

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6512S.01I  
 Bill No.: SB 1543  
 Subject: Housing; Insurance - General  
 Type: Original  
 Date: March 9, 2026

Bill Summary: This proposal modifies provisions relating to homeowner's insurance.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	(\$37,077 to Unknown)	(\$90,764 to Unknown)	(\$115,724 to Unknown)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$37,077 to Unknown)</b>	<b>(\$90,764 to Unknown)</b>	<b>(\$115,724 to Unknown)</b>

\*DOC notes that current capacity will be met by July 2029 (FY 2030) or potentially much sooner. Therefore, Oversight has made the decision to reflect the marginal cost of incarceration up to an unknown cost if DOC needs to add staff and/or rehabilitate, expand or construct additional capacity. Oversight assumes the unknown cost has the potential to exceed \$250,000.

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Insurance Dedicated Fund (1566)	(\$169,207)	(\$13,081,372)	(\$3,100,712)
Missouri Stronger Homes*	\$0	\$0	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(\$169,207)</b>	<b>(\$13,081,372)</b>	<b>(\$3,100,712)</b>

\*Transfer-in and cost net to zero.

Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Insurance Dedicated Fund (1566)	7 FTE	7 FTE	7 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>7 FTE</b>	<b>7 FTE</b>	<b>7 FTE</b>

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

**ESTIMATED NET EFFECT ON LOCAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§33.080 - 379.3140 – Homeowners Insurance

#### §375.991

Officials from the **Department of Corrections (DOC)** assume section 375.991 expands a fraudulent insurance act to include inflating the cost of things in order to offset the deductible. The penalty is a class E felony for the first offense, and a class D felony for a second or subsequent offense.

As these are new crimes, there is little direct data on which to base an estimate, and as such, the department estimates an impact comparable to the creation of a new class E felony and a new class D felony.

For each new nonviolent class E felony, the department estimates one person could be sentenced to prison and two to probation. The average sentence for a nonviolent class E felony offense is 3.4 years, with 1.4 years served in prison prior to first release. Probation sentences will be 3 years.

The cumulative impact on the department is estimated to be 2 additional offenders in prison and 7 additional offenders on field supervision by FY 2029.

For each new nonviolent class D felony, the department estimates three people could be sentenced to prison and five to probation. The average sentence for a nonviolent class D felony offense is 5 years with 1.7 years served in prison prior to first release. Probation sentences will be 3 years.

The cumulative impact on the department is estimated to be 8 additional offenders in prison and 16 additional offenders on field supervision by FY 2029.

#### Combined Cumulative Impact

The combined cumulative impact of the new bill would be 10 additional offenders in prison and 23 additional offenders in filed supervision by FY 2029.

	# to prison	Cost per year	Total Costs for prison	Change in probation & parole officers	Total cost for probation and parole	# to probation & parole	Grand Total - Prison and Probation (includes 2% inflation)
Year 1	4	(\$11,123)	(\$37,077)	0	\$0	7	(\$37,077)
Year 2	8	(\$11,123)	(\$90,764)	0	\$0	14	(\$90,764)
Year 3	10	(\$11,123)	(\$115,724)	0	\$0	23	(\$115,724)
Year 4	10	(\$11,123)	(\$118,038)	0	\$0	26	(\$118,038)
Year 5	10	(\$11,123)	(\$120,399)	0	\$0	29	(\$120,399)
Year 6	10	(\$11,123)	(\$122,807)	0	\$0	29	(\$122,807)
Year 7	10	(\$11,123)	(\$125,263)	0	\$0	29	(\$125,263)
Year 8	10	(\$11,123)	(\$127,768)	0	\$0	29	(\$127,768)
Year 9	10	(\$11,123)	(\$130,324)	0	\$0	29	(\$130,324)
Year 10	10	(\$11,123)	(\$132,930)	0	\$0	29	(\$132,930)

The department will assume a marginal cost (multiplied by number of offenders) for any projected increase or decrease in the incarcerated population. Marginal cost is \$30.47 per day or an annual cost of \$11,123 per offender which includes costs such as medical, food, wages and operational E&E. The unknown amount is a result of the uncertainty in the growth of the underlying offender population. The impact of any new legislation combined with the growth of the underlying population could result in the tiered approach below in order to meet the population demands.

1. Fully staffing current capacity (27,368) which is habitable, but DOC does not have the staffing resources for all bed space.
2. Rehabilitating current space that is not currently habitable and obtaining staffing resources for that space (requires capital improvements).
3. Expanding new capacity by adding housing units or wings to existing prisons and obtaining staffing resources for that space (requires capital improvements).
4. Constructing a new prison and obtaining staffing resources. Based on current construction projects in other Midwest states, the department estimates the cost of constructing a new 1,500-bed maximum security prison at approximately \$825 million to \$900 million plus annual operating costs of approximately \$50 million (requires capital improvements).

The department's population projections indicate current physical capacity will be met by July 2029; however recent trends indicate that capacity could be met much sooner. Should new construction be the result of the increasing offender population, the full cost per day per offender

would be used which is \$106.96 or an annual cost of \$39,040. This includes all items in the marginal cost calculation plus fringe, personal service, utilities, etc.

DOC's cost of probation or parole is determined by the number of P&P Officer II positions that are needed to cover its caseload. The DOC average district caseload across the state is 51 offender cases per officer. An increase/decrease of 51 cases would result in a cost/cost avoidance equal to the salary, fringe, and equipment and expenses of one P&P Officer II. Increases/decreases smaller than 51 offender cases are assumed to be absorbable.

In instances where the proposed legislation would only affect a specific caseload, such as sex offenders, the DOC will use the average caseload figure for that specific type of offender to calculate cost increases/decreases.

\* If this impact statement has changed from statements submitted in previous years, it could be due to an increase/decrease in the number of offenders, a change in the cost per day for institutional offenders, and/or an increase in staff salaries.

**Oversight** does not have any information contrary to that provided by DOC. Therefore, Oversight will reflect DOC's impact for fiscal note purposes.

#### §§379.3000-379.3055

Officials from the **Department of Commerce and Insurance (DCI)** assume these sections create the "Missouri Disaster Mediation Act" which allows dispute resolution program for a facilitated claim resolution process per Director's order initiating such alternative dispute resolution program and Governor proclamation of emergency. While the mediator expenses are borne by the insurer, the Director's office transmits the requests to the administrator within three business days after receipt.

The department believes it can absorb the additional workload that would result from this legislation within existing appropriations and FTE. However, should the workload exceed expectations, the department would request an additional appropriation and/or FTE through the budget process to cover the increased costs.

Officials from the DCI assume the cost of the proposal can be absorbed. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

#### §§379.3100-379.3140

Officials from the **Department of Commerce and Insurance (DCI)** assume these sections create "Missouri Stronger Homes Act" provides grant moneys to assist Missouri residents in retrofitting and constructing insurable properties to resist loss due to a catastrophic event,

pending receipt of federal grants or funds. Mitigation efforts subject to Insurance Institute for Business & Home Safety (IBHS) Fortified Homes Program and local building codes.

The department would be responsible for creating eligibility criteria, income tiers, construction and inspection standards, and application procedures; overseeing receipt and use of federal and other funds; conducting or authorizing compliance monitoring, random inspections, and fraud detection activities, including issuance of cease-and-desist orders under section 375.991.

The department will need four Grants Specialists at the salary of \$79,490 and a Grants Manager at the salary of \$110,933 to perform grant related research, monitor grant activities, review, write, evaluate, manage, and award grants.

Additionally, the department will need one Intermediate Accountant at the salary of \$86,434 and one Senior Accountant at the salary of \$93,931 to review documents to determine completeness, accuracy, and proper authorizations, and process account payables.

Finally, the department will need expense and equipment to support these additional staff in the amount of \$176,302.

DCI assumes with the start of this program being in FY28, the assumption is that the department would start the recruiting process and only have staff on board for a month in FY27.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the FTE cost estimate as provided by DCI in the fiscal note to the Insurance Dedicated Fund (1566).

#### Section 379.3115

Officials from the **Department of Commerce and Insurance (DCI)** assume these sections create the “Missouri Stronger Homes Fund” under state treasurer. These sections provide for the transfer of twelve million dollars on July 1, 2027, and then beginning July 1, 2028, and annually until July 1, 2037, up to 20 percent of the remaining balance in the Insurance Dedicated Fund as of June thirtieth of the preceding fiscal year not to exceed two million dollars in any one year.

**Oversight** will reflect a transfer out of \$12,000,000 in FY 2028 and \$2,000,000 in FY 2029 from the Insurance Dedicated Fund (1566) to the newly created Missouri Stronger Homes Fund.

DCI assumes the distribution of grants out of this fund would vary based on grant applications and fund availability. DCI has estimated a range of cost from \$0 to \$5,000,000 in grant distributions in FY 2028 and \$0 to \$3,000,000 in FY 2029.

Since it is unknown how many grants would be distributed annually, for simplicity, **Oversight** will reflect that all funds will be utilized in the year in which they were received.

Bill as a whole:

Officials from the **Office of Attorney General (AGO)** assume any potential litigation costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation costs.

Officials from the AGO assume the cost of the proposal can be absorbed. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Officials from the **Department of Public Safety - State Emergency Management Agency, Office of the State Courts Administrator** and **Office of the State Treasurer** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, county circuit clerks, county prosecutors and county clerks were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>GENERAL REVENUE</b>			
<u>Cost – DOC (§375.991) p.4</u> Increased incarceration costs	(\$37,077 to <u>Unknown</u> )	(\$90,764 to <u>Unknown</u> )	(\$115,724 to <u>Unknown</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>(\$37,077 to <u>Unknown</u>)</b>	<b>(\$90,764 to <u>Unknown</u>)</b>	<b>(\$115,724 to <u>Unknown</u>)</b>
<b>INSURANCE DEDICATED FUND</b>			
<u>Cost – DCI (§§379.3100-379.3140) p.6</u>			
Personal Service	(\$50,772)	(\$621,445)	(\$633,874)
Fringe Benefits	(\$29,950)	(\$364,297)	(\$369,296)
Expense and Equipment	(\$88,485)	(\$95,630)	(\$97,542)
<u>Total Cost – DCI</u>	<u>(\$169,207)</u>	<u>(\$1,081,372)</u>	<u>(\$1,100,712)</u>
FTE Change – DCI	7 FTE	7 FTE	7 FTE
<u>Transfer Out – to Missouri Stronger p.6 Homes Fund (§§379.3100-379.3140)</u>	<u>\$0</u>	<u>(\$12,000,000)</u>	<u>(\$2,000,000)</u>
<b>ESTIMATED NET EFFECT ON THE INSURANCE DEDICATED FUND (1566)</b>	<b>(\$169,207)</b>	<b>(\$13,081,372)</b>	<b>(\$3,100,712)</b>
Estimated Net FTE Change on the Insurance Dedicated Fund (1566)	7 FTE	7 FTE	7 FTE
<b>MISSOURI STRONG HOMES FUND</b>			
<u>Transfer In – from Insurance Dedicated Fund (§§379.3100-379.3140) p.6</u>	<u>\$0</u>	<u>\$12,000,000</u>	<u>\$2,000,000</u>
<u>Cost – DCI (§§379.3100-379.3140)</u> Distributed Grants p.6	<u>\$0</u>	<u>(\$12,000,000)</u>	<u>(\$2,000,000)</u>
<b>ESTIMATED FISCAL IMPACT ON THE MISSOURI STRONGER HOMES FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

A direct fiscal impact to insurance companies would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act modifies provisions relating to homeowner's insurance.

Current law provides that ten million dollars shall be transferred from the Insurance Dedicated Fund and placed to the credit of the Rebuild Damaged Infrastructure Fund.

This act provides that twelve million dollars shall be transferred from the Insurance Dedicated Fund and placed to the credit of the newly created Missouri's Stronger Homes Fund on July 1, 2027. Funds will be placed on an annual basis commencing July 1, 2028 and ending on July 30, 2037, in amounts as provided in the act.

This act provides that a fraudulent insurance act includes, the false billing practice of "inflating", as defined in the act. The Department of Commerce and Insurance may issue an order to cease and desist, or issue a curative or summary order as set forth in current law.

This act prohibits an insurer from refusing, cancelling, refusing to renew a homeowner's insurance policy on a residential structure with a roof less than fifteen years old solely because of the age of the roof. For roofs over the age of fifteen years, a homeowner may have an inspection done at their own expense before an insurer requires replacement of the roof as a condition of issuing, continuing, or renewing a homeowner's policy. After this inspection, an insurer shall not refuse to issue, cancel, or refuse to renew a homeowner's policy solely because of roof age if the inspection indicates the roof has five years or more of useful life remaining. Calculation of a roof's age is outlined in the act.

An insurer's ability to refuse to issue, cancel, or refuse to renew any homeowner's policy still applies to situations including, but not limited to, structures that do not otherwise meet underwriting criteria applicable to replacement cost, law and ordinance coverage, or for other reasons not prohibited by Missouri law. Insurers will not be prohibited from limiting their liability through a deductible or to direct physical loss caused by a covered peril.

A policyholder may not assign, in whole or in part, any post-loss insurance benefit under any residential property insurance policy or any commercial property insurance policy issued or renewed after January 1, 2027. Any attempt to assign these benefits is void, invalid, and unenforceable.

Until an insurer receives reasonable proof of payment by the policyholder of any deductible applicable to the roof claim, the insurer may refuse to pay a claim for withheld recoverable appreciation or a replacement cost holdback.

This act creates the Missouri Disaster Mediation Act. The alternative dispute resolution program handles claims arising out of damage to a residential property caused by an event for which a state of disaster is declared within sixty days of the event.

The alternative dispute resolution program is available to Missouri residents who carry first-party insurance and the home damaged is the primary dwelling of the resident. The alternative dispute resolution program is not available to commercial insurance, property insurance covering multiple family dwellings, motor vehicle insurance, or liability coverage contained within property insurance policies.

The alternative dispute resolution program shall remain available until the director makes the determination that the need for the program has decreased due to sufficient progress of recovery efforts and issues an order terminating the program.

Insurers are required to give written notice by electronic mail or written mail to insureds in the state of Missouri who have claimed damage to their residential properties. This notice shall be given within five days of the time the insured or the administrator notifies the insurer of a dispute of the insured's claim. This provision applies to all disputed claims including instances where partial or full payment has been issued by the insurer to the insured.

If an insurer has not been notified of a disputed claim before the insurer notifies the insured that a claim has been denied in whole or in part, the insurer shall mail a notice of the right to mediate to the insured in the same mailing address as the denial. An insurer is not required to send a notice of the right to mediate if a claim is denied because the amount of the claim is less than the insured's deductible.

Specified language of the notice and information required to be attached to the notice is outlined in the act.

Failure to request mediation within the sixty day time period shall only bar the right to demand mediation and to seek extracontractual damages. It shall not prejudice any other legal right or remedy of the insured nor shall it prohibit the insurer from voluntarily accepting the request for mediation.

If an insurer receives a request for mediation, the insurer has three business days to electronically transmit the request to the administrator. If the director receives any request for mediation, the director has three business days to electronically transmit the request to the administrator. The administrator shall notify the insurer within three business days of receipt of the request that has been filed with the director.

The director may contract with qualified administrators to oversee the mediation program. This may be done by means of a formal bid process, or if a state of emergency has been declared, without a formal bid process. All bid processes must comply with current law.

Expenses and fees of the mediator and of the administrator will be borne by the insurer. All other mediation costs, fees, or expenses shall be borne by the party incurring such costs, fees, or expenses unless otherwise provided in the settlement agreement.

The director shall establish fee schedules for moneys to be paid directly to the administrator by the insurer for the services of the administrator, the mediator, and for cancellation. Fee schedules shall be established through promulgation of emergency rules to be in effect no later than January 1, 2027.

The director shall select a qualified mediator with appropriate training and experience in alternative dispute resolution.

The mediator is required to advise the parties of the mediation process and their rights and duties therein. The mediation will terminate if the mediator determines that either party is unable or unwilling to participate meaningfully in the process or upon mutual agreement by the parties.

A party may move to disqualify a mediator for good cause prior to the conference. Good cause consists of conflict of interest, inability of the mediator to handle the mediation competently, or other reasons that might impair the mediation conference.

Within five business days after the conclusion of the mediation conference, the mediator shall file a mediator's status report indicating whether the parties reached a settlement. Within those five days, if a settlement is reached, the insurer shall disburse the funds in accordance with the settlement agreement.

A settlement agreement may be rescinded if the insured has not received the settlement funds by electronic means or has not cashed or deposited any check or draft disbursed to the insured in payment of the settlement funds. If a settlement agreement is reached, and not rescinded, all specific claims that were presented in the mediation conference shall be released.

If a settlement agreement is not reached, the insured may choose to proceed by other legal means under the appraisal process set forth in the insurance policy, litigation, or by any other dispute resolution procedure available under Missouri law.

Should a settlement agreement be rescinded by the insured, the director may review the settlement agreement to determine its fairness. If the director determines the settlement agreement was fair, the director has ten business days from notice of the rescission to give notice to the insured that the settlement agreement was fair. Upon notice from the director of the fairness, the insured has five business days to withdraw the rescission, and the settlement agreement is reinstated as if no rescission had taken place.

All statements made and documents produced at mediation are confidential settlement communications. All documents and records produced prior or during the mediation shall be considered closed records under the Missouri Sunshine Law. No person who serves as administrator or mediator, nor any agent or employee of that person, shall be subpoenaed or otherwise compelled to disclose any matter disclosed in the process of setting up or conducting the mediation.

The provisions in this act are effective on January 1, 2027 and shall expire June 30, 2038.

This act creates the Missouri Stronger Homes Act. The Missouri Stronger Homes Act does not create an entitlement for property owners to obligate this state to fund the inspection, construction, or retrofitting of residential property in this state. Grant moneys provided under this act shall be provided to assist Missouri residents retrofitting or constructing insurable properties to resist loss due to tornado, other catastrophic windstorm events, or hail.

Implementation of this program is subject to receipt of grants or funds. The Department of Commerce and Insurance shall use its best efforts to obtain grants or funds from the federal government or other sources. The program may make grants to nonprofit organizations to construct or retrofit insurable residential properties to resist loss due to tornado, other catastrophic windstorm events, or hail.

The director shall establish a maximum grant award amount by rule and adjust the award amount to reflect changes in construction costs. The maximum amount of any grant awarded to an individual shall not exceed fifteen thousand dollars.

The Missouri Stronger Homes Fund is created. This fund shall consist of moneys deposited to the fund from receipt of federal grants or funds, or from other sources of grants or funds. The Department of Commerce and Insurance may budget and expend the funds for the purpose of assisting the Missouri Stronger Homes Program in its duties.

Moneys collected under this act shall not be redistributed or transferred to the insurance examination fund or general revenue. Moneys in this fund shall not lapse unless otherwise specified under federal funding or federal grant, or other sources from which funding is received.

Twelve million dollars shall be transferred from the Insurance Dedicated Fund and placed to the credit of the Missouri Stronger Homes Fund on July 1, 2027. Beginning July 1, 2028, and annually thereafter until July 1, 2037, up to twenty percent of the remaining balance in the

Insurance Dedicated Fund as of June thirtieth of the preceding fiscal year, in an amount not to exceed two million dollars in any one year, shall be transferred to and placed to the credit of the Missouri Stronger Homes Fund.

The provisions in this act creating the fund shall expire on June 30, 2038. Any moneys remaining in the Missouri Stronger Homes Fund upon expiration of the fund, shall be transferred to the Insurance Dedicated Fund.

To be eligible for a grant under this act, residential property owners shall meet the eligibility requirements set forth by the director by rule for each grant type and as described in this act.

Applications for grants under this act shall be filed electronically with the Department, along with any transaction fees. Grant applications, materials, and other information submitted are closed records under the Missouri Sunshine Law. Applications are approved on a first-come first-served basis. Priority is given to lower-income applicants, applicants who live in locations that, based on historical data, have a higher susceptibility to catastrophic weather events, and applicants meeting any other criteria the director determines is appropriate to meet the purpose of the program.

Retrofit projects should be completed within six months of the date the residential property owner receives notice of the grant approval. New construction shall be completed within the time frame approved by the director. Failure to complete the project within the prescribed time frames may result in forfeiture of the grant.

Residential property owners using moneys from this act shall hire an Insurance Institute for Business and Home Safety (IBHS)-certified and eligible contractor who is capable of performing work that satisfies the standards prescribed by this act. The residential property owner is responsible for any amount owed to a contractor that exceeds awarded grant moneys. Contractor and evaluator eligibility standards are outlined in the act.

For homeowner's insurance policies issued, continued, or renewed on or after January 1, 2027, insurers shall provide a premium discount or insurance rate reduction to insureds who retrofit the insurable property located in this state under this act. Insurers shall be required to offer a premium discount or rate reduction only when the insurer has deemed the adjustments to be actuarially justified and there is significant and credible evidence of cost savings.

To be eligible for a premium discount, rate reduction, or other adjustment, an insurable property shall be retrofitted to the FORTIFIED Home High Wind and Hail Standards as adopted by the IBHS. An insurable property may only be certified as conforming to the standards after evaluation and certification by an evaluator certified pursuant to the Standards.

An insured claiming a premium discount, rate reduction, or other adjustment shall maintain sufficient certification records, construction records, and receipts from contractors and for

materials. The insured must present to the insurer copies of the certification and construction records prior to the premium discount, rate reduction, or other adjustment becoming effective.

Insurers that write homeowner's insurance policies that are subject to the premium discount or rate reduction shall submit rating plans as provided under current law. A premium discount, rate reduction, or other adjustment shall only apply to policies that provide wind or hail coverage. If an insurer already offers an actuarially justified hail resistance discount, that hail-resistance discount shall be deemed as having met the requirements of this act and no additional hail-related discount or rate reduction shall be required. The same pertains to actuarially justified discounts for IBHS FORTIFIED Home Standards already offered by an insurer.

Insurers may apply the premium discount, rate reduction, or other adjustment to the premium at the policy renewal that follows submission of the certification to the insurer. At the time of policy renewal for which the premium discount, rate reduction, or other adjustment have previously been applied, the insurer may request documentation or recertification that the fortified standards continue to be met.

The provisions of this act expire on June 30, 2038.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Attorney General's Office  
Department of Commerce and Insurance  
Department of Corrections  
Department of Public Safety – State Emergency Management Agency  
Office of the Secretary of State  
Office of the State Courts Administrator  
Joint Committee on Administrative Rules



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March 9, 2026



Jessica Harris  
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March 9, 2026