



February 19th, 2025

## Letter from the Consumer Federation of America— Support the Disaster Resiliency and Coverage Act

Dear Representative,

The Consumer Federation of America (CFA) urges your support for H.R. 1105, the Disaster Resiliency and Coverage Act, sponsored by Representatives Mike Thompson (D-CA-4) and Doug LaMalfa (R-CA-1). This bill would establish a disaster mitigation program, providing homeowners in disaster-prone areas with strong incentives to harden their homes against natural disasters and reduce their risk of loss.

CFA is an association of consumer organizations that works to advance the consumer interest through research, advocacy, and education. We have worked for decades on making insurance more affordable and accessible, strengthening insurance markets, and reducing risk.

As climate change drives stronger and more frequent natural disasters, insurance premiums have been skyrocketing across the country. The Federal Insurance Office's (FIO) recent report found that from 2018 to 2022, average homeowners insurance premiums increased by 8.7% faster than inflation and that many homeowners saw substantially larger insurance premiums. Homeowners in communities affected by frequent extreme weather events and natural disasters are facing historically high rates—about \$2,321 in average annual premiums. Policy nonrenewals also rose in 2022, “suggesting many consumers found it more difficult and challenging to purchase insurance.”<sup>1</sup>

Disaster resiliency work, in the form of mitigation efforts, can greatly reduce risk and lower insurance costs. Examples of these efforts include maintaining defensible spaces around homes, strengthening roofs against storms or wildfires, installing enclosed eaves and fire-resistant vents to reduce the risk of embers, and installing multi-pane windows. However,

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<sup>1</sup> “Analyses of U.S. Homeowners Insurance Markets, 2018-2022: Climate-Related Risks and Other Factors.” Federal Insurance Office, U.S. Department of the Treasury. January 2025. Available at <https://home.treasury.gov/news/press-releases/jy2791>.



these critical loss prevention investments can have a substantial price tag, making them difficult for working-class and middle-class homeowners to afford.

The Disaster Resiliency and Coverage Act would help address the insurance crisis by providing assistance to homeowners to harden their homes against wildfires and other risks. It directs the President to establish a grant program, administered through states and tribal governments, in which homeowners in designated disaster-prone areas can receive grants of up to \$10,000 for disaster resiliency work on their homes. To be eligible for these grants, states and tribal governments would submit plans with information about the mitigation efforts that would be eligible for these funds and how they would evaluate applicants. The plans would further include information about the maximum amounts available to homeowners for each qualifying mitigation effort. Homeowners who make \$250,000 or less annually would be eligible for these grants. There is also language to consider whether consumers live in Community Disaster Resiliency Zones, which are low-income, high-risk areas.

In order to ensure these programs are effective, the President would consult with the Federal Insurance Office and determine which mitigation efforts would reduce insurance risk and incentivize homeowners insurance companies to offer policies. States and tribal governments would establish public guidance for insurance companies that would include suggested incentives for homeowners who carry out these disaster resiliency efforts, and these incentives would include both increased eligibility for insurance coverage and discounts for homeowners who undertake mitigation measures.

The Disaster Resiliency and Coverage Act includes extensive definitions of qualifying mitigation activities that will be covered by these grant programs. Examples include stormwater drainage systems, the removal or reduction of flammable vegetation, specific water hydration systems, and elevation of qualified homes above the base flood elevation. The grant programs are designed to help homeowners reduce their risk for a variety of weather events and natural disasters, including flooding.



Finally, the bill provides a 30% tax credit for the qualifying mitigation efforts that are done by homeowners or businesses. Many disaster mitigation actions cost substantially more than \$10,000, so the grants would not fully cover the costs of these efforts. The tax credit is complimentary to the grant program, providing meaningful assistance to homeowners for whom mitigation needs exceed \$10,000. The tax credits will be available to anyone who wants them, as long as they live in disaster zones, but the grants will be means-tested and targeted to those who need them most.

Several states, including Alabama, have similar programs that provide grants of up to \$10,000 for resiliency work, and these programs are showing significant progress. But state resources are simply not enough to deal with the large-scale need to adapt to climate change both for public safety reasons and to begin to take on the insurance affordability crisis. Investing in America's housing infrastructure in this manner is a critical way that the federal government can help make communities safer, home insurance more affordable, and homeownership more sustainable.

We urge your support for the Disaster Resiliency and Coverage Act, which will promote disaster mitigation measures through incentives and reduce insurance risk.

Please contact us at [mdelong@consumerfed.org](mailto:mdelong@consumerfed.org) with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Heller', with a long horizontal line extending to the right.

Douglas Heller  
Director of Insurance  
Consumer Federation of America

A handwritten signature in black ink, appearing to read 'Michael DeLong', written in a cursive style.

Michael DeLong  
Research and Advocacy  
Associate  
Consumer Federation of America