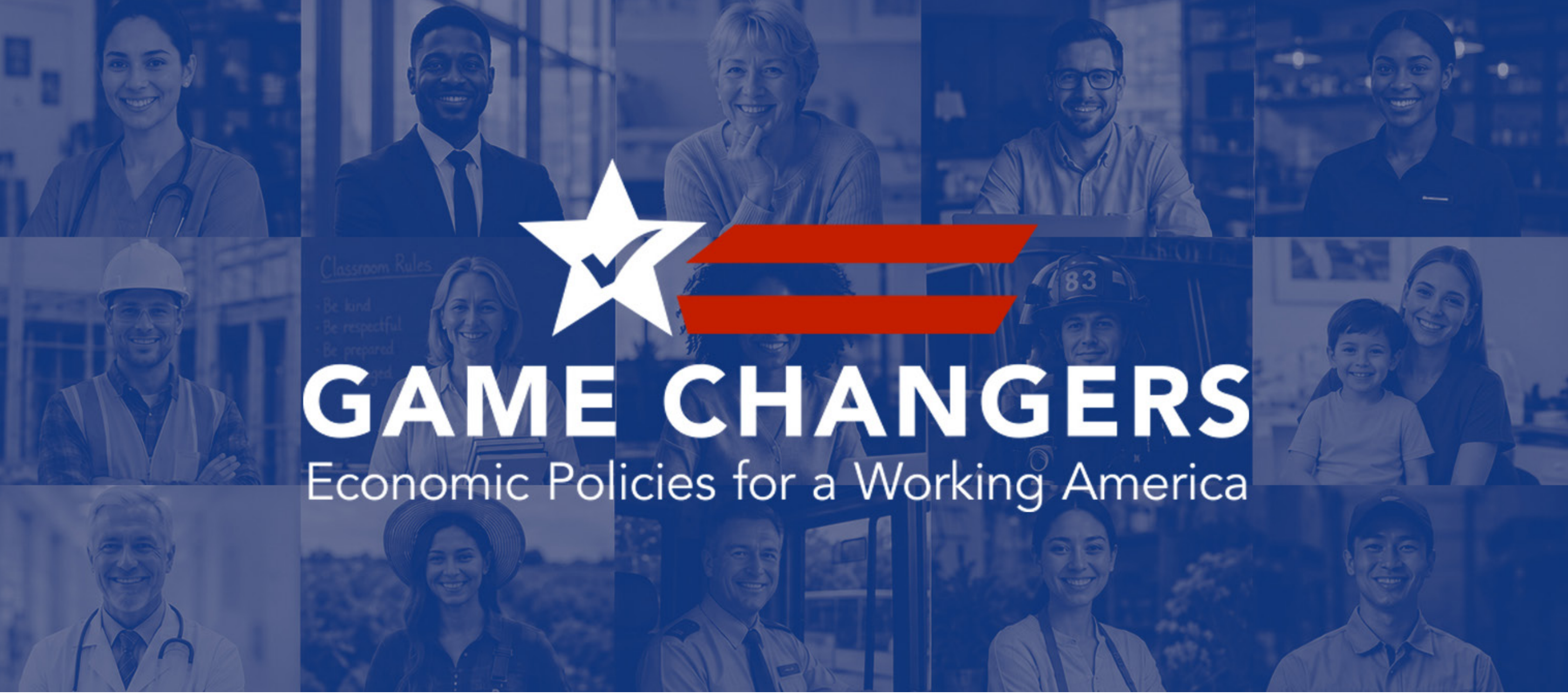

BACKGROUND PAPER / JULY 2026

National Disaster Insurance for All:

Single-Payer Disaster Insurance and Community Resilience Investments for Safer and More Affordable Housing

BY MOIRA BIRSS

POLITICAL ECONOMY RESEARCH INSTITUTE
PERI
University of Massachusetts Amherst

Climate & Community INSTITUTE

NATIONAL DISASTER INSURANCE FOR ALL:
Single-Payer Disaster Insurance and Community Resilience Investments for Safer and More Affordable Housing

By Moira Birss

Executive Summary

Home insurance is an essential service for our housing finance and disaster recovery systems, particularly for low-income households. Yet the disaster risk finance system is collapsing as prices rise and insurers withdraw coverage, leading to insurance gaps and increasing reliance on inadequate public disaster relief. Whether through increasingly out-of-reach premiums, insurer withdrawals from regional markets, or reduced coverage that leaves policyholders without sufficient resources to recover after total losses, widening insurance gaps increase household financial strain for single-family homeowners, renters, and manufactured and condo homeowners. These stark divides in disaster resilience and access to affordable and adequate insurance intersect directly with inequities based on race, class, and immigration status. The insurance crisis also further exacerbates the country's affordable housing crisis as it strains budgets for affordable housing developers and providers.

While the climate crisis exacerbates disaster risk to homes, the breakdown of insurance markets is not just a result of climate change or inflation. Insurance companies, as for-profit entities, prioritize the protection (and growth) of their own bottom lines, not the protection of homes and the financial investments households and housing providers have in those homes. Without an insurance system that maintains financial security for the many and helps reduce disaster risk to homes, only the wealthy few are likely to remain financially solvent as climate-driven disasters increase.

The answer is a National Housing Resilience Agency: a federal-level entity tasked with providing adequate, affordable, and available national disaster insurance for homes and carrying out proactive adaptation and risk mitigation, so homes are safer to begin with. Only a holistic response to this crisis like the NHRA, designed to ensure safe, affordable housing for all rather than prioritize insurance company profits, can fully address the interconnected risks communities face.

Background

Home insurance is an essential service

Insurance is essential to the housing finance and disaster recovery systems in the U.S. Not only do lenders require insurance for individual and commercial mortgages, post-disaster recovery is faster and more thorough when most households have insurance.[1] The financial protection provided by insurance is especially important for low-income households and communities, which have less access to other sources of capital for recovery.[2] Nonexistent or even low insurance coverage increases reliance on ex-post facto disaster relief,[3] which strains both state and federal public purses, diverting spending from other key public goods. Yet disaster relief funds typically amount to only a fraction of what each homeowning household needs to recover,[4] and recovery assistance for renters is much lower and more difficult to access than aid provided for homeowners.[5] Housing developers and providers, for their part, rely on insurance as a building block for housing construction and preservation, and so inadequate insurance options is worsening the country's affordable housing crisis.[6] And the financial burdens resulting from inadequate insurance coverage after a major disaster could lead to loan defaults and foreclosures for property owners, which could then cascade into a systemic crisis.[7]

Climate change increases the severity & frequency of disasters

Massive wildfires in L.A. Flash floods in Texas Hill Country. Hurricanes in North Carolina. Hailstorms in Kansas. These recent disasters resulted in billions of dollars in losses, hundreds of lives lost, and the destruction of thousands of homes. Thanks to the climate crisis, such destructive catastrophes will likely only increase in frequency and scale in the months and years to come,[8] rendering more and more homes at least temporarily unlivable. Far from being just a coastal issue, nearly all single-family homes in the U.S. are exposed to some type of climate-related risk, with approximately 40 percent of households living in an area at risk of disaster-related damage to at least 10 percent of all local property value over a given year.[9] **Vulnerability to disasters, however, is not just a climate issue but "is an**

[1] Xuesong You and Carolyn Kousky, "Improving Household and Community Disaster Recovery: Evidence on the Role of Insurance," SSRN Scholarly Paper no. 4365715 (Social Science Research Network, February 17, 2023), https://doi.org/10.2139/ssrn.4365715.

[2] Caroline Ratcliffe et al., *Insult to Injury: Natural Disasters and Residents' Financial Health* (Urban Institute, 2019), https://www.urban.org/research/publication/insult-injury-natural-disasters-and-residents-financial-health.

[3] Moira Birss and Rebecca Elliott, "How Do We Fix Public Insurance Programs?," *Climate and Community Institute*, August 21, 2024, https://www.climateandcommunity.org/fix-insurance-programs

[4] Elena Krieger, *Facing Disaster Alone: FEMA Rollback Threatens to Overwhelm States*, Disaster Resilience (Just Solutions, 2025), https://justsolutionscollective.org/solution/facing-disaster-alone-fema-rollback-threatens-to-overwhelm-states/; Carloyn Kousky and Leonard Shabman, The Realities of Federal Disaster Aid: The Case of Floods, Issue Brief nos. 12–02 (Resources for the Future, 2012), https://media.rff.org/documents/RFF-IB-12-02.pdf.

[5] Joint Center for Housing Studies, *The State of the Nation's Housing 2024* (Harvard University, 2025), https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2024.pdf.

[6] David Brand, "Insurance Companies Routinely Deny NYC Buildings with Subsidized Tenants," Gothamist, July 25, 2023, https://gothamist.com/news/insurance-companies-routinely-deny-nyc-buildings-with-subsidized-tenants. Casey et. al. "Insurance: The Hidden Market Force Threatening Affordable Housing" (Climate and Community Institute: 2026), https://climateandcommunity.org/research/insurance-the-hidden-market-force/.

[7] Jordan Haedtler and Tracey Lewis, "The Home Insurance Crisis Is a Threat to Financial Stability," (Climate and Community Institute, 2024), https://climateandcommunity.org/research/insurance-financial-stability/.

[8] Earthjustice, "How Climate Change Is Fueling Extreme Weather," July 28, 2025, https://earthjustice.org/feature/how-climate-change-is-fueling-extreme-weather.

[9] Moira Birss et al., *Shared Fates: A Housing Resilience Policy Vision for the Home Insurance Crisis* (Climate and Community Institute, 2024), 19, https://climateandcommunity.org/research/shared-fates-home-insurance/.

economic problem with deep social roots, stemming from systemic failures in risk management, development planning, and resource allocation."[10]

Growing insurance gaps leave households unprotected

The sharp uptick in premium prices is one source of growing insurance gaps. Nationally, home insurance rates for single-family homes have risen by 58 percent since 2018.[11] In some regions, the situation is particularly acute: In Louisiana, 3 in 5 households would have to spend more than 10 percent of their income to pay for a standard home insurance policy.[12] The average single-family premium in Nebraska, for example, was $6,400 in 2025, $4,444 in Kansas, and $2,852 in Minnesota, all representing a substantial expense for many households.[13]

When high premium prices make full-coverage policies unaffordable, people often opt for less expensive but lower-coverage policies, like those with deductibles so high they rarely cover losses.[14] Or they may even forgo coverage altogether if not contractually obligated to obtain it. Research by the Consumer Federation of America (CFA) found that 15 percent of lower-income homeowners are without coverage of any kind.[15] While few data sources exist on under-insurance — when a policyholder does not have adequate coverage to fully recover after a major disaster — we do know that reduced insurance coverage leads to inequality and less community resilience post disaster.[16]

Major data gaps also exist on apartments and other types of multifamily and subsidized affordable housing. Qualitative research demonstrates, however, that rapidly rising insurance costs for multifamily housing developers and providers is leading to rent increases, delayed construction and preservation projects, and deferred retrofits and resilience upgrades.[17]

Meanwhile, insurance unavailability is increasing as fewer licensed insurers offer policies. Since 2021, at least 36 property insurers in 11 states have canceled more than 1.4 million policies, and some insurers

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[10] Paula Jarzabkowski et al., *Building Resilience: Linking Disaster Insurance and Risk Mitigation for a Sustainable Future* (The University Of Queensland, 2026), 4

[11] Mira Rojanasakul and Claire Brown, "America's Home Insurance Affordability Crunch: See What's Happening Near You.," Climate, *The New York Times*, November 19, 2025, https://www.nytimes.com/interactive/2025/11/19/climate/home-insurance-premiums-costs-usa.html.

[12] Nick Graetz et al., "Shared Fates: Rising Insurance Costs in Louisiana," Climate and Community Institute, February 5, 2025, https://climateandcommunity.org/research/shared-fates-louisiana/.

[13] Michael Copley et al., "It's Harder to Get Home Insurance. That's Changing Communities across the U.S.," *NPR*, November 12, 2025, https://www.npr.org/2025/11/12/nx-s1-5546754/climate-home-insurance-cop30-prices-expensive-disasters; Martin Shannon, "Average Homeowners Insurance Cost in March 2026," Bankrate, accessed March 19, 2026, https://www.npr.org/2025/11/12/nx-s1-5546754/climate-home-insurance-cop30-prices-expensive-disasters.

[14] Hyeyoon Jung and Jaehoon (Kyle) Jung, "What Millions of Homeowner's Insurance Contracts Reveal About Risk Sharing," *Liberty Street Economics*, ahead of print, April 13, 2026, https://doi.org/10.59576/lse.20260413.

[15] Sharon Cornelissen et. al., "EXPOSED: A Report on 1.6 Trillion Dollars of Uninsured American Homes," Consumer Federation of America, March 12, 2024, https://consumerfed.org/wp-content/uploads/2024/03/Exposed-UninsuredHomes-1.pdf.

[16] Anna Rhodes and Max Besbris, *Soaking the Middle Class: Suburban Inequality and Recovery from Disaster* (Russell Sage Foundation, 2022), 97.

[17] Casey et al., "Insurance: The Hidden Market Force Threatening Affordable Housing."; David W. Chen, "'Not Sustainable': High Insurance Costs Threaten Affordable Housing," U.S., *The New York Times*, June 7, 2024, https://www.nytimes.com/2024/06/07/us/home-insurance-homeless-affordable.html; Samuel K. Hughes and Raven Molloy, Rising Property Insurance Costs and Pass-Through to Rents for Apartment Buildings, FEDS Notes (Board of Governors of the Federal Reserve System, 2025), https://www.federalreserve.gov/econres/notes/feds-notes/rising-property-insurance-costs-and-pass-through-to-rents-for-apartment-buildings-20250919.html.

have completely abandoned parts of the country.[18] Households in one of the 35 states with an insurer-of-last-resort program can turn to this safety net, but the bare-bones coverage in these largely industry-run programs do not adequately meet recovery needs[19] (more on state insurers-of-last-resort below).

Even when households or housing providers can access and afford comprehensive coverage, policyholders report months-long fights for payouts after obvious damage from a major disaster,[20] with one analysis finding claims denial rates of 40-50%.[21] Whistleblower adjusters have even reported insurance companies altering adjuster reports in an apparent attempt to minimize payouts.[22]

The profit vs. protection conflict underpinning the insurance crisis

While insurance, in its origins as mutual aid-like risk pooling, provides an essential service for households and housing providers, the fact that the business decisions of private insurance companies dictate much of today's home insurance system leaves households and housing providers vulnerable. **The insurance industry does not prioritize providing affordable coverage – it prioritizes profit-maximization**.

Because their primary profit source is the returns they earn from investing premium income, insurance companies are incentivized to raise premiums, transfer financial risk to reinsurance markets and policyholders (the latter in the form of increased deductibles or reduced coverage),[23] and reduce payouts (sometimes to the extent of apparent fraud[24]). Insurers may also have incentives to exploit, not just avoid, risk — sellers' market conditions caused by increasing disasters gives them justification for premium hikes and coverage exclusions, and can serve, essentially, as free advertising.[25] Insurers can make a lot of money in these ways: A recent analysis found $6 in profit for every $1 in underwriting losses across the country.[26] This has proven true even in years with higher-than-expected catastrophic

[18] "Climate Change And Trump Are Fueling A Nationwide Insurance Crisis," *Climate Power*, December 2025, https://climatepower.us/research-polling/report-climate-change-and-trump-are-fueling-a-nationwide-insurance-crisis/.
[19] Isabel Peñaranda Currie et al., *Insurers of Last Resort: Why Today's FAIR Plans Need a Redesign to Address the Home Insurance Crisis* (Climate and Community Institute, 2025), https://climateandcommunity.org/research/insurers-of-last-resort/.
[20] Levi Sumagaysay, "California Investigates State Farm over Claims from Los Angeles Fires," Economy, *CalMatters*, June 12, 2025, https://calmatters.org/economy/2025/06/california-investigates-state-farm/; Levi Sumagaysay, "Many L.A. Fire Survivors Face Insurance Delays and Can't Return Home a Year Later," Economy, *CalMatters*, January 7, 2026, https://calmatters.org/economy/2026/01/insurance-after-los-angeles-fires/.
[21] Martin Weiss, "Homeowners Beware! Big Insurers Deny HALF of Damage Claims," Weiss Ratings, Weiss Ratings Daily, accessed May 5, 2026, https://weissratings.com/en/weiss-ratings-daily/homeowners-beware-big-insurers-deny-half-of-damage-claims.
[22] "Florida Home Hurricane Damage Reports Changed, Whistleblowers Say," *60 Minutes*, produced by Sharyn Alfonsi et al., CBS, September 29, 2024, https://www.cbsnews.com/news/florida-family-hurricane-ian-insurance-payout-accusations-60-minutes/.
[23] Ronen Avraham and Ariel Porat, "The Dark Side of Insurance," *Review of Law & Economics* 19, no. 1 (2023): 13–45, https://doi.org/10.1515/rle-2022-0054.
[24] Sharyn Alfonsi, "Florida Home Hurricane Damage Reports Changed, Whistleblowers Say," 60 Minutes Overtime, CBS, September 29, 2024, https://www.cbsnews.com/news/florida-family-hurricane-ian-insurance-payout-accusations-60-minutes.
[25] Bench Ansfield, *Born In Flames: The Business of Arson and the Remaking of the American City* (Norton, 2025); Avraham and Porat, "The Dark Side of Insurance."
[26] Martin D. Weiss, "Large Property Insurers in Florida Fail to Pay Nearly Half of Homeowner Claims," Weiss Ratings, June 25, 2024, https://weissratings.com/en/weiss-news/weiss-ratings-reveals-large-property-insurers-in-florida-fail-to-pay-nearly-half-of-closed-homeowner-claims.

losses like 2024, when the sector still "experienced a sharp gain in underwriting profit," as reported by the U.S. Treasury Department.[27]

Insurers' profit motive also undermines any incentive they might have to invest in reducing the risk to homes from disasters. That's because short-term contracts and quarterly earnings reporting timelines disincentivize insurers from investing in risk reduction measures that tend to have medium- to long-term time horizons. It's also because many of the most effective risk reduction strategies are community- not individual-level ones, like controlled burns or stormwater system upgrades. This creates a collective action problem in which no one insurance company wants to support risk reduction measures that have diffuse financial benefits.[28] From the policyholder perspective, the fact that an insurer can drop them at the end of a one-year (or less) policy term also undermines presumed incentives for individual risk reduction investments, since policyholders have no guarantee that the insurer won't just up their premium or refuse to renew at the end of the contract term, even if the policyholder had made mitigation investments.

At the same time, the profit motive incentivizes insurance companies to "cherry-pick" (offer coverage only to the "best" policyholders), minimize claims payouts, and erode coverage. Though the original idea of insurance is to pool risks across levels, types, geographies and timelines of risk, today's for-profit companies seek narrow pools with the lowest risk levels from which they can extract premiums with little expectation of claims payout. And even after they have filtered out the high-risk policies in their pool, insurance companies seek further ways to reduce payouts, like nickel-and-diming on claims, because they make money on the spread between premiums and payouts. Every dollar not paid in claims is a dollar of profit, to be multiplied even further through capital markets investments.

Insurers may also take advantage of marginalized groups of people to further avoid or profit from perceived risk, as they have done in the past. Insurers were key players in historical practices of redlining by refusing to provide coverage to Black households — practices that have contributed to persistent housing wealth gaps and chronic underinvestment in communities of color. Research from the Climate and Community Institute and Consumer Federation of America demonstrates that insurers today charge households with low credit scores in low-disaster-risk areas higher premiums than households with high credit scores in high-disaster-risk areas.[29] Not only does this practice perpetuate the disparate and unfair impact of credit scores themselves, it also calls into question the claim that insurance pricing provides clear signals to households about disaster risk (more on this below).

Failures of existing industry and policy responses

The inequitable and ineffective logic of price signals

The insurance industry largely responds to today's crisis with the argument that it just needs to be fully unleashed (read: deregulated) by state regulators to charge "actuarially sound" prices, which will then

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[27] Federal Insurance Office, Annual Report on the Insurance Industry, 2025, pg. 2, https://home.treasury.gov/system/files/311/Final%20FIO%202025%20Annual%20Report.pdf.

[28] Daniel Schwarcz, "Collective Coverage: How Group Homeowners Insurance Could Promote Climate Adaptation and Resilience," *Washington University Law Review* (forthcoming, 2027), available at: https://ssrn.com/abstract=6142046.

[29] Moira Birss et al., *Penalized: The Hidden Cost of Credit Score in Home Insurance Premiums* (Consumer Federation of America & Climate and Community Institute, 2025), https://climateandcommunity.org/research/penalized-the-hidden-cost-of-credit-score-in-homeowners-insurance-premiums/.

incentivize households to undertake risk mitigation, which could lead to cheaper coverage (*if* insurers actually decide to reduce rates).

This logic, in the disaster context, is known as "risk-based pricing" or "price signaling." It rests on the notion that setting premium prices based on disaster risk level is an effective way to get people or housing providers to reduce risks themselves, through actions like moving to a new location or installing a new roof with the expectation that insurance premiums will go down. **But the use of price signaling for disaster risk contributes to financial exclusion and is largely ineffective as a risk reduction mechanism**. The lived reality of individuals and communities demonstrates the deficiencies in risk-based pricing logic:

- People make decisions about where to live for all kinds of reasons, like where schools, family, or jobs are located.[30] Or a property may have been handed down across generations, and existing occupants can't afford to live anywhere else.
- Affordable housing shortages can leave people with few choices of where to live; higher-risk regions may be where the only affordable housing exists.
- Some households may have been forced into a risky location because of housing discrimination.[31]
- Low-income households, as well as many middle-income ones, cannot afford to pay upfront for big retrofits like roof replacements. Renters have almost no power to enact them.
- Many of the necessary risk-reduction measures to respond to these big disasters, like sewer upgrades or neighborhood brush clearings, aren't measures individual households or building owners can take on their own.
- The wealthiest homeowners can always override price signals because they can afford higher premiums or even self-insure.
- Market rate housing developers don't have to think about insurance coverage past the build completion date and so keep building new housing in high-risk areas.
- Local land use policies tend to be incentivized by building the tax base rather than ensuring long-term resilience.
- In parts of the country, a disproportionate number of lower-income people live in riskier areas, meaning granular risk-based pricing shifts costs away from wealthier households onto lower-income ones.[32]

Furthermore, the profit motive of insurance companies undermines the argument that reduced risk (were that to be achieved) will lead to cheaper policies, unless legally mandated to do so.

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[30] Rhodes and Besbris, *Soaking the Middle Class: Suburban Inequality and Recovery from Disaster*.

[31] Jade A. Craig, "Struggle Against the Water: Connecting Fair Housing Law and Climate Justice," *Nevada Law Journal* 24, no. 3 (2024): 737–92, https://scholars.law.unlv.edu/cgi/viewcontent.cgi?article=1942&context=nlj.

[32] Judson Boomhower and Meredith Fowlie, "The Efficiency and Equity Impacts of Risk Classification in Catastrophe Insurance," in *Environmental and Energy Policy and the Economy, Volume 7* (University of Chicago Press, 2025), https://doi.org/10.1086/738539.

The risk-assessment tools of insurance do provide useful information about the location and scale of disaster risk. But these tools are not replacements for intentional planning and collective action. Given the collective nature of disaster risk, the confusing nature of risk information, and cognitive biases that lead individuals to under-estimate risk exposures, **risk classification tools are most effectively and equitably deployed as inputs to the development of clear and precise policy measures**. Those tools can identify, for example, where collective risk-reduction resources should flow or where land use policy should proactively direct housing away from high-risk geographies.[33]

Separating risk-identification tools from individual risk mitigation responsibility is also an essential acknowledgement of the collective nature of large-scale catastrophe risks. Risk-based pricing logic rests upon the presumption that people should not underwrite a risk they do not share. But large-scale catastrophes are collective, not individual, in nature – those risks *are* shared, and often overlap, as noted above. Furthermore, in addition to hard-to-price impacts like loss of community cohesion and social infrastructure, a property's value is largely reflective of where it is situated. A perfectly rebuilt house in the middle of an otherwise devastated and derelict neighborhood will still lose most of its value. Individual coverage and property-level risk reduction will not protect a property's value if all unprotected neighbors have to abandon the community in the aftermath of disaster. **The problem of disaster risk to homes can only be solved through community coverage.**

The badly designed policy responses to insurance market failures

Today's insurance crisis is not the first. In the 1960s, insurers began refusing to provide flood risk coverage across the country, as well coverage for homes in inner cities (primarily in Black and Latine neighborhoods). In response to these insurance market failures, the federal government and many states have set up insurers-of-last-resort. Congress established the National Flood Insurance Program (NFIP), a federally run insurance program for flood coverage, in 1968 (more on the NFIP below). In parallel, Congress designed a model for states to establish Fair Access to Insurance Requirement (FAIR) Plans to address the inner-city coverage gaps, and incentivized insurer participation in these private insurer associations with a temporary reinsurance program.[34] **In setting up such programs, governments affirmed that home insurance is an essential service requiring public intervention when private markets fail.**

Yet while these programs still provide important safety nets for households, their design does not meet the moment of today's climate-driven disaster risk landscape. Their financial models are overstretched, they have no affordability requirements and so premiums tend toward the unaffordable, and they

[33] Birss and Elliott, "How Do We Fix Public Insurance Programs?"; Paula Jarzabkowski, "Are Premium Price Increases Really a Way to Reduce Climate Risk Exposure?" (Climate and Community Institute, 2024) https://www.climateandcommunity.org/premium-price-increases; Laurence Barry, "The Moral Economies of Natural Disasters Insurance: Solidarity or Individual Responsibility?," *Journal of Cultural Economy* 17, no. 1 (2024): 39–51, https://doi.org/10.1080/17530350.2023.2258909; Rebecca Elliot, *Underwater: Loss, Flood Insurance, and the Moral Economy of Climate Change in the United States* (Columbia University Press, 2021).

[34] State insurer-of-last-resort programs also include so-called Beach or Wind Plans, which provide coverage for limited types of hazards (typically hail and hurricanes) in limited geographic areas. Two states (LA & FL) have converted their FAIR Plans into a slightly different structure, known as Citizens. For more on the history and structure of these state insurer-of-last-resort programs, see: Isabel Peñaranda Currie et. al., "Insurers of Last Resort: Why Today's FAIR Plans Need a Redesign to Address the Home Insurance Crisis," (Climate and Community Institute: 2025) https://climateandcommunity.org/research/insurers-of-last-resort/.

insufficiently drive disaster risk reduction.[35] Such problems are no surprise, however, given the design flaws in this last-resort model. Last-resort insurance model design flaws include:

- Ignoring the basic principles of good insurance design: Spreading across types and levels of risk and creating broad and diverse risk pools to ensure sufficient financial resources to cover claims. Instead, these programs tend to concentrate on one type of risk, like wildfire or flood, and only for the "riskiest" policies; some also intentionally push policyholders with "less risky" policies onto private company policies.[36] Concentrating risk like this is like a health insurance pool only for stage 4 cancer patients; of course it won't work well.
- Typically failing to address risk mitigation beyond the individual level (if at all). Broader and more collective risk mitigation would both better protect the program's assets and the communities it serves (more on this below).
- Preclusion of diverse financing sources (more on this below).
- Provision of inferior products—most only provide "actual cash value" rather than "replacement cost" claims payouts, which can leave claimants with massive coverage gaps they have to pay for out-of-pocket after disaster strikes – if they can afford it.
- Lack of a reparative approach that accounts for the legacy of discriminatory practices that have forced many of the most-marginalized communities into high-risk geographies.[37]

Such design flaws are particularly pernicious in the last-resort model in states. Rather than adequately responding to risk or checking the excesses of private markets, state insurer-of-last-resort programs are designed to protect the profitability of the private insurance sector by providing them a vehicle to offload the riskiest policies off their books, and most are run by insurers themselves.[38]

Policy context for a federal response to the home insurance crisis

Federal insurance regulation preemption

The 1945 McCarren-Ferguson Act (15 U.S.C. §§ 1011-1015) exempts the business of insurance from most federal regulation. State regulatory bodies, therefore, are the primary vehicle for the supervision and regulation of insurance markets. Some states have established relatively robust regulatory regimes while others have not, but generally speaking the statutory mandates of state-level insurance regulators (most commonly a state insurance commissioner) typically encompass oversight of the financial condition of insurers (ensuring they remain solvent and able to pay claims), licensing of insurance

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[35] Carolyn Kousky et al., "Driving Loss Reduction Through State-Created Residual Insurance Markets," Environmental Defense Fund, 2025, https://library.edf.org/AssetLink/v7l028dx0x68g22mj067j2kw411s28nj.pdf.; Brian Palmer and Jeff Turrentine, "It's Time to Fix Our Water-Logged National Flood Insurance Program," July 22, 2022, https://www.nrdc.org/stories/time-fix-water-logged-national-flood-insurance-program; Megan Fan Munce and Susie Neilson, "'What Are We Paying for?' California FAIR Plan Complaints from People Whose Homes Have Burned," *San Francisco Chronicle*, January 25, 2025, https://www.sfchronicle.com/california-wildfires/article/insurance-fair-plan-20036794.php.
[36] Peñaranda Currie et. al., "Insurers of Last Resort."
[37] Craig, "Struggle Against the Water."
[38] Peñaranda Currie et. al., "Insurers of Last Resort."

companies and agents/brokers, rate-setting, insurance policy contents, claims handling, and marketing practices.[39]

Brief overview of existing federal insurance programs

National Flood Insurance Program

Congress established the NFIP in 1968 in the wake of private insurance company refusals to offer flood insurance.[40] Recognizing that a lack of insurance coverage would increase expectations that the federal government would be expected to regularly provide unplanned-for emergency assistance for flood-related disasters, Congress and President Lyndon B. Johnson designed the NFIP to bring federal disaster relief costs down, in part by incentivizing better community-wide floodplain management practices and in part by creating a federally run flood insurance program.

The Federal Emergency Management Agency (FEMA) manages the NFIP. FEMA produces flood risk maps to determine where flood insurance should be purchased; those in Special Flood Hazard Areas (SFHAs), defined as an area with a 1 percent annual chance of flooding, are required to purchase flood insurance as a condition of receiving a federally backed mortgage. Homeowners and renters outside of SFHAs have the option to purchase flood insurance through the NFIP.

Uptake of NFIP policies has declined in recent years;[41] only 13 percent of Florida households had NFIP policies in 2024, for example.[42] This drop in coverage uptake is likely due to a lack of enforcement of the policy requirement for SFHAs — both in terms of SFHA coverage requirements as well as community-level compliance with floodplain management practices — as well as the fact that most homeowners, whether in SFHAs or not, do not realize the standard home insurance policies do not cover floods.[43] Furthermore, the maps used to define SFHAs do not account for intense rainfall as a source of flood risk.

While the NFIP provides vital financial support after disasters, by just covering the highest levels of flood risk it inadequately spreads risk across a broad pool, thus violating a fundamental principle of good insurance design. This leaves the program on shaky financial ground with fewer resources available to cover claims payouts. When extensive payouts are required, the NFIP has primarily turned to Treasury debt to cover costs, though in recent years Congress has authorized it to purchase reinsurance.[44] Project 2025 and President Trump's FEMA Review Council have proposed the privatization of flood insurance,[45] but recent analysis found that flood coverage costs would jump 64% on average, with particularly high

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[39] Jordan Haedtler and John Kostyack, *Utilizing Economic Power to Manage the Energy and Climate Transitions: A Roadmap for State Policymakers* (Climate Cabinet Education, 2025), https://climatecabineteducation.org/wp-content/uploads/2025/11/SEPP-Climate-Cabinet-Full-Report.pdf.

[40] Rawle O. King, *The National Flood Insurance Program: Status and Remaining Issues for Congress* (Congressional Research Service, 2013).

[41] Thomas Frank, "FEMA Removes Data Showing Drop in Flood Insurance Policies," E&E News by POLITICO, September 12, 2022, https://www.eenews.net/articles/fema-removes-data-showing-drop-in-flood-insurance-policies/.

[42] "Hurricane Debby Brings Six Deaths, Widespread Flood Losses in Florida, Georgia, SC," Insurance Journal, August 6, 2024, https://www.insurancejournal.com/news/southeast/2024/08/06/787224.htm.

[43] "Survey: Most Homeowners Believe Their Policy Covers Flood," Insurance Journal, June 20, 2024, https://www.insurancejournal.com/news/national/2024/06/20/780393.htm.

[44] FEMA, "National Flood Insurance Program's Reinsurance Program," March 26, 2024, https://www.fema.gov/flood-insurance/work-with-nfip/reinsurance.

[45] The President's Council to Assess the Federal Emergency Management Agency, "Final Report," May 2026, https://www.dhs.gov/publication/fema-review-council-final-meeting-documentation.

jumps in places like Hawaii (218% increase), West Virginia (176%), New Hampshire (131%), Connecticut (114%), and Alabama (106%).[46]

Though the NFIP's design did intend to impel risk mitigation at the community level, the program is designed such that incentives for local governments to do so largely translate to financial penalties on individuals in a given community rather than clear and strong incentives to those local governments.[47] The program's design also leaves enforcement of its risk reduction measures up to those local governments, which often have plenty of incentives to maintain the status quo.[48]

Terrorism Risk Insurance

Some observers of today's home insurance market dysfunction point to the federal terrorism reinsurance program, known as TRIA (for the Terrorism Risk Insurance Act of 2001), as a potential model for a federal solution on home insurance. TRIA provides a backstop for insurance companies if a terrorism-related event results in costs above a certain threshold (currently $200 million), based on an ex-post evaluation of need. The program amounts to a subsidy in the sense that it provides reinsurance to insurers at more favorable terms than otherwise available on the private market. The comparison with property insurance for disaster-related damage has several gaps, however, including the way that disaster risk diverges from terrorism: the former is high probability with higher predictability while the latter is low probability with lower predictability. (Read more about the inadequacy of the TRIA comparison in the FAQs.)

Now-defunct FAIR Plan reinsurance

As noted above, when responding to insurance gaps in inner cities resulting from racist housing and finance practices,[49] Congress encouraged states to form state-level insurance "Fair Access to Insurance Requirements" (FAIR) Plans and incentivized insurer participation in these Plans with the Urban Property Reinsurance Program. Because the original purpose of the FAIR Plan program – restoring insurance availability in inner cities in the wake of urban uprisings and disinvestment in the 1960s – was largely resolved within a few years, Congress terminated the federal reinsurance program and associated FAIR Plan participation incentive in the early 1980s.[50] Without the reinsurance incentive, states with FAIR Plans continued those Plans but opted for requiring participation by all insurers licensed to offer property insurance policies in the state.

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[46] Matt Brannon, *Flood Insurance Costs Could Soar 64% Without Government-Backed NFIP* (Insurify, 2026), https://insurancenewsnet.com/oarticle/flood-insurance-costs-could-soar-64-without-government-backed-nfip-insurify.
[47] Diane P. Horn and Baird Webel, *Introduction to the National Flood Insurance Program (NFIP)*, no. R44593, CRS Report (Congressional Research Service, 2023), https://crsreports.congress.gov/product/pdf/R/R44593.
[48] Jake Bittle, "FEMA Is Making an Example of This Florida Boomtown. Locals Call It 'Revenge Politics.,'" Grist, April 16, 2024, https://grist.org/housing/lee-county-florida-fema-hurricane-ian-flood-insurance/.
[49] Ansfield, *Born in Flames*.
[50] Pub. L. 98–181, title I [title IV, §452(b)(1)], Nov. 30, 1983, 97 Stat. 1230, https://www.congress.gov/98/statute/STATUTE-97/STATUTE-97-Pg1153.pdf; National Advisory Panel on Insurance in Riot-Affected Areas, "Meeting the Insurance Crisis of Our Cities," Government Printing Office, 1968, https://babel.hathitrust.org/cgi/pt?id=mdp.39015015389102&seq=5.

Principles for a new approach to disaster insurance for homes

Much of the policy response to today's climate-fueled disaster-related insurance crisis has focused on rescuing or incentivizing the insurance industry. Insurers are framed as the focal point and the central victim. While the rising cost burdens for households and affordable housing providers does receive some attention, often the framing chastises individuals for supposedly deciding to live or provide housing in risky places, or for not sufficiently investing in risk mitigation. These frames ignore the inherent conflict between insurance company profit motives and the essential financial protection service provided by insurance, the financial constraints faced by many households and affordable housing providers, and the collective nature of disaster risk.

Policymakers, therefore, should endeavor not to *rescue industry players* but rather to design an approach that uses the tools of insurance to *ensure adequate*, *available, and affordable insurance protections* for all. With that as the policy goal, four interrelated components to the policy response emerge:

A. Coordinated and proactive disaster risk reduction
B. Available, adequate, affordable insurance
C. New housing in lower-risk places
D. Financial accountability for institutional stakeholders

A. Coordinated and proactive disaster risk reduction

Comprehensive disaster risk reduction is essential to transforming home insurance because of the essential role it plays in limiting damage before disasters strike: Greater resilience means less need to rely on the safety net of insurance. Physical risk-reduction measures can also save money — estimates suggest as much as $13 for every $1 invested.[51]

Key to a more effective approach to risk mitigation is recognizing that disaster risk cannot be adequately reduced through isolated, voluntary improvements to individual homes. Though individual measures can help, housing resilience also requires taking collective action beyond the scale of individual home or multifamily buildings and toward community- and landscape-level measures, such as home hardening across a neighborhood, regional fire breaks in wildfire-prone areas, sewer upgrades in flood zones, infrastructure relocation, and more.[52] Necessary collective action also includes justice-centered programs to help communities relocate from where it's too dangerous to stay.

Of course, if we want to reduce disaster risk across the board, we must also stop climate change from getting worse than it already is by ending the fossil fuel economy. Every degree of warming prevented will lower the frequency and severity of future disasters; doing so necessitates shifting energy systems toward renewable energy and decarbonizing homes, buildings, and transportation, as well as winding down polluting fossil fuel infrastructure.[53]

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[51] National Institute of Building Sciences, "Mitigation Saves: Mitigation Saves up to $13 per $1 Invested," 2019, https://nibs.org/wp-content/uploads/2025/04/ms_v4_overview.pdf.
[52] Birss et al., "Shared Fates," p. 82–86.
[53] Johanna Bozuwa et al., "Toward Just Disaster Response in the United States and US Territories," Climate and Community Institute, October 2022, https://climateandcommunity.org/research/just-disaster-response/.

B. Available, adequate, affordable insurance

Insurance tools are uniquely positioned to support post-disaster recovery and increase resilience; insurance therefore must be available, affordable, and adequate for all households and housing providers as the climate crisis increases the frequency and severity of disasters. However, profit-driven private markets will never ensure availability, affordability and adequacy. **The best way to equitably spread the risk of non-preventable disasters and ensure access to equitable post-disaster recovery finance that increases resilience — without rent-seeking — is through a public disaster insurance program**.

Such a public disaster insurance program must cover the full range of disasters that have some likelihood of affecting households in a particular region, given the overlapping types of disaster risk faced by communities across the country.[54] Particularly as the climate crisis drives increasing frequency and severity of disasters, insurance must support not just post-disaster recovery but also proactive disaster risk mitigation, including through adequate coverage to rebuild to the highest standards after major damage.

Furthermore, given that the collective nature of disasters requires a collective approach, insurance — which is, fundamentally, the collective pooling of shared risks — should embody principles of solidarity, safeguarding everyone regardless of socioeconomic status, race, or geography. While disaster risk affects us all, the burdens fall heaviest on those who can least afford them.

C. New housing in lower-risk places

Without the existence of sufficient affordable, dignified, and safe housing, the necessary risk reduction measures of relocation programs and limiting where new housing can be rebuilt will further exacerbate the country's housing crisis.[55] **While access to insurance at affordable rates is essential to the nation's housing finance and disaster recovery system, informed and equitable land use policy, not insurance premiums, should determine where housing exists.**

Although some advocates for addressing the nation's housing crisis propose eliminating permitting, zoning, and land use rules to build more, doing so without consideration for impacts from the climate crisis is likely to put millions more households at the mercy of major disasters and the ensuing financial fallout. Instead, policies to address housing availability and affordability must also consider climate risk, and policies to address the home insurance crisis must actively participate in work to increase green, resilient, affordable housing development in lower-risk areas.

D. Financial accountability for institutional stakeholders

Insurance systems not only provide compensation for losses in the event of disasters and other emergencies; they also define responsibility for those damages.[56] Our current system primarily assigns responsibility to the individual household or housing provider, demanding that the individual property holder bear the cost burden of insurance premiums as well as risk mitigation. But no individual can

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[54] See a detailed analysis and maps of overlapping disaster risks in "Shared Fates," p. 16–21.
[55] Julia Wagner et al., "Transforming the Housing Sector with Green Industrial Policy," Climate and Community Institute, July 15, 2025, https://climateandcommunity.org/research/transforming-the-housing-sector-with-green-industrial-policy/.
[56] Elliott, *Underwater*.

mitigate disaster risks alone. And the benefits of a more stable insurance system redound beyond the individual to neighborhood cohesion, municipal budgets, and beyond.

Therefore, to more equitably distribute the costs and benefits of a more stable insurance system — as well as provide adequate funding for public disaster insurance and comprehensive risk mitigation — **we must take a broader view of the parties responsible for today's home insurance crisis and the beneficiaries of a fairer and more stable system**.

The fossil fuel industry, of course, bears the greatest responsibility for the current climate-driven insurance crisis, and should be held to account. Private insurers must also be held to account for their role in today's broken system: not only have they long known climate change was a risk to housing and did little to change industry practices (including investments in fossil fuels),[57] but they have made substantial profits over decades from the premiums that policyholders have dutifully paid.[58] The institutions that would most benefit from stability in home insurance, like mortgage lenders, should also contribute.[59]

The New Approach: A National Housing Resilience Authority

The U.S. *can* move away from its current model of organizing insurance as a profit-seeking business with voluntary participation, toward a collective protection system in which we share risk and recognize that disasters affect us all, especially as climate change worsens, if we build upon these four components. The NFIP was an initial attempt at this in the U.S., but with major design flaws as discussed above. Fortunately, countries like New Zealand and Spain have built national disaster insurance systems that serve as models, and the U.S. can improve upon the NFIP and these international examples by combining public multi-peril disaster insurance provision with comprehensive risk mitigation.

To do so, Congress should establish a National Housing Resilience Authority (NHRA) to oversee the nation's housing risk-reduction work and provide home disaster insurance with transparency, democracy, and equity. The NHRA would offer home disaster insurance for all through the National Disaster Insurance Program (NDIP) and coordinate housing risk-reduction work across the country through the Resilient Communities Office (RCO), while also collaborating with other federal and state entities to ensure coordinated policy that increases affordability, availability, and resilience of housing and related infrastructure.[60]

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[57] Peter Bosshard, *Fifty Years of Climate Failure: 2023 Scorecard on Insurance, Fossil Fuels and the Climate Emergency* (Insure our Future, November 2023), https://global.insure-our-future.com/wp-content/uploads/sites/2/2023/11/IOF-2023-Scorecard.pdf.

[58] "Florida Home Insurance Crisis Bleeding Into Louisiana," Weiss Ratings, accessed May 13, 2025, https://weissratings.com/en/weiss-news/florida-home-insurance-crisis-bleeding-into-louisiana; Federal Insurance Office, Annual Report on the Insurance Industry (U.S. Department of the Treasury, 2025), https://home.treasury.gov/system/files/311/Final%20FIO%202025%20Annual%20Report.pdf; Climate Change And Trump Are Fueling A Nationwide Insurance Crisis.

[59] See more suggested contributors in: Moira Birss, *Protection or Profit? Transforming Home Insurance for Resilience and Affordability* (Climate and Community Institute, 2025), https://climateandcommunity.org/research/protection-or-profit/.

[60] This paper proposes a federal-level Housing Resilience Agency, but a state-level HRA could also be contemplated, as explored in Birss et. al., "Shared Fates." Each version has pros and cons.

The National Disaster Insurance Program: Federal disaster insurance to cover large-scale disasters

The National Disaster Insurance Program (NDIP) of the NHRA would serve as a public disaster insurance program to provide cover for multiple catastrophic perils for all housing types, attached to the standard coverage policy purchased on the private ("primary") market. The NDIP would replace the NFIP. NDIP features should include:

Policies for all Housing Types

All households and housing providers need access to affordable, adequate disaster insurance. As such, the program must offer coverage for all housing types: single-family homes, mobile homes, multifamily housing, rentals, etc. A few notes on oft-overlooked specific housing types:

Mobile/Manufactured Homes

Rather than replicate the current restrictive state of mobile home policies, NDIP should provide adequate coverage for these households, like coverage for replacement cost, the ability to transfer claims to other mobile home parks (since after a big disaster, the park where a mobile homeowner has lived may not reopen), foundation and HVAC coverage, and coverage for all homes, including those built before the 1976 Department of Housing and Urban Development (HUD) code.[61]

Multifamily and rental housing

Around 42% of the nation's households are renters.[62] While some of those renter households live in single-family homes, the majority live in multifamily housing; therefore, ensuring adequate insurance for multifamily housing is essential. NDIP policies should be available for both existing multi-family buildings and for construction of new ones, and should be adapted for all types of multifamily housing, including assisted living facilities, shelters, and nonprofit affordable housing.

To further protect renter households, NDIP should require comprehensive renter protections in order for rental property operators to access its coverage. Such protections are necessary to address potential sources of rent burdens — such as rebuilding costs or pass-throughs for repairs — as well as eviction threats, including using resilience upgrades as a pretext for evicting tenants. Measures should also be in place to ensure tenants can remain in their communities, with provisions such as no rent increases for a defined period after disaster, just cause eviction protections that are permanent rather than temporary, and anti-rent gouging protections during disaster periods to prevent unfair cost burdens on tenants. Additionally, displaced tenants should have a right of return to their homes once repairs are completed, and policies should be in place to prevent predatory actors from seizing properties in the wake of disasters. Many municipalities across the country already provide these protections. The NDIP could help ensure implementation of these measures by providing tenants with rights of recourse.

[61] The 1976 HUD Code established a set of national construction standards for manufactured homes (i.e., structural design, fire safety, electrical and plumbing systems, heating and cooling, and insulation). Manufactured homes that meet this code receive a certification that signifies federal compliance. The NDIP should provide coverage for all manufactured homes, including those built before the establishment of the HUD code.

[62] U.S. Census.

Renters

NDIP insurance should also offer coverage for renters, for unit contents and temporary relocation if units become uninhabitable after a disaster (current private market renter policies only cover contents).

Covered perils

Private insurers would still serve the basic home insurance market for standard coverage of theft, burst pipes, etc. The NDIP, meanwhile, would cover a defined set of catastrophic hazards, not defined by the amount of damage or geographical extent. Similar to Spain's Extraordinary Risks Coverage program or New Zealand's Natural Hazards Cover, an official disaster declaration is thus unnecessary for coverage to kick in, reducing uncertainty and claims processing delays.[63] Given current catastrophe risk levels across the U.S., coverage should include flooding, earthquake, wildfire, windstorm, and severe convective storms. Program design should allow for adjustment in types or levels of peril as climate change further shifts conditions.

Coverage Limits So the Wealthy Pay Their Fair Share

Rather than provide unlimited coverage, NDIP would establish regional coverage limits based on rebuilding cost estimates for specific building types. These limits would need to be high enough to adequately cover what working- and middle-class households (and the providers of rental housing for such households) would need to rebuild to the highest building code standards in the case of a total loss,[64] but would not fully cover luxury homes. For example, the coverage limit for a single-family home in the San Francisco Bay Area might be $750,000, whereas in the Iowa City area $350,000 might suffice — though these limits would need to be adjusted periodically for inflation[65] and take into account the price surges that often follow major disasters.[66] A public rebuild cost calculator, akin to the Association of British Insurers' publicly available rebuild cost calculator,[67] could inform these calculations.

Since the full rebuild cost of luxury homes would not be covered by the NDIP, the affluent could, if so desired, purchase further protection, known as "surplus line" coverage, from admitted (i.e., regulated) private insurers, as long as the property complies with the risk reduction–oriented land use policies established by the Resilient Communities Office (see below). Similarly, policyholders of all types could purchase surplus coverage for contents above the standard contents coverage amount offered by the NDIP.

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[63] *The Spanish Extraordinary Risk Coverage System*, nos. 720-16-206–5 (Consorcio de Compensación de Seguros, 2016), https://www.consorseguros.es/documents/10184/48069/RREE_ING_2016.pdf/f4fd891a-770c-494a-b8da-9f5e18cbb43e; *Public Act 2023 No 1: Natural Hazards Insurance Act 2023* (Government of New Zealand, 2023), https://legislation.govt.nz/act/public/2023/1/en/latest/#LMS509581.

[64] North Carolina's insurer-of-last-resort program provides a model; it offers grants for homeowners to replace damaged roofs with FORTIFIED roofs: "NCIUA Stronger Roof," North Carolina Insurance Underwriting Association, accessed March 27, 2026, https://www.nciuastrongerroof.com/Home/Index.

[65] Perhaps every 2-3 years to balance keeping the administrative burden low with adequate accounting for price changes.

[66] David Döhrmann et al., "An Econometric Analysis of the Demand Surge Effect," *Zeitschrift Für Die Gesamte Versicherungswissenschaft* 102, no. 5 (2013): 537–53, https://doi.org/10.1007/s12297-013-0239-1.

[67] "BCIS Rebuilding Cost Guidance," Association of British Insurers, accessed August 23, 2024, https://abi.bcis.co.uk/.

One Integrated Policy

The standard consumer-facing interaction between NDIP coverage and private insurance should reside in one integrated policy. This would drastically improve the consumer experience over today's mishmash of multiple policies and simplify consumer education about what their disaster policy covers,[68] though policy documents should include clear labeling to ensure policyholders understand that the disaster coverage originates with the federal government. Each private residential property insurance policy would have an NDIP coverage rider attached to it that the private insurer would pass on to the NDIP. The private insurer would serve as the policyholder's point of contact in case of a NDIP-covered claim. Strict consumer protection requirements for primary insurer would be important, however (more on this below).[69]

If a property owner does not have a private policy, they could purchase coverage directly from the NDIP. This is similar to how New Zealand's Natural Hazards Cover functions, and in contrast to the NFIP's direct coverage offering, which is outsourced to a private firm. Keeping direct coverage within the NDIP infrastructure ensures greater oversight over consumer protections and use of resources, and can keep costs lower by removing the profit premium charged by private contractors.

Coverage requirements

Broad coverage requirements will ensure sufficient diversity in the NDIP's risk pool and adequate disaster recovery finance for households across the country. After all, individuals are not good at gauging their own risk,[70] and even when they are, only those at the highest risk tend to be willing to purchase insurance if not required to do so.[71] NDIP coverage should therefore be mandatory for all residential property insurance policies.

Standardized, Stable, and Affordable Premiums

A standardized, stable pricing system for NDIP coverage will ensure affordability for lower- and middle-class households and affordable housing providers. A standardized pricing mechanism also turns traditional "price signaling" on its head by incentivizing the NHRA to reduce the agency's total costs through population-level risk reduction.

Therefore, NDIP would define a nationwide yearly premium rate amount based on a percentage of the property's rebuild cost, up to the defined coverage limit. For example, if the premium percentage is .3%, a house with a rebuild cost of $450,000 in a region with a $500,000 coverage limit would pay $1,350. A property owner with a rebuild cost of $600,000 in that same region would pay $1,500 (based on the $500,000 coverage limit) and may want to purchase surplus coverage for the additional $100,000 in rebuild costs not covered by the NDIP. In order to further ensure affordability for lower-income households, the NDIP would require the servicing insurer to accept payments in monthly or quarterly

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[68] Daniel Schwarcz, "Collective Coverage: How Group Homeowners Insurance Could Promote Climate Adaptation and Resilience," SSRN Scholarly Paper no. 6142046 (forthcoming in the Washington University Law Review, 2027), https://doi.org/10.2139/ssrn.6142046.

[69] The NDIP would not, however, replicate the NFIP's Write Your Own program, which pays private insurers

[70] Rhodes and Besbris, *Soaking the Middle Class: Suburban Inequality and Recovery from Disaster*.

[71] Ilan Noy and Tomáš Uher, The Transition from Private to Public Insurance for Natural Hazards: A Review of International Experiences (Te Herenga Waka – Victoria University of Wellington, 2024), https://www.naturalhazards.govt.nz/assets/Publications-Resources/Noy-Uher-2024-Insurance-Transition.pdf.

installments (not just annual), and the program would have no deductibles. A higher premium percentage and a nominal deductible would apply to second homes and vacation units.

In the case of multifamily building coverage, a similar framework would apply: the NDIP would determine regional coverage limits by building type to adequately cover all but the excess for luxury buildings. A premium percentage rate would then determine the building's premium. It is important to note that while this would do a great deal to alleviate the crippling cost of insurance for affordable housing operators, the high cost of liability coverage would not be solved by the NDIP.[72]

Premium discounts for risk reduction

To further deepen affordability and resilience, the NDIP and RCO (see below) could establish a system to identify regionally specific risk-reduction measures for which premium reductions could be granted. In the case of community-level risk reduction, participating communities could receive a resilience certification that results in a discount on the applied premium rate for all properties within the community. The certifications would require periodic updating, since we cannot assume community risk profiles will stay constant as the climate changes. This is reminiscent of the structure of the NFIP. But instead of only offering coverage if risk reduction has already occurred,[73] the NDIP, in recognition of the fundamental role of home insurance to the public interest, would provide coverage broadly and then reward risk reduction. (See more on risk reduction below.)

Standardized, Efficient Claims Handling

The NDIP's claims submission and payment process should be standardized, equitable, and timely. Measures to achieve this could include an automatic partial payment to policyholders in the event of a qualifying disaster to help with immediate costs. A rebuild cost calculator would help standardize price-setting for rebuilding work. Like Spain's program, the NDIP could incorporate restrictions on claims in cases of extreme negligence.

The NDIP should also help account for the prohibitively high upfront costs of repairs for low- and moderate-income homeowners and affordable housing providers. This could take the form, for example, of a system to directly pay approved contractors to provide repair and rebuilding services to low-income policyholders in the case of a widespread catastrophe. The California Earthquake Authority's Bolt and Brace program provides a model to adapt and improve. Requirements for vetted firms should include:

- Training for best materials, construction techniques, and design for disaster resilience
- Family-sustaining wages and benefits
- Labor-peace neutrality agreements
- Accessible opportunities for career advancement
- Minority, Women, and Disadvantaged Business Enterprise (MWDBE) and local hire procurement/contracting standards

[72] For more on insurance costs for affordable housing, see: Casey et al., "Insurance: The Hidden Threat to Affordable Housing."
[73] Jared T. Brown, *Introduction to FEMA's National Flood Insurance Program (NFIP)* (Congressional Research Service, 2016), https://biotech.law.lsu.edu/blog/Introduction-to-FEMAs-National-Flood-Insurance-Program-_-CRS-_-August-2016.pdf.

The NHRA could also establish a framework for public disaster repair entities to carry out disaster recovery work for NDIP-covered damages. Such entities would ensure proper worker protections, adequate rebuilding standards, and all insurance program funds going to repairs rather than to shareholders. This could take the form of the (currently suspended) Civilian Climate Corps taking on building retrofitting projects, or other green jobs programs. The NHRA's implementing legislation should also establish anti–price gouging and anti-speculation rules for post-disaster periods.

Claims can also be used for relocation

Property owners in higher-risk areas should have the option, after major damage from an NDIP-covered disaster, to take a lump sum buyout rather than payment for rebuilding, if they so choose. (See more on preventative relocation below.)

Regulation of private insurers

As noted above, current federal law largely exempts the insurance industry from federal regulation. While much of what's proposed for the NHRA does not require federal regulation of private insurance markets, such power could ensure greater consumer protections as they relate to the interaction between the NDIP and private insurance.

To that end, it is recommended that legislation to enact the NHRA also repeal McCarren-Ferguson provisions as they apply to residential property insurance (and could also consider a broader repeal, though that is outside the scope of this paper). While states would still maintain regulatory power as well, the restored federal regulatory power could serve as a regulatory floor for the aforementioned NDIP-private interaction question as well as for broader consumer protection and financial stability questions (including as they relate to financial risk to insurance markets from climate change[74]).

Standard of Service and Independent Review System

To ensure that policyholders are treated fairly and have access to recourse if not, the NDIP should establish a standard of service, a complaints process, and an independent review system. Similar to New Zealand's Code of Insured Persons' Rights,[75] such a standard would clearly delineate what policyholders can expect from the NDIP. An independent review system, led by an ombudsperson, would provide an avenue for complaint that focuses on fairness and conduct (over and above the specifics of claim decisions) and includes the ability to have situations independently reviewed.

The Resilient Communities Office: Comprehensive Risk Reduction

Essential to housing resilience and safety, as well as a financially stable NDIP, is comprehensive reduction of the risks that disasters pose to housing. To that end the NHRA's Resilient Communities Office (RCO) would research, design, support, and carry out adaptation and mitigation work across the

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[74] Graham Steele, "Confronting the 'Climate Lehman Moment': The Case for Macroprudential Climate Regulation," *Cornell Journal of Law and Public Policy* 30, no. 109 (2020): 109–57, https://papers.ssrn.com/abstract=3542840; Gelzinis and Steele, Climate Change Threatens the Stability of the Financial System.
[75] Natural Hazards Commission of New Zealand, "The Code of Insured Persons' Rights," https://www.naturalhazards.govt.nz/insurance-and-claims/complaints-and-disputes/code-of-insured-persons-rights/code-full-text/.

country. Vital to this work would be accounting for, and taking reparatory steps to address, the ways that housing policy in the U.S. has been shaped by and contributing to discrimination and disparate impacts, including the forcing of communities of color into some of highest-risk geographies.[76]

Risk Reduction for Existing Housing

Though much policy discourse on risk reduction to housing focuses on zoning, the fact remains that at this moment, all housed U.S. residents live in existing housing. That means a significant focus of the RCO should be risk reduction and resilience for existing homes.

This could take the form of programs that directly conduct risk mitigation work, perhaps building off the model of Pennsylvania's Whole Home Retrofits program[77] and the proposed New York City-led retrofits program.[78] Taking inspiration from these models, RCO could negotiate directly with contractors in reduced prices, for, say, roof replacements across a whole neighborhood, and set up bulk procurement contract pools. [79] In addition to or instead of programs directly conducted by the RCO, the RCO could provide funding for more local risk mitigation programs, for which any community or state could apply. Communities that meet the highest standards the RCO sets for resilience, and/or that demonstrate use of community-driven housing resilience planning processes,[80] could qualify for a higher share of disaster recovery costs borne by the federal government.[81]

It will be essential to ensure that the RCO's risk mitigation work properly reaches lower-income households and communities. Therefore, RCO activities and funds should prioritize subsidized affordable housing and social housing (which will also help protect federal and state investments in those properties). RCO grants for risk reduction should be provided to nonprofit affordable housing providers, as well as to low-income homeowners — including those typically shut out of existing rebate systems, like mobile home dwellers. Tax credits could also be considered, but only for households and entities with sufficient disposable income to pay up front for such expensive upgrades. And as with any public money given to private housing providers, support for multifamily housing providers should be conditioned on a strong set of tenant protections and antidiscrimination rules.

Preventative relocation

In some cases, catastrophe risk and vulnerability analyses may indicate that certain areas are too dangerous to sustain housing. To adequately and justly address such cases — and reduce the NDIP's financial burden from repetitive losses — the RCO must institute comprehensive, science-based, equitable, and democratic mechanisms to support preventative relocation into safer — while still affordable — housing. This should include, but not be limited to, the buyout-instead-of-claim-payout approach described above.

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[76] Craig, "Struggle Against the Water."

[77] Patrick Bigger and Sarah Knuth, "Pennsylvania's Housing Justice Campaign's Promising Win," Nonprofit Quarterly, April 25, 2023, https://nonprofitquarterly.org/pennsylvanias-housing-justice-campaigns-promising-win/.

[78] Julia Wagner, *The Case for City-Led Housing Retrofits in New York City* (Climate and Community Institute, 2026), https://climateandcommunity.org/research/the-case-for-city-led-housing-retrofits-in-new-york-city/.

[79] Wagner, *The Case for City-Led Housing Retrofits in New York*.

[80] Rosa Gonzalez, Community-Driven Climate Resilience Planning: A Framework (National Association of Climate Resilience Planners, November 2017) , https://movementstrategy.org/resources/community-driven-climate-resilience-planning-a-framework.

[81] This would require an amendment of the Stafford Act.

To avoid ineffective and inequitable outcomes of some existing buyout programs, like the relocation of households to different but still high-risk areas,[82] the RCO's preventative relocation work should include a focus on anticipatory relocation, planning for designated relocation sites, increased financial support for low- and moderate-income households, the transformation of evacuated areas into public spaces, measures to address socioeconomic and mental health outcomes of relocation, and adequate language access and financial support for limited-English speaking and low- and moderate-income households.[83]

Particularly when an entire community needs to be relocated, participatory decision-making processes, like the use of community needs assessments and community advisory, will foster greater buy-in and help ensure that these efforts do not re-entrench systemic racism or create new forms of uprooting and displacing BIPOC communities.[84] In implementing these programs, the RCO must follow international legal standards that prohibit the removal of Indigenous or Tribal Peoples without their free, prior, and informed consent.[85] Policymakers must also plan for the relocation of residents with no agency to move, like people housed in prisons.[86]

The Biden-Harris Administration proposed whole-of-government strategies for supporting communities considering relocating away from high-risk places.[87] While scrapped by the Trump Administration, the proposal provides many useful ideas that the RCO could incorporate, like creating a single entry point for communities to access federal funding and technical assistance.

Of course, the insufficient supply of affordable, dignified, and safe housing in the U.S. makes preventative relocation even more difficult. While not in the purview of the NHRA, programs like the Green Social Housing Development Authority proposed by Climate and Community Institute will be key to the success of relocation initiatives and the RCO can work with other federal entities on identifying the lowest-risk areas for developing green social housing in lower-risk areas.[88]

Disaster prevention for rebuilds and new housing

An important part of risk reduction is ensuring that when rebuilding happens, the resulting building is safer and does not re-create risk.[89] Similarly, new housing should not be sited in the riskiest areas. To address this, the RCO should develop and implement nationwide resilience codes for rebuilds and new housing, as well as expand existing building codes to include all forms of residential housing, including manufactured homes and multifamily buildings. Similarly, the RCO could develop and implement zoning

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[82] Maddie Sloan et al., *But Next Time: Storm Survivors Demand Overhaul of Disaster Recovery System* (Organizing Resilience et. al., 2022), https://www.fairsharehousing.org/wp-content/uploads/2022/10/ButNextTime_Report.pdf.
[83] See more on these elements in: Birss et al., "Shared Fates", 84–86.
[84] Rosa Gonzalez, *Community-Driven Climate Resilience Planning: A Framework* (National Association of Climate Resilience Planners, 2017), https://movementstrategy.org/resources/community-driven-climate-resilience-planning-a-framework/.
[85] United Nations General Assembly, "United Nations Declaration on the Rights of Indigenous Peoples," 2007, https://www.un.org/development/desa/indigenouspeoples/wp-content/uploads/sites/19/2018/11/UNDRIP_E_web.pdf.
[86] Aishah Abdala et al., *Hidden Hazards: The Impacts of Climate Change on Incarcerated People in California State Prisons* (Ella Baker Center for Human Rights, 2025), https://ellabakercenter.org/reports/hiddenhazards/.
[87] The Community-Driven Relocation Subcommittee, *Opportunities for Federal Support of Community-Driven Relocation* (National Climate Task Force, 2024), https://cepr.net/wp-content/uploads/2025/01/Opportunities-for-Federal-Support-of-Community-Driven-Relocation-vF-1.pdf.
[88] See: Gianpaolo Baiocchi et al., *Green Social Housing at Scale: How a Federal Green Social Housing Development Authority Can Build, Repair, and Finance Homes for All* (Climate and Community Institute, 2024), https://www.climateandcommunity.org/green-social-housing-at-scale.
[89] Christine Eriksen et al., "From Rigidity Traps towards Reparative Disaster Governance and Management," *International Journal of Disaster Risk Reduction* 125 (July 2025): 105603, https://doi.org/10.1016/j.ijdrr.2025.105603.

and other land use rules that limit new buildings in the riskiest areas, like easements or setbacks along coastal and other flood-prone areas over which the federal government has jurisdiction. Japan's national zoning and building code framework[90] provides a model to adapt for the U.S. The Tenth Amendment may limit federal power in zoning and building code rules, though creative solutions to this could include conditioning of adaptation funds on implementation of federal standards and reduced NDIP premium rates for communities that do implement the standards. The federal government could also apply risk-reducing siting, design, and construction standards for federally leased, assisted, or regulated buildings.

For certain perils, the relocation of infrastructure can be as effective a risk reduction measure as housing relocation. With wildfires, for example, reconfiguring power lines could greatly reduce risk such that housing relocation is unnecessary. Adapting landscapes to serve as buffers against fire risk is another version of this, as officials in Paradise, CA have been exploring.[91]

The RCO could consider a carrot-and-stick approach with resilience funding for states: the states implementing strong land use planning, for example, could receive additional risk mitigation and adaptation funding. And post-disaster recovery funding rules could be upgraded to require alignment with national climate resilience strategies.[92]

Climate Risk Council and Public Risk Modeling

To ensure adequate technical analysis and equity-oriented prioritization of the NHRA's work, a Climate Risk Council should be formed to conduct risk analysis and lead the prioritization of risk mitigation efforts, building code standard upgrades, land management priorities, and other RCO work. The Council would develop and oversee catastrophe risk modeling that brings together the best of climate and catastrophe modeling research in a transparent and democratically-run platform for risk assessment.[93] In addition to ensuring actuarially and scientifically sound risk models, this public approach provides transparency into the process of decision-making under conditions of high uncertainty and complexity, which is currently missing in the opaque, proprietary models used by private industry to make major decisions about communities.[94] States like California are currently implementing public risk models for single perils, but the NHRA would need to expand this approach nationally and include all perils covered by the NDIP.

Suggested membership for the Risk Council include:

- Insurance industry representative

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90 Converting Disaster Experience into a Safer Built Environment: The Case of Japan, Building Regulation for Resilience, (World Bank, 2018), https://openknowledge.worldbank.org/entities/publication/8e5766ac-4697-5b30-9cd8-fd03a4d13f8f.

91 "Wildfire Risk Reduction,"
Wildland Buffer Project, Paradise Recreation & Park District, accessed August 23, 2024, https://www.paradiseprpd.com/wildfire-risk-reduction.

92 Mark Nevitt, "Destroy, Rebuild, Repeat: How to Break the Climate Disaster Cycle," *Vanderbilt Law Review* 78, no. 2 (2025): 555, https://scholarship.law.vanderbilt.edu/vlr/vol78/iss2/3.

93 The Biden Administration proposed such an approach. See: Council of Economic Advisers et al., "Memorandum: Tools to Support the Management of near-Term Macroeconomic and Financial Climate Risks," December 22, 2023 (no longer on the White House website).

94 Madison Condon, "Climate Services: The Business of Physical Risk," *Arizona State Law Journal* 55, no. 147 (2023), https://arizonastatelawjournal.org/2023/08/01/climate-services-the-business-of-physical-risk/.

- Climate risk modeling industry representative
- Academic researcher with expertise in climate modeling
- Social scientist who studies disasters, insurance, and/or adaptation
- Consumer protection advocacy representative
- Environmental justice representative
- Building materials expert
- Housing rights organization representative
- NOAA Administrator
- An expert in city and regional planning
- Tribal government representative

Importantly, prioritization of the RCO's work should be guided not just by catastrophe risk levels but also by a reparative approach that seeks to counter the undue burden of climate change-fueled disasters on communities of color (particularly Black, Latine, Native communities) and low-income communities, and include these communities in participatory decision making about mitigation measures.[95]

Governance

In replacing the NFIP, the NHRA might logically sit within FEMA. However, FEMA can only properly meet its mission of "helping people before, during and after disasters" by becoming a stand-alone cabinet-level agency separate from DHS or any other law enforcement entity.[96] An independent FEMA must also incorporate much greater national policymaking on climate adaptation and disaster resilience, and put ex ante mitigation efforts in much closer conversation with ex poste disaster response policy.[97]

Even within FEMA, the NHRA should have its own governing board that embodies an inclusive, democratic approach with roles for federal department heads, impacted community representatives, insurance experts, and advocacy organizations. Suggestions include:

a. Director of the Treasury Department's Federal Insurance Office
b. Representative from the RCO's Climate Risk Council
c. Affordable housing developer representative
d. Tenant organizing representative
e. Manufactured home resident representative

[95] Amanda D. Stoltz et al., "No Coastal Justice without Environmental Justice: A Systematic Literature Review of Climate and Coasts," *Climatic Change* 178, no. 11 (2025): 206, https://doi.org/10.1007/s10584-025-03999-0; Advancing Racial, Economic, and Health Justice Through Climate Action, Policy Basics (Center on Budget and Policy Priorities, 2024), https://www.cbpp.org/sites/default/files/policybasics-climatechange.pdf.

[96] At the very least FEMA should be moved into the Department of the Interior which would reinforce an ecological approach to adaptation and resilience.

[97] See Maddie Sloan et al., *But Next Time: Storm Survivors Demand Overhaul of Disaster Recovery System* (Organizing Resilience et. al., 2022), https://www.fairsharehousing.org/wp-content/uploads/2022/10/ButNextTime_Report.pdf for recommendations on this from disaster survivors, like simplifying relief application processes.

f. Affordable housing developer representative
g. NOAA Administrator
h. Disaster survivor organization representative
i. NDIP's ombudsperson
j. Environmental justice organization representative
k. Tribal government representative

This governing board should include a mechanism to ensure that the voices of those most affected by disasters are heard and integrated into decision-making processes, like an impacted community advisory board. Such a mechanism should include representatives from communities impacted by disasters, such as residents from different geographic regions, socioeconomic backgrounds, and vulnerable groups (e.g., elderly, disabled, low-income households). Members should also be selected based on their exposure to and experience with disaster-related impacts, similar to the Environmental Justice Advisory Committee for the California Air Resources Board.

Stakeholder Financial Contributions to the NHRA

While the federal government does not need to identify direct "pay-fors" for a program like this, dedicated funding sources in addition to premium income would reduce pressure for the NHRA insurance program to make use of risky and/or expensive hedging products like catastrophe bonds.[98] Independent funding sources would also help decouple the NHRA from the instability of politicized yearly appropriations cycles. Plus, funding mechanisms could incorporate a reparative approach for the unequal burden of climate change and housing discrimination on low-income communities and communities of color.

The identification of those additional funding sources should stem from an analysis of the entities most responsible for the current climate-driven insurance crisis, and those that would most benefit from stability in home insurance. Such an analysis is essential to more equitably spread the costs and benefits of an improved insurance system.

When it comes to assigning responsibility, at the top of the list are taxes or fees on fossil fuel companies causing climate change. One vehicle for this could be an Extreme Weather Superfund[99] or the 2026 bill in Connecticut that provides a model for using insurance for fossil fuel infrastructure to fund risk reduction.[100] In all of these cases, however, it is important to not create dependency on resources from climate-harming industries to adequately fund resilience and public insurance; one way to avoid this is one-time or sunsetting fees, rather than on-going charges.

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[98] Zac J. Taylor, "The Real Estate Risk Fix: Residential Insurance-Linked Securitization in the Florida Metropolis," *Environment and Planning A: Economy and Space* 52, no. 6 (2020): 1131–49, https://doi.org/10.1177/0308518X19896579.
[99] James Boyce & Michael Ash, "Polluters Pay – The Extreme Weather Superfund".
[100] Connecticut Senate, Bill 453 of 2026, https://www.cga.ct.gov/2026/TOB/S/PDF/2026SB-00453-R00-SB.PDF.

Private insurers must also compensate for their role in today's system, from fossil fuel investments to the decades of substantial profits and payouts to shareholders.[101] To that end, the NHRA should establish a metric for requiring contributions to the NDIP's initial capitalization, understood as a fee for both relieving the insurers of the services they don't have to continue providing and the burden of the associated future risk. This also serves a way to recapture for public benefit the unused past premium payments and to prevent insurers from enjoying a windfall subsidy from the government when it assumes the disaster risk. The California Earthquake Authority's creation provides a model: all insurers providing residential property insurance in the state on the date of the bill passage had to contribute an amount proportional to their market share.[102] Though insurers might argue that the coupling of NDIP with individual property level polices those companies provide creates a cost burden for them, it is small in comparison to the market expansion that relationship provides, which allows them to offer standard policies without assuming the tail risk from catastrophes (which their market withdrawals across the country indicate they don't want to cover).

Among the types of entities that would benefit from stability in home insurance and therefore should contribute to a better system are property market lenders. Insurance is a critical lubricant for the housing market: The existence of insurable properties means they can lend against them, while reducing climate-related risks reduces the likelihood of defaults. Stable mortgage markets also allow lenders to profit from the packaging and selling of mortgages on investment markets. Private housing companies are another example of entities that would both benefit from stable insurance markets and the risk reduction provided by the RCO, which therefore should financially contribute to the system.

Once capitalized, the NHRA could invest some of the agency's funds in capital markets, as insurers do today, but rather than use investment returns primarily for profit, NHRA would churn returns back into the program. NHRA would need to establish investment criteria such that its investments align with climate mitigation goals, like:

- Exclusion of companies that derive ten percent or more of revenue from exploration, extraction, processing, exporting, transporting, and any other significant action with respect to oil, natural gas, coal, or any byproduct thereof.
- Exclusions of project financing for any project intended to facilitate or expand exploration, extraction, processing, exporting, transporting, and any other significant action with respect to oil, natural gas, coal, or any byproduct thereof.

New York's Insure our Communities Act provides further examples of climate justice investment criteria.[103]

Policymakers could also consider creating a financial vehicle by which public pension funds could co-invest with the NHRA, rather than in risky financial market products like insurance-linked securities (public pension funds had nearly $1.3 trillion invested in insurance-linked securities as of 2024[104]).

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[101] Brian Shearer, *Regulating Insurance as a Public Utility*, (Vanderbilt Policy Accelerator, 2026), 40-51, https://cdn.vanderbilt.edu/vu-URL/wp-content/uploads/sites/412/2026/04/28170109/Regulating-Insurance-as-a-Public-Utility.pdf.
[102] California Insurance Code § 10089.15.
[103] New York State, Assembly Bill A3842A (2025), https://www.nysenate.gov/legislation/bills/2025/A3842/amendment/A.
[104] Birss et al., "Shared Fates", 70.

FAQs

Wouldn't a federal reinsurance program be better and/or easier?

If we define our policy goal as ensuring insurance availability, affordability, and adequacy, a federal reinsurance program for private insurers – in which the government assumes the financial risks of catastrophic climate events above a certain threshold – is not as good or as simple as it may seem at first glance.

A reinsurance program is a risk transfer mechanism. This means it is not focused on changing the amount of risk being shuffled around (i.e., through reduction and resilience measures). Nor does a reinsurance structure redistribute risk in a socially equitable way. Rather, it treats the means of protective coverage (for-profit insurance markets) as an end in itself (support and expand for-profit insurance markets).

To make such a program work in a way that reduces risk and is socially equitable (as well as affordable), you would need strict investment requirements to ensure insurers aren't using float to invest in climate-damaging industries; strong consumer protections to ensure affordability and adequacy of policies; a duty to serve low income and "frontline" communities to avoid cherry-picking that further entrenches vulnerabilities; and mandatory participation of households and insurers to ensure sufficient risk diversification.

Structuring a reinsurance program's pricing structure in a way that maintains affordability would be particularly difficult. If the program is priced based on risk to fully cover its cost, it could be more expensive than existing private reinsurance, failing to entice insurers to participate. However, if it is underpriced to draw in the private market, it requires external funding and effectively becomes a subsidy. And if insurers realize savings or benefits by participating in the program, forcing them to pass those benefits back to policyholders would be both politically difficult and legally difficult given McCarren-Ferguson federal regulatory restrictions.

All of this would be a big political lift (perhaps equal to the NDIP proposal), particularly for large insurers that may not see enough benefit to participation with all these (important) strings attached.

Won't a public disaster insurance program recreate NFIP problems like incentivizing housing in high-risk places?

The NFIP is often described as failing because it hasn't worked well to keep people from living in flood-prone areas. But decisions about where housing is sited are land use decisions. Of course the NFIP doesn't work as a land use program — it's not a land use program![105] If we want rational decision making about hazard mitigation, then we must design policies that directly provide for robust, comprehensive, and holistic mitigation of the harms caused by disasters. Democratic, rational policy making should make land use decisions, then we wouldn't need to worry about whether insurance programs were sending sufficient price signals into the void.

[105] Birss and Elliott, "How Do We Fix Public Insurance Programs?"

Won't a public insurance program subsidize the wealthy in coastal mansions?

The idea that a public insurance program might subsidize the wealthy misunderstands several things about how our current insurance and land use systems work, and the intended design of the NDIP.

First, while it's certainly true that there are mansions on the coast or in the so-called wildland-urban interface of the West, not everyone who lives in those places is rich. In fact, plenty of lower-income people live in those areas. In California, for example, many low-income households have moved to the wildland-urban interface (WUI) because it is one of the few affordable places left in the state. More broadly geographically, research shows that a disproportionate number of lower-income people live in riskier areas for wildfire.[106] In flood-prone parts of the country, racial discrimination forced many of the most-marginalized communities into high-risk geographies.[107] And "climate gentrification" is pushing lower-income folks out of less risky locations as the wealthy seek higher ground in places like Miami.[108]

Furthermore, the current system itself subsidizes the well-off and penalizes poverty. The credit score penalty on home insurance in 47 of the 50 states means that homeowners with higher credit scores – who tend to be those with more financial resources – pay, on average, half as much for their home insurance as those with low credit scores. Not only that, but on average it is more expensive to have a poor credit score than to live in a zip code with a high disaster risk.[109]

The NDIP design, on the other hand, includes coverage limits such that the wealthy must pay more than the rest of households to fully cover their expensive homes. And the land use policymaking of the RCO will help prevent continued building of homes in the riskiest locations. While our current system largely relies on insurance pricing to disincentivize locating in risky places, the wealthy can ignore such price signals. Proactive land use planning, on the other hand, would be more direct and therefore effective, not to mention more equitable.

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[106] Boomhower and Fowlie, "The Efficiency and Equity Impacts of Risk Classification in Catastrophe Insurance."
[107] Craig, "Struggle Against the Water: Connecting Fair Housing Law and Climate Justice."
[108] Zac J. Taylor and Manuel B. Aalbers, "Climate Gentrification: Risk, Rent, and Restructuring in Greater Miami," *Annals of the American Association of Geographers* 112, no. 6 (2022): 1685–701, https://doi.org/10.1080/24694452.2021.2000358.
[109] Birss et al., *Penalized: The Hidden Cost of Credit Score in Home Insurance Premiums*.

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Contacts: Moira Birss: mbirss@climateandcommunity.org