 - opening protection and
 - wind, door and skylight strength.

What must insurance companies do?

- Insurer rating plans for property coverage in the seacoast and coastal areas of the state must include discounts and credits for factors that reduce the potential for wind damage.
- Insurance companies must provide coastal policyholders with a notice of the availability and range of mitigation credits at policy issuance and renewal.
- The DOI does not mandate specific discount and credit amounts, but the proposed amounts must be supported.
 - On average, South Carolina consumers taking advantage of mitigation credits save 14% on their premiums. The average maximum credit offered by coastal homeowners insurers is 48% for all mitigation measures combined.

ⁱ Please note: Discounts may vary due to program updates.