



Report Highlights

Louisiana Fortify Homes Program

Department of Insurance

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Why We Conducted This Review

We identified property insurance affordability as a major issue impacting the public and of interest to the Legislature, and we identified the Louisiana Fortify Homes Program (LFHP) as a state program intended to address this issue. Based on our research, we prepared this report to help the legislature evaluate the program's effectiveness.

What We Found

Overall, we found that the LFHP has incentivized homeowners to upgrade their roofs to the FORTIFIED Roof standard, which entitles them to significant insurance savings and reduced uninsured losses in the event of a hurricane or other windstorm. LFHP is a lottery-based grant program that awards up to \$10,000 to eligible homeowners to fully or partially defray the cost of putting a FORTIFIED Roof on their home. FORTIFIED Roof is a voluntary standard, stricter than the building code, that was developed by the insurance industry to promote home-building practices that are more resistant to hurricane-force winds and to create documentation from an independent evaluator showing that the roof complies with the standard. Specifically, we found the following:

- The median homeowner who received an LFHP grant and got a FORTIFIED Roof saved \$1,250 (22%) on their annual homeowner's insurance costs, lowering their annual premium from \$5,625 to \$4,375. In addition, we estimate that retrofitting to a FORTIFIED Roof reduces a homeowner's uninsured losses over the long run by an average of \$213 per year.
- The median cost to upgrade to FORTIFIED was \$16,229, or \$6,229 after accounting for the \$10,000 LFHP grant. We estimate that \$12,981 of this cost (80%) is the baseline cost of replacing the existing roof to the current building code, and the remaining \$3,248 (20%) is the additional cost to upgrade to FORTIFIED and pay for the evaluator.
- Over the life of the roof, the benefit of retrofitting an existing home to meet the FORTIFIED Roof standard exceeds the cost for homes in South Louisiana (south of Vernon, Rapides, and Avoyelles parishes). Specifically, we found that \$17,027 was the median cost to remove and replace an existing roof with a new, FORTIFIED Roof and maintain the designation for 15 years (before accounting for the \$10,000 LFHP grant). Over this time, the median savings were \$17,879. An even higher benefit-cost ratio is possible by focusing on roofs that are already at the end of their useful life and need to be replaced.

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Louisiana Fortify Homes Program

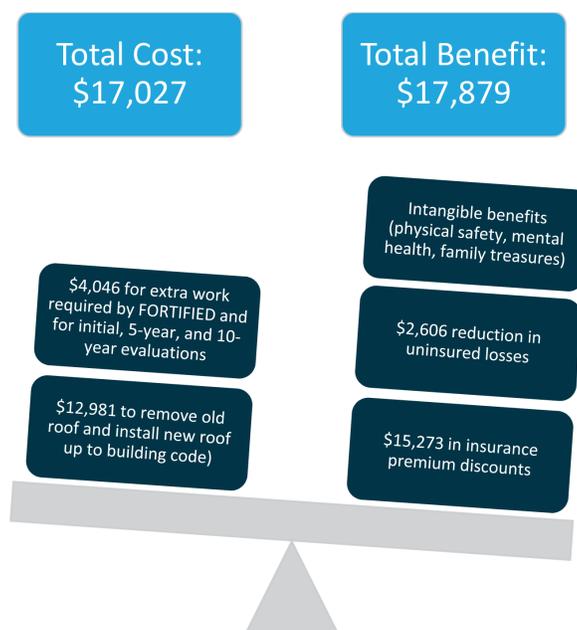
Department of Insurance

What We Found (Cont.)

- Most homeowners who participated in LFHP were very satisfied and are very likely to recommend it to family and friends, although homeowners had mixed views about the affordability of insurance after obtaining the discount and the clarity of information about how much they could save by getting a FORTIFIED Roof. Most homeowners reported that their LFHP grant was a decisive factor in getting a FORTIFIED Roof.
- Although very low-income households, with home values less than \$90,000, are underrepresented in the program, the program is able to reach homeowners in the middle of the wealth distribution. LDI has partnered with community service organizations in an effort to help more low-to-moderate income homeowners participate.
- Out of the six southeastern coastal states with wind mitigation grants similar to LFHP, Louisiana's grant program is the second-newest and has been allocated the third-lowest cumulative amount of funding relative to the amount of housing stock the state has in hurricane-prone areas. Louisiana's grant program is structured similar to how other states structure their programs.

The exhibit below gives a brief overview of the results of our benefit-cost analysis.

Median Costs and Benefits of Installing a FORTIFIED Roof Participants in January 2025 Survey



Source: Prepared by legislative auditor's staff based on analysis of LFHP participant survey responses and staff's analysis of the FEMA Benefit-Cost Analysis toolkit.

View the full report at www.la.gov.