

### NAR Committee:

Insurance Committee

### What is the fundamental issue?

Insurance availability and affordability can decline in high-risk areas as natural disasters become more frequent and rebuilding costs rise. When expected losses increase, insurers generally respond by raising rates, restricting coverage, or—in rare cases—exiting markets altogether.

Reducing physical risk at the property level through targeted home improvements can lower the cost of insuring homes, helping stabilize real estate markets, protect housing affordability, and support long-term community resilience.

### I am a real estate professional. What does this mean for my business?

As insurance becomes more expensive, the total cost of owning a home increases, directly affecting affordability for buyers and financial risk for homeowners. Subsidized or capped insurance rates can suppress risk signals, masking the full cost of ownership at the time of purchase and making it harder for buyers to budget accurately upfront. This can create challenges after the transaction if insurance costs adjust or coverage becomes unavailable.

Reducing risk through home improvements, by contrast, lowers expected losses and, in turn, insurance costs, improving availability, affordability, and predictability. This gives homeowners and buyers clearer, more reliable information about the true cost of homeownership—especially in high-disaster-risk markets.

### NAR Policy:

NAR supports the development of federal disaster policies that meet the following principles:

- Provides timely post-disaster emergency assistance, while prioritizing pre-disaster investments to reduce the risk of loss;
- Encourages private insurance markets to assume more disaster risk, without crowding out private capital or relying on cross-subsidies among homeowners;
- Promotes stronger building standards and land-use decisions that reduce future losses and improve community resilience;
- Supports federal investments in mitigation and resilience for existing development, particularly in high-risk areas; and
- Improves transparency and access to risk information, including accurate hazard mapping and disclosures, so consumers can make informed decisions.

### Opposition Arguments:

Opponents assert that taxpayers are being asked to bailout people who choose to live in harm's way. Yet, many people made those decisions before hazard information became available and now must rely on federal disaster relief until more proactive public policies can be established.

### Legislative/Regulatory Status/Outlook

NAR supports modernizing U.S. disaster policy by pairing timely post-disaster emergency assistance with upfront investments in risk reduction, recognizing that stronger, more resilient homes are essential to improving insurance availability and affordability over time.

#### Federal Disaster Assistance Reform (FEMA Act)

NAR supports **H.R. 4669, the Fixing Emergency Management for Americans (FEMA) Act**, which would make disaster assistance more effective by prioritizing permanent home repairs, allowing mitigation and resilience upgrades during rebuilding, and reducing reliance on prolonged temporary housing. The legislation passed the House Transportation and Infrastructure Committee by a 57-3 vote and awaits consideration by the full House.

#### Risk Mitigation Incentives and Insurance Affordability

NAR also supports federal legislation that helps homeowners reduce disaster risk through grants and tax incentives for home-hardening, mitigation, and resilience investments, recognizing that lowering risk at the property level is critical to improving insurance availability and affordability. Examples include:

- **H.R. 1105 – Disaster Resiliency and Coverage Act of 2025**, which would provide federal funding to states to offer grants for household-level, pre-disaster mitigation on existing homes, paired with tax incentives to encourage home-hardening;
- **H.R. 1849 / S. 336 – Disaster Mitigation and Tax Parity Act**, which would exempt state disaster mitigation grants from federal income tax, encouraging greater investment in resilience by states and property owners; and
- **H.R. 6763 / S. 3497 – Shelter Act**, which would provide a **25 percent tax credit** for qualified mitigation expenses related to floods, hurricanes, and wildfires.

NAR will continue working with Congress to advance disaster reforms that reduce risk, improve insurance availability, and support more informed decision-making before and after disasters.

### Current Legislation/Regulation (bill number or regulation)

[HR 4669](#) -- Fixing Emergency Management for Americans (FEMA) Act

[HR 1105](#) -- Disaster Resiliency and Coverage Act of 2025

[HR 1849 / S. 336](#) -- Disaster Mitigation and Tax Parity Act

[HR 6763 / S. 3497](#) -- Shelter Act

# NAR Issue Summaries

## Insurance / Natural Disaster Policy

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