

**TESTIMONY OF BOB CAREY
SUPERINTENDENT
BUREAU OF INSURANCE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION**

In support of L.D. 1

**An Act to Increase Storm Preparedness for
Maine's Communities, Homes and Infrastructure**

Presented by Senator Daughtry

Before the Joint Standing Committee on Housing and Economic Development

February 27, 2025 at 1:00pm

Senator Curry, Representative Gere, and members of the Housing and Economic Development Committee, I am Bob Carey, Superintendent of the Maine Bureau of Insurance. The Bureau of Insurance is pleased to support L.D. 1, An Act to Increase Storm Preparedness for Maine's Communities, Homes and Infrastructure.

L.D. 1's multi-pronged approach will help Maine people and Maine communities better prepare for storms that are increasing in frequency and severity. This preparedness, we hope, will have a direct impact on the availability and affordability of home insurance in Maine. And because home insurance is a requirement for home mortgages, we also believe this program can indirectly help Mainers purchase a home.

The Bureau is solely funded through dedicated revenues from fees and assessments paid by insurers, producers – also known as brokers or agents – and

other market participants. Roughly 70% of the Bureau's funds come from non-resident producer fees; that is, insurance producers that do not reside in Maine but sell insurance to Maine people and Maine businesses. It is worth noting that these non-resident bi-annual fees are among the lowest in the country.

Funding for this initiative comes from an unanticipated surplus that accumulated over the past several years. It is consistent with the Bureau's mission to oversee an efficient and effective insurance market to use these funds to support efforts intended to stabilize the property insurance market in the increasing frequency of storm damage.

My testimony today is focused on Part A of the legislation, the HoME Resiliency Program.

There are two parts to this program – roof replacements and making homes more flood resilient.

The roofing program uses building standards developed by the Insurance Institute for Business and Home Safety (“IBHS”) and is known as “FORTIFIED” roofs. These standards have the potential to reduce water entry by as much as 95%. The Maine program is modeled after successful programs initiated by state insurance departments in several southeastern U.S. states, in particular Alabama. Maine's program is designed to address the specific perils facing Maine homeowners.

The roof replacement initiative would help homeowners upgrade their roofs to withstand straight line winds and driving rains, as well as reduce the potential for ice dams. At the Bureau of Insurance, we have seen a material increase in homeowners' insurance non-renewal notices that cite inadequate roofs as the

primary reason. Roughly 75% of non-renewals are due in part to substandard roofs.

In addition, the Bureau is in discussions with homeowners' insurance companies to provide premium discounts for homes that have "FORTIFIED" roofs. Fewer claims from damaged roofs should also help lower premiums for everyone.

The second initiative focuses on flood and water resilience. Flooding and damage caused by water seepage are commonly excluded from coverage under a homeowners' policy, leaving most homeowners completely exposed. The storms of 2023 and early 2024 clearly demonstrate a need to harden homes against this peril.

We envision grant funds could be used to help fund home improvements such as elevating utility connections above ground level, sealing foundations, and installing sump pumps to minimize the damage from water seepage into the home.

These programs will help Maine residents harden their homes to deal with more frequent and intense storms. We also believe they will help foster a broader culture of preparedness. It is worth noting that while the Alabama program directly funded over 10,000 "FORTIFIED" roofs, another 40,000 homeowners privately funded roofs that meet the "FORTIFIED" standard. The spillover effect may be as important as the direct benefit of this program.

As drafted, eligibility for the grants would be limited to homes owned by Maine residents as their permanent residence. The Bureau supports amending the proposal to provide tiered grant awards to homeowners based on income or financial means. This type of structure is similar to the tiered grants provided by Efficiency Maine for heat pumps and other home improvements. A draft amendment has been submitted as an appendix to my testimony.

The Bureau of Insurance is excited to be part of a bipartisan effort to help Maine residents obtain or retain insurance so they can stay safe in their homes, which are often their most valuable possession.

I appreciate the committee's time this afternoon, and I would be happy to answer any questions now or at the work session.

An Act to Increase Storm Preparedness for Maine's Communities, Homes and Infrastructure

L.D. 1

Date:

(Filing No. -)

HOUSING AND ECONOMIC DEVELOPMENT

**STATE OF MAINE
HOUSE OF REPRESENTATIVES
132ND LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT " " to S.P. 29, L.D. 1, "An Act to Increase Storm Preparedness for Maine's Communities, Homes and Infrastructure"

Amend the bill on page 3, by striking lines 13 through 17 and substituting the following:

6. Grant determination. The bureau may establish two or more tiers of eligibility based on factors that reflect the income or financial means of the applicants. The bureau shall set maximum grant amounts, and if income or financial means tiers are established, shall set maximum grant amounts for each tier. The administrator shall make grants under the program to eligible persons. The administrator shall review applications in the order in which they are received. An application is considered received when all required information has been submitted. The administrator shall award grants under the program until funds in the fund are exhausted.