



National Ready Mixed Concrete Association

Resilient Construction Incentives Model State Legislation

Why consider Resilient Construction?

Over the past few decades, there has been an exponential increase in human and material losses from disaster events. While the scientific community debates the frequency of these extreme hazards, the rise in disasters and their consequences are certainly related to a rise in people's vulnerability. Images of buildings washed away, children exposed to extreme temperatures, and survivors digging through the wreckage, illustrates the need to rethink our building practices. However, despite increases in natural disasters few states have adopted more stringent requirements in building standards. NRMCA believes state governments should provide incentives to property owners who build to a resilient standard. One way to accomplish this is to enact laws that provide insurance premium discounts to property owners who build, rebuild or retrofit an insurable property to modern building codes and resilient requirements such as those defined by the FORTIFIED programs of the Insurance Institute for Business and Home Safety (IBHS).

What are the benefits of resilient construction?

Economic savings can be achieved by considering the impacts of natural events over the short- and long-term in the planning process by addressing hazard mitigation through resilient construction. For example, a 2005 review of the Federal Emergency Management Agency's hazard mitigation programs, conducted by the National Institute of Building Sciences' Multi-Hazard Mitigation Council, found that every dollar spent on hazard mitigation yields a savings of \$4 in future losses.

What is the FORTIFIED Program?

The Insurance Institute for Business and Home Safety's (IBHS) FORTIFIED family of programs specifies construction, design, and landscaping guidelines to increase a project's resistance to natural hazards most likely to occur in the area where the structure is located. The programs address hurricanes, tornadoes, severe thunderstorms, earthquakes, wildfires, flood and severe winter weather. In addition, FORTIFIED criteria and recommendations exist for reducing damage caused by non-catastrophic events such as fire inside the home, burglary, water loss, and electrical surge. A structure is designed and built according to the appropriate FORTIFIED standard, inspected during and after constructed, and if all the requirements are met, the structure is designated as FORTIFIED.

There are three FORTIFIED programs:

- FORTIFIED for Safer Business (for light commercial construction)
- FORTIFIED for Safer Living (for new residential construction)
- FORTIFIED Home (for existing residential construction)

NRMCA urges states to adopt legislation that provides insurance reductions to property owners who build to the FORTIFIED standards.

The following model legislation was developed in consultation with numerous stakeholders, including concrete industry members, civil engineers, insurance professionals, environmental advocates and consultants in the field of emergency management. The intent of this model legislation is to give states a starting point for the development of a resilient construction incentive legislation. The proposed legislation should be adjusted to accommodate local conditions. Similar legislation has been adopted in Alabama, Mississippi, North Carolina and South Carolina.

About NRMCA and the model Resilient Construction Incentive Legislation

Founded in 1930, the National Ready Mixed Concrete Association is the leading industry advocate. Our mission is to provide exceptional value for our members by responsibly representing and serving the entire ready mixed concrete industry through leadership, promotion, education, and partnering to ensure ready mixed concrete is the

building material of choice. The proposed Resilient Construction Incentive Act could be used by NRMCA State Affiliates, NRMCA members or others stakeholders in promoting disaster resilient construction. For additional information visit www.nrmca.org or contact Dr. Julian Mills-Beale, Director, Codes and Standards, at 484-633-7452 or jmills-beale@nrmca.org.

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Resilient Construction Incentive Act of [year]

Bill No. _____

By (Sponsors)

A bill relating to property and homeowners insurance; to provide an insurance premium discount or insurance rate reduction for property owners who build, rebuild, or retrofit an insurable property to better resist natural events.

BE IT ENACTED BY THE [State]:

SECTION 1. NEW CONSTRUCTION

(a) Commencing on the effective date of this act, insurance companies shall provide a premium discount or insurance rate reduction in an amount and manner as established in subsection (d). In addition, insurance companies may also offer additional adjustments in deductible, other credit rate differentials, or a combination thereof, collectively referred to as adjustments. These adjustments shall be available under the terms specified in this section to any owner who builds or locates a new insurable property in [State] to resist loss due to natural events.

(b) To obtain the adjustment provided in this section, an insurable property located in this [State] shall be certified as constructed in accordance with the 2021 International Building Code, 2021 International Residential Code or latest adopted version thereof, as amended, including all construction requirements, and be designated as FORTIFIED by one of the following programs: FORTIFIED For Safer Living (FFSL) for residential buildings or Fortified For Safer Business (FFSB) for light commercial buildings by the Institute for Business and Home Safety (IBHS).

(c) An owner of an insurable property claiming an adjustment pursuant to this section shall maintain sufficient certification records and construction records including, but not limited to, a certification of compliance with the applicable building code and certificate indicating the building is designated as FFSL or FFSB. The records shall be subject to audit by the Commissioner of Insurance, or his or her representatives, and copies of any such records shall be presented to the insurer or potential insurer of a property owner before the adjustment becomes effective for the insurable property.

(d) Insurers are required to submit rates and rating plans to the commissioner and shall submit an actuarially justified rating plan for any person who builds an insurable property to comply with the sets of requirements of subsection (b). An adjustment shall only apply to policies that provide hazard/extreme weather coverage and may apply to that portion of the premium for hazard/extreme weather coverage or to the total premium if the insurer does not separate out its premium for hazard/extreme weather coverage in its rate filing. In addition to the requirements of this section, an insurer may voluntarily offer any other mitigation adjustment that the insurer deems appropriate.

SECTION 2. RETROFITS

(a) Commencing on the effective date of this act, insurance companies shall provide a premium discount or insurance rate reduction in an amount and manner as established in subsection (d). In addition, insurance companies may also offer additional adjustments in deductible, other credit rate differentials, or a combination thereof, collectively referred to as adjustments. These adjustments shall be available under the terms specified in this section to any owner who retrofits his or her insurable property in [State] to resist loss due to natural events.

(b) To obtain the adjustment provided in this section, an insurable property shall be retrofitted and designated as Silver or Gold level, as defined in the FORTIFIED Homes (FH) requirements of the Institute for Business and Home Safety (IBHS).

(c) An owner of insurable property claiming an adjustment pursuant to this section shall maintain sufficient certification records and construction records including, but not limited to, a certification of compliance with the applicable building code and certificate indicating the building is designated as FH Silver or Gold. The records shall be subject to audit by the Commissioner of Insurance, or his or her representatives, and copies of any such records shall be presented to the insurer or potential insurer of a property owner before the adjustment becomes effective for

the insurable property.

(d) Insurers are required to submit rates and rating plans to the commissioner and shall submit actuarially justified rating plans for any person who retrofits an insurable property to comply with the sets of alternatives provided in subsection (b). The adjustment shall only apply to policies that provide hazard coverage and may apply to that portion of the premium for hazard coverage or to the total premium if the insurer does not separate out its premium for hazard coverage in its rate filing. The adjustment shall apply exclusively to the premium designated for the improved insurable property. In addition to the requirements of this section, an insurer may voluntarily offer any other mitigation adjustment that the insurer deems appropriate.

SECTION 3. DEFINITIONS.

(a) NATURAL EVENTS - The term “natural event” includes severe and unseasonable weather, heavy precipitation, hurricanes, storm surges, tornadoes, other windstorms, hail, extreme heat, extreme cold, wildfire, fire, flood, earthquake, and other destructive hazard events.

(b) RESILIENCE - The term “resilience” means the ability to prepare and plan for, absorb, recover from, and more successfully adapt to adverse events in a timely manner.

(c) RESILIENT CONSTRUCTION - The term “resilient construction” means a construction method that—

- i. allows a property—
 1. to resist hazards brought on by a major disaster; and
 2. to continue to provide the primary functions of the property after a major disaster;
- ii. reduces the magnitude or duration of a disruptive event to a property; and
- iii. has the absorptive capacity, adaptive capacity, and recoverability to withstand a potentially disruptive event.

(d) INSURABLE PROPERTY - "insurable property" includes light commercial, single-family residential property. "Insurable property" also includes modular homes satisfying the codes, standards, or techniques as provided in Section 1 or Section 2. Manufactured homes or mobile homes are excluded, except as expressly provided in subsection (b) of Section 2.

SECTION 4.

This act shall only apply to new insurance policies written or existing policies renewed on or after the first day of the twelfth month following the effective date of this act.

SECTION 5.

The [State] Department of Insurance shall promulgate such rules as are necessary to implement and administer this act.

SECTION 6.

This act shall become effective [Date].