Increasing Insurability With FORTIFIED Homes
<table>
<thead>
<tr>
<th>EF Scale</th>
<th>3 Second Gust (mph)</th>
<th>Category</th>
<th>Sustained Winds (mph)</th>
<th>Types of Damage Due to Hurricane Winds</th>
</tr>
</thead>
<tbody>
<tr>
<td>EF Rating</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>65-85</td>
<td>1</td>
<td>74-95</td>
<td>Very dangerous winds will produce some damage:</td>
</tr>
<tr>
<td>1</td>
<td>86-110</td>
<td>2</td>
<td>96-110</td>
<td>Extremely dangerous winds will cause extensive damage:</td>
</tr>
<tr>
<td>2</td>
<td>111-135</td>
<td>3</td>
<td>111-129</td>
<td>Devastating damage will occur:</td>
</tr>
<tr>
<td>3</td>
<td>136-165</td>
<td>4</td>
<td>130-156</td>
<td>Catastrophic damage will occur:</td>
</tr>
<tr>
<td>4</td>
<td>166-200</td>
<td>5</td>
<td>157 mph or higher</td>
<td>Catastrophic damage will occur:</td>
</tr>
<tr>
<td>5</td>
<td>Over 200</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Which house would you rather Own? Build? Sell? Insure?
WHAT IS FORTIFIED?

What is FORTIFIED? Video Click Here
In total, nearly 17,000 FORTIFIED Homes Threatened.

Approximately 95% Had Little or No Damage.
FORTIFIED Incentives

- Insurance discounts
- Tax credits or deduction
- Mitigation credits
- Grant programs
- Visit https://fortifiedhome.org/incentives/ for details
Having a FORTIFIED Designation Increases Home Value by nearly 7%
Adequately Insured vs Underinsured

64% of homes are underinsured by an average of 24%

24% of a $200,000 home is $48,000
Adequately Insured vs Underinsured

40% of a $500,000 business is $200,000

75% of businesses are underinsured by an average of 40%
Post Michael – Habitat Strong
Our Vision
Stronger, Sustainable, More Resilient Communities
Hurricane Ida
Hurricane Ida

Brian Emfinger @brianemfinger

Grant Ethridge Construction, http://www.gchp.net
Effective July 1st, 2022

- Building or retrofitting to the FORTIFIED Home™ or FORTIFIED Commercial™ standards will qualify for a reduced rate or discount on hazard insurance.

- Homeowners receiving mitigation credits/insurance discounts may continue receiving discounts as long as they meet requirements.

- Insurance discounts are also available for meeting the Louisiana State Uniform Building Code.
New Paradigm: Intentional Resilience

- Proactive
- Goal-oriented
- Sustainable
- Affordable
- Community-wide
• 19% of Louisiana residents live in multifamily housing
• Residents prefer FORTIFIED
• FORTIFIED is profitable for owners
  • Inexpensive
  • High return
Specs:

- 2 stories
- 30 units
- 30,000 square feet
- Construction cost = $3,000,000

- FORTIFIED cost over code
  - $6,600 - $38,000
  - 0.23% to 1.27%
<table>
<thead>
<tr>
<th>Zone</th>
<th>Fortified Roof</th>
<th>Fortified Gold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hurricane (≥140)</td>
<td>$7,000</td>
<td>$7,000</td>
</tr>
<tr>
<td>Hurricane (&lt;140)</td>
<td>6,600</td>
<td>38,000</td>
</tr>
<tr>
<td>High wind and hail</td>
<td>16,900</td>
<td>16,900</td>
</tr>
</tbody>
</table>
Willingness to Pay Survey

• 2021
• 1,050 Respondents
• 11 states

“How much more rent would you pay to live in a FORTIFIED apartment complex?”
Willingness to Pay Survey

- 74% willing to pay at least 0.5%
- AR, OK, TN = $6 / month
- Coastal states = $12 / month

![Bar chart showing willingness to pay as a percentage of monthly rent for different ranges.]

Percent of respondents vs. WTP as percent of monthly rent:
Table 2: Average Expected Insurance Premium Reductions from FORTIFIED

<table>
<thead>
<tr>
<th>FORTIFIED Program</th>
<th>Wind zone</th>
<th>Expected loss</th>
<th>Risk load</th>
<th>Premium</th>
<th>Discount</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hurricane</td>
<td>&gt;140</td>
<td>$5,327</td>
<td>$10,653</td>
<td>$15,980</td>
<td>$14,694</td>
<td>$9,858</td>
<td>$1,286</td>
</tr>
<tr>
<td>Hurricane</td>
<td>≤140</td>
<td>2,170</td>
<td>4,340</td>
<td>6,511</td>
<td>5,598</td>
<td>4,254</td>
<td>913</td>
</tr>
<tr>
<td>HWH</td>
<td>&lt;115</td>
<td>2,002</td>
<td>2,002</td>
<td>4,003</td>
<td>3,197</td>
<td>2,784</td>
<td>806</td>
</tr>
<tr>
<td></td>
<td>Hurricane Roof &gt;140</td>
<td>Hurricane Gold &gt;140</td>
<td>Hurricane Roof 115-140</td>
<td>Hurricane Gold 115-140</td>
<td>HWH Roof</td>
<td>HWH Gold</td>
<td></td>
</tr>
<tr>
<td>------------------------------</td>
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<td>------------------------</td>
<td>------------------------</td>
<td>-----------</td>
<td>----------</td>
<td></td>
</tr>
<tr>
<td>Loss/insurance savings</td>
<td>$1,286</td>
<td>$6,122</td>
<td>$913</td>
<td>$2,256</td>
<td>$806</td>
<td>$1,219</td>
<td></td>
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<tr>
<td>Increased demand</td>
<td>2,160</td>
<td>2,160</td>
<td>2,160</td>
<td>2,160</td>
<td>1,080</td>
<td>1,080</td>
<td></td>
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<tr>
<td>Annual benefit</td>
<td>3,446</td>
<td>8,282</td>
<td>3,073</td>
<td>4,416</td>
<td>1,886</td>
<td>2,299</td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>7,000</td>
<td>7,000</td>
<td>6,600</td>
<td>38,000</td>
<td>16,900</td>
<td>16,900</td>
<td></td>
</tr>
<tr>
<td>Payback period (years)</td>
<td>2.03</td>
<td>0.85</td>
<td>2.15</td>
<td>8.61</td>
<td>8.96</td>
<td>7.35</td>
<td></td>
</tr>
<tr>
<td>Internal rate of return</td>
<td>49%</td>
<td>118%</td>
<td>47%</td>
<td>10%</td>
<td>9%</td>
<td>12%</td>
<td></td>
</tr>
</tbody>
</table>
Thank you

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Culverhouse
College of Business

Alabama Center for Insurance Information and Research
Questions?

Sonja Sheffield
Technical Outreach Director

sonja@smarthomeamerica.org

855-742-7233

@BuildResilient