

May 6th, 2025

Testimony of the Consumer Federation of America Before the Louisiana Senate Insurance Committee— Support SB 222—Requires Insurers to Provide A Minimum Twenty Percent Discount to Insureds Participating in the Louisiana Fortify Homes Program

The Consumer Federation of America (CFA) strongly supports SB 222, which requires insurance companies to provide a 20 to 30% discount to participants in the Louisiana Fortify Homes Program. This bill will ensure that the risk reduction stemming from the program’s investments are passed along to consumers in the form of lower rates, rather than held by insurance companies charging premiums based on the risk of homes prior to the home hardening and loss mitigation improvements.

With increasing vulnerability to weather-related disasters, along with years of escalating prices from the unregulated global reinsurance market, skyrocketing homeowners insurance costs have made coverage too expensive or even unaffordable for many Louisiana homeowners, leaving many uninsured and many more struggling to maintain coverage.¹ A recent CFA report found that from 2021 to 2024, the average Louisiana homeowner insurance premium increased by 34%—well above the cumulative rate of inflation. By the end of 2024, a typical annual premium for a Louisiana insurance policy worth \$350,000 was an astounding \$6,939—a huge and frankly unaffordable burden for many middle class and working class families.²

¹ “Exposed: A Report on 1.6 Trillion Dollars of Uninsured American Homes.” By Sharon Cornelissen, PhD, Douglas Heller, and Michael DeLong. The Consumer Federation of America. March 2025. Available at <https://consumerfed.org/wp-content/uploads/2024/03/Exposed-UninsuredHomes-1.pdf>.

² “Overburdened: The Dramatic Increase in Homeowners Insurance Premiums and Its Impacts on America Homeowners.” By Sharon Cornelissen, PhD, Douglas Heller, Ethan Weiland, and Michael DeLong. The Consumer Federation of America. April 2025. Available at <https://consumerfed.org/wp-content/uploads/2025/03/OverburdenedReport.pdf>.



To deal with the crisis, the Legislature established the Louisiana Fortify Homes Program, which provides grants of up to \$10,000 to homeowners so they can upgrade their roofs to standards set by the Insurance Institute for Business and Home Safety. These strengthened roofs are better able to withstand hurricane-force winds. Only primary residences with proof of active insurance policies are eligible to participate. These grants are immensely helpful for consumers and help them harden their homes, but they are often insufficient for complete upgrades; frequently roof upgrades cost thousands of dollars above the upper grant limit of \$10,000, forcing consumers to pay those costs out of pocket.

SB 222, sponsored by Senator Royce Duplessis, would strengthen this program and ensure that consumers who participate in the Louisiana Fortify Homes Program get the insurance discounts they need. The bill requires insurance companies to provide premium discounts or rate reductions of 20 to 30% to anyone in the program, and states that companies can offer additional adjustments in deductibles or credit rate differentials.

When Louisiana consumers and taxpayers invest in lowering the amount of risk associated with their homes, insurance companies should provide premium discounts or rate reductions to account for that loss mitigation investment. The two main goals of the Fortify Homes Program are to reduce risk and lower insurance costs, and if risk is reduced but consumers' premiums remain high, or increase even further, the job is only half done. It is both illogical and unfair for consumers to apply for, be approved by, and participate in the program, and for Louisiana to spend considerable funds strengthening people's roofs, and yet for insurance companies to fail to provide reduced premiums to account for the lowered risk of loss.

Mitigation efforts are a critical aspect of the effort to adapt to increased climate risk, protect consumers' lives and property, and reduce insurance costs. They are often literal lifesavers and can bring immense benefits, but in exchange for implementing these efforts, insurers must provide meaningful discounts. We simply cannot rely on insurer promises that they will pass along these discounts, because their promises have too often gone unfulfilled. The requirement of premium discounts for consumers is an essential safeguard, ensuring that their premiums more

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accurately reflect the efforts they and the Louisiana state government have taken to reduce risk. SB 222 will provide this essential safeguard.

Please contact us at mdelong@consumerfed.org with any questions.

Sincerely,

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

Douglas Heller
Director of Insurance
Consumer Federation of America

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

Michael DeLong
Research and Advocacy Associate
Consumer Federation of America

