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Statement of the National Association of Mutual Insurance Companies to the United States House of Representatives Committee on Transportation and Infrastructure

"Reforming FEMA: Ensuring the Nation's Disaster Readiness Works for Americans"

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Introduction

Chairman Graves, Ranking Member Larsen, and members of the Committee, thank you for the opportunity to testify today. My name is Brian Waller. I serve as Vice President of External Relations for Shelter Insurance Companies, and I am here today testifying on behalf of the National Association of Mutual Insurance Companies (NAMIC).

Shelter is a property and casualty insurance company based in Columbia, Missouri, where we opened our doors as MFA Mutual Insurance more than 80 years ago, selling auto insurance exclusively in Missouri. Today, the Shelter Insurance proudly offers twenty insurance products to customers and operates in 20 states. Shelter Insurance has weathered many catastrophic storms through the years, including the Joplin tornado in 2011; the Moore, Oklahoma tornado in 2013; Hurricanes Rita, Katrina, and Laura. In every instance, thanks to the dedication of our employees, agents, and claims team, we have helped our policyholders overcome challenges to get back on their feet. At the core of the Shelter identity is our commitment to do the right thing. We have held steady and strong in times of crisis, helping customers and communities rebuild and thrive for the future.

Missourians do not need to be reminded of what is at stake. In May of last year, an EF-3 tornado struck North St. Louis, causing over $1.6 billion in damage and destroying entire neighborhoods; FEMA officials called the residential damage the largest-scale the agency has surveyed in Missouri since the Joplin tornado in 2011. More than a year later, there is still much debris to be removed. Experiences like these inform everything NAMIC brings to the Committee today.

NAMIC consists of more than 1,300 member companies, including seven of the top 10 property and casualty insurers in the United States. The association supports local and regional mutual insurance companies on main streets across America as well as many of the country's largest national insurers.

NAMIC member companies write $492 billion in annual premiums and represent 62 percent of homeowners and 56 percent of auto insurance markets. Through its advocacy programs, NAMIC promotes public policy solutions that benefit member companies and the policyholders they serve.[1] NAMIC members take great pride in being indispensable partners helping rebuild policyholders' communities and lives when they need it most: when they have suffered a loss. Insurers are financial first responders, best able to play our role and serve our policyholders when working closely with well-run emergency management operations. We stand ready to

[1] https://www.namic.org/about-namic/

partner with policymakers at all levels to re-imagine and improve the way America prepares for and invests in emergency management and response.

The FEMA Act of 2025 (H.R. 4669)

The overwhelming bipartisan 57-3 vote of this committee to advance the FEMA Act of 2025 last September is evidence of a thoughtful, practical legislative product. We commend the Committee's leadership and process; your respective staffs met with hundreds of stakeholders, including NAMIC, throughout the development of the legislation. We were pleased to endorse the legislation when it passed the committee.

Our message today is straightforward: NAMIC strongly supports the FEMA Act of 2025 (H.R. 4669), and we urge the full House to pass it this Congress. Everything we recommend in this testimony flows from three commitments: investing in mitigation before disasters strike, making the survivor experience simple and consistent, and holding the agency accountable for results.

Emergency Management's Continued Need for Evolution

Since the first congressional approval of federal disaster relief funds in 1803 following a major fire in Portsmouth, New Hampshire, the story of emergency management in our country has been one of constant change and evolution. From addressing individual incidents ad hoc, to the development of a more formal federal response mechanism, and the eventual establishment of FEMA, the federal government has played different roles at different times in helping Americans affected by disasters. Today, as it ever has, the federal government sits in a unique position to facilitate coordination between all interested stakeholders, even in a modernized construct where primary responsibility and decision-making authority is appropriately vested with state and local governments.

In modern times, we continue to witness the ever-increasing and costly toll severe weather inflicts on individuals and communities. 2025 marked the sixth consecutive year that global insured losses from natural catastrophes exceeded $100 Billion, with the U.S. accounting for nearly $90 Billion of those losses. This destruction came without a major hurricane making landfall and was mostly due to catastrophic wildfires and the sustained frequency of severe convective storms. Insurers, along with FEMA, their state and local counterparts, and the American Red Cross, are among the first entities on the ground helping Americans when disaster strikes.

Emergency management is at its best when – regardless of the agency letters on a windbreaker or address on a business card – government efforts are laser-focused on helping affected communities and individuals by bending the risk curve before *and* after storms. This means a front-end commitment to mitigation and resilience, followed by a user-friendly back-end response interested in results that help victims rather than create paperwork and delays. These priorities and more are meaningfully addressed in Chairman Graves and Ranking Member Larsen's reform package, the aptly named Fixing Emergency Management for Americans (FEMA) Act of 2025.

Insurers' Longstanding Support for Mitigation & Resilience
Because of the proven potential to save lives, homes, and taxpayer dollars, the property and casualty insurance industry, and specifically NAMIC, has a long history of working to advance solutions to reduce risk to our nation's housing stock and infrastructure. Insurers' ability to provide financial security for that infrastructure is directly related to risk – reducing risk at scale will alleviate upward pressure on rates and premiums. Specifically, the industry helped establish and helps fund cutting-edge research carried out by the Insurance Institute for Business & Home Safety (IBHS).[2] NAMIC, a founding member of the BuildStrong Coalition,[3] remains instrumental and steadfast in its policy and advocacy support for resiliency and hardening the built environment.

In 2018, President Trump signed the bipartisan Disaster Recovery Reform Act (DRRA) into law.[4] The DRRA was a historically significant disaster reform law containing a host of policies designed to significantly boost the nation's pre-disaster funding mechanism, which included the creation of the Building Resilient Infrastructure and Communities Program (BRIC), the largest U.S. competitively awarded pre-disaster mitigation funding source. We were especially pleased to see the announcement in March that FEMA would reinstate this program with the promise to "deliver results and make America safer."[5]

NAMIC supports government efforts to consistently make pre-disaster funds available for projects that protect people and infrastructure from natural hazards and the effects of extreme weather events, which ultimately reduce risk and help avoid losses of lives and property. Indeed, in any government review of disaster aid expenditures, NAMIC encourages agencies and stakeholders to: prioritize preparedness, build and rebuild more resiliently, put an emphasis on commonsense and cost-effective practices, such as individual and community-

[2] https://ibhs.org/
[3] https://buildstrongamerica.com/
[4] Sec. 42 USC 5124 et seq. (Division D – Disaster Recovery Reform – within Public Law 115-254))
[5] https://www.fema.gov/press-release/20260325/fema-announces-1-billion-federal-funding-help-states-mitigate-impact

wide pre-disaster mitigation measures, encourage up-to-date building codes; and bolster retrofit programs to improve the existing aging housing stock.

The Imperative to Transform Emergency Management and Instill Resiliency

The FEMA of recent years is not structured to best serve the American people. As we sit here today, an understaffed FEMA is currently managing more than 300,000 projects across more than 600 open disaster declarations dating back to 2020 – meanwhile more than 45 states are facing a backlog of nearly $10 billion in disaster related reimbursement requests and grant programs while thousands of individual assistance requests remain stuck in bureaucratic limbo. The Government Accountability Office (GAO) has also placed federal disaster assistance on its "High Risk List" of programs vulnerable to waste, fraud, abuse, and mismanagement.[6] Secretary Mullin has already taken bold steps to correct the course of the agency, but legislative action is needed for lasting transformation. Congress should prioritize, incentivize, and professionalize a more accountable and effective FEMA.

The final report from the President's FEMA Review Council[7] appropriately identified the need for legislation to implement most of its recommendations – the FEMA Act tackles most of the issues outlined in the report. As this Committee works with House leadership, the Senate, the Administration, and other stakeholders toward a final legislative product, we encourage a continued focus on several vital components key to a successful and effective future FEMA that is as proactive in reducing risk as it is reactive when emergencies befall Americans:

Stability and Expertise

To stand the test of time and engender positive change for generations to come, a modernized FEMA must be an agency that all Americans can rely on for expertise and consistency of treatment. It should be restructured to maximize steady, reliable, and knowledgeable behavior, focusing on consistent competence without political or partisan interpretations or priorities. Leadership and staff should be expected to bolster capacity and act in a manner that best serves affected communities by supporting rather than commandeering or displacing state and local actors. The FEMA Act seeks to accomplish these goals.

Emphasis on Front-End Mitigation and Reduction of Risk

Our national commitment to resiliency needs to be systemic and sustained, not sporadic or erratic. Even the best-intentioned emergency management reforms will be a failure if they do not embrace science-based lessons to incorporate modern approaches for stronger and safer

[6] https://www.gao.gov/products/gao-25-107743
[7] https://www.fema.gov/press-release/20260507/fema-review-council-releases-final-report

building that reduce risk moving forward. A commitment to prioritize front-end investment to avoid back-end recovery is not only financially prudent but will also avoid struggles for millions of communities and individuals who are poorly served by our current system.

A prime mechanism for front-end mitigation is the implementation and enforcement of up-to-date and modern building codes, both at initial construction and during post-disaster rebuilding to avoid the folly of repetitive losses. Congress is not a state or local building regulator and should not endeavor to dictate or force mandates on them, but should do everything in its power to incentivize the adoption of modernized building codes, which are a cost-effective way to protect individuals, families, taxpayers and communities from risk. The FEMA Act updates the definition of "applicable building code" to require that mitigation projects comply with either of the two most recent model code editions. It also preserves local flexibility so states can tailor standards to their specific hazards.

As Congress considers additional ways to limit the impacts of future disasters on communities, it should leverage and integrate the advantages of upfront investing. The National Institute of Building Sciences offers extensive research and evidence of a strong estimated return on investment from mitigation measures, including building codes.[8] Their extensive report puts more resilient construction costs into context through benefit-cost ratios. Because of the value of modifying the buildings to save money over the long term, NAMIC urges that this be a deliberate and major initiative that includes a set-aside for grants as well as for adoption and enforcement of the most up-to-date and strongest building codes fit for a location. This kind of investment not only shows accountability to taxpayers but also indicates strong fiscal stewardship while carrying out both preparedness and response missions. The FEMA Act makes strides in this area and importantly overhauls the NAMIC-priority BRIC program to function more equitably and seamlessly.

Transparency and Accountability

Emergency management agencies suffer extreme reputational harm when lines of accountability and responsibility are muddled. Clear communication and education about the chain-of-command and decision-making processes at FEMA will serve all Americans best. Disaster victims and those that work to help them, including insurers, are best able to be effective when they not only understand processes, but also have understandable ways to provide and receive additional information as needed. For example, consider a FEMA assistance claim denial – a thorough explanation and documented rationale with ample details would be helpful in aiding the victim's subsequent decision-making.

[8] https://nibs.org/wp-content/uploads/2025/04/ms_v4_overview.pdf

Congressional and executive oversight of day-to-day operations at FEMA will remain essential. Studies and analysis by the Government Accountability Office to assess whether or not FEMA is delivering results for taxpayers should be frequent, data driven, and hold the agency to the highest standards. The FEMA Act would set forth multiple studies and reports to meet these needs.

Uniformity and Streamlining within the Agency
Incorporating ways to streamline disaster response with processes that ensure greater consistency in paperwork for victims and entities aiding them should reduce frustration and confusion, as well as expediting recovery. Today different federal agencies and even FEMA regions sometimes seek different information from individuals and their insurers before processing individual assistance requests; these current practices do not make for a seamless or positive post-catastrophe experience for Americans already struggling to piece their lives back together. The last thing a disaster victim should hear in the wake of their tragedy is that there is a problem with their paperwork and they need a different form to prove a necessary declination from their insurer. Through standardization and straightforward uniformity, a simple upfront established set of expectations (and perhaps a template) may help with getting necessary aid out the door quickly. Post-disaster claims operations move most swiftly when there can be a level of anticipated consistency.

This is also where FEMA and insurers most directly intersect: clear rules for the sequence of delivery and duplication-of-benefits determinations, paired with standardized information sharing between FEMA and insurers, would speed aid to survivors and spare them from re-submitting the same information in their hardest moments.

Speed and Streamlining Work Across Agencies and Governments
At this time, there are at least seventeen departments and agencies responsible for some element of federal disaster assistance. As Congress moves forward, consolidation and clarifying these components to improve efficiency and information sharing across efforts would be a worthwhile enhancement. This process review and reimagining should also take into account the most efficient way of communicating with leaders and decision-makers in state and local governments to eliminate the possibility of confusion or inconsistent messages from the federal government.

As Congress contemplates a future with greater empowerment of state and local governments to manage emergencies occurring in their area, it becomes more important than ever that chains of command, responsibilities, and workflow sequences are clear, consistent, and communicated so they can be executed promptly when needed. Requiring specific, written, operational plans and facilitating communication between points of contact across federal, state, and local agencies would be well advised. The FEMA Act takes a holistic, modern approach with information sharing among agencies and implements a universal application for individual Americans to request aid in a streamlined manner when they need it most.

Conclusion

While some structural and operational details need to be finalized, particularly in light of the FEMA Council's subsequent recommendations, NAMIC believes the FEMA Act of 2025 is a significant step in the right direction. Among the key reforms that we support in the bill to enhance accountability, transparency, and efficiency are:

- Establishing a formal process for peer-review of state mitigation project plans;
- Restructuring the pre-disaster mitigation BRIC program to be a formula-based grant program – this will improve predictability and planning for state and local governments;
- Establishing a task force to address the backlog of open declared disasters;
- Reducing impediments to prompt and effective debris removal;
- Expediting permanent repair to public infrastructure, including mitigation measures;
- Streamlining of multiple federal permitting and application processes, most importantly creating a universal disaster application for survivors;
- Improving consumer-facing notices;
- Enabling funds for hazard mitigation and pre-disaster mitigation to be combined for large and innovative projects;
- Eliminating the requirement that homeowners bear up-front costs of home retrofits funded through mitigation programs; and
- Numerous GAO reports to ensure continued accountability for agency efforts.

We believe passage of the FEMA Act would strengthen the partnerships between the federal, state, and local governments as well as improve relationships and coordination with other stakeholders, all in the interest of better serving taxpayers. We urge House leadership and other committees of jurisdiction to work in concert with the committee to complete any remaining technical adjustments and bring the FEMA Act to the House floor for passage this Congress.

As our neighbors in North St. Louis can attest, FEMA's presence, capability, and credibility have real effects on real people every day, both before and after storms like these. In order to help everyday Americans and Missourians and in the times of greatest need, FEMA must be structured and empowered to do its job well.

We believe that FEMA's past successes and failures should inform rather than define the future of the agency, as has been the case with previous reform efforts. We commend this committee's thoughtful, taxpayer service-oriented, and practical proposals in the FEMA Act of 2025, and we look forward to working with Congress and all stakeholders to better protect policyholders not if, but when, future disasters strike.