

Testimony of  
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Connecticut Insurance Department  
On Behalf of the National Association of Insurance  
Commissioners

Before the  
Subcommittee on Housing, Community Development, and  
Insurance  
U.S. House Committee on Financial Services

Regarding:

Built to Last: Examining Housing Resilience in the Face of  
Climate Change

May 4, 2021

## **Introduction**

Chairman Cleaver, Ranking Member Stivers, and members of the subcommittee, thank you for the invitation to testify today. My name is Andrew Mais, and I serve as the Commissioner of the Connecticut Insurance Department. I am also the Secretary-Treasurer of the National Association of Insurance Commissioners (NAIC).<sup>1</sup>

efforts to focus on the importance of catastrophe preparedness and response and look forward to discussing the ongoing work of state insurance regulators and the NAIC. It is important to hold hearings such as this one to focus on strategies to improve disaster resiliency and ways in which insurance can help reduce risks associated with natural disasters.

## **Insurance Regulators Are Engaged on Disaster Preparedness, Resiliency, and Response**

Perhaps no sector is more attuned to and focused on disaster preparedness, and directly aware of its value, than the insurance sector. State insurance regulators recognize that natural disasters take a considerable financial and emotional toll that comes with unique challenges for regulators and insurers, and no area of the country is immune. According to the National Oceanic and Atmospheric Administration (NOAA), in 2020, the U.S. experienced a new annual record of 22 weather and climate disaster events, each with losses exceeding \$1 billion in damages. 2020 is the sixth consecutive year in which 10 or more billion-dollar weather and climate disaster events have impacted the United States.<sup>2</sup> These statistics underscore the importance of developing strategies today to better manage and mitigate the natural catastrophic events of tomorrow.

Insurance regulators across the country are working to find solutions to manage the catastrophic risk exposure in their respective states and, through the NAIC, we have been engaged in these efforts for decades. The National Association of Insurance Commissioners (NAIC), which was formed last year to serve as the coordinating NAIC body for discussion and engagement on climate-related risk and resiliency issues. This body builds on existing efforts to address the economic consequences of natural disasters, including efforts to mitigate their toll. Our current work is focused on five areas: pre-disaster mitigation, solvency, climate risk disclosure, innovation, and technology.

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<sup>1</sup> As part of our state-based system of insurance regulation in the United States, the National Association of Insurance Commissioners (NAIC) provides expertise, data, and analysis for insurance commissioners to effectively regulate the industry and protect consumers. The U.S. standard-setting organization is governed by the chief insurance regulators from the 50 states, the District of Columbia, and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, co

Our pre-disaster mitigation workstream is participating in multi-agency stakeholder educational efforts on coverage gaps and pre-disaster mitigation related to climate risks and to incentivize insurer recognition of enhanced building codes in underwriting and pricing. In March, the NAIC hosted a building code and mitigation workshop that included 19 state insurance departments, the Federal Emergency Management Agency (FEMA), state emergency management agencies, insurance industry representatives, and consumer groups.<sup>3</sup> This workshop was one of many forums to coordinate public-private partnerships for risk reduction and resiliency. Building codes and mitigation are important risk management tools to promote risk reduction, public health, and safety. Risk reduction and mitigation prote912 0 67 gs0 g/GS8 gsement tools to promote risk r8912 Tf-i78r 1

models used for wildfire, hurricane, flood, and earthquake among other perils. Technology is already playing an important role in the underwriting and claims processes, and we expect that to accelerate. We hope our work will enhance the strength of the sector and help ensure insurance consumers are protected from some of the economic and physical



