

Community Disaster Protection Act

Rep. Dave Min (CA-47) & Rep. Johnny Olszewski (MD-02)

Background

As climate change drives more frequent and severe extreme weather events, communities face widening disaster coverage gaps, making it harder and more expensive for communities to rebuild. In 2024, economic losses from natural disasters in the U.S. reached \$217.8 billion, approximately \$105 billion of which was left uninsured. Rising climate-related damage has increased insurer payouts, driven up premiums, and prompted insurance carriers to withdraw from high-risk markets. Addressing this coverage crisis requires innovative approaches that expand insurance access, promote effective resilience, and strengthen the stability of insurance markets nationwide.

Communities are exploring ways to secure or facilitate insurance for a group of properties, leveraging their local knowledge and purchasing power to improve affordability, streamline enrollment, and incentivize risk mitigation tailored to local needs. These arrangements, known as **community-based catastrophe insurance (CBCI)**, offer significant potential to close disaster coverage gaps but are only now beginning to be explored, with just a handful of U.S. jurisdictions currently piloting or implementing CBCI programs.

Summary

The *Community Disaster Protection Act* would promote the development of new disaster insurance products to help high-risk communities secure affordable coverage; incentivize effective disaster prevention; and provide greater stability to property insurance markets. It would direct FEMA to establish a 5-year pilot program to award competitive grants to local governments, quasi-government bodies, and community-based organizations to design, develop, implement, or facilitate CBCI.

Specifically, this bill would:

- **Close Disaster Coverage Gaps:** Authorizes grants to develop or facilitate CBCI products that cover disaster risks uninsured or underserved by traditional insurance; set actuarially justified premiums that enable broad participation; and prioritize applicants facing the greatest coverage gaps or disaster risks.
- **Preserve Local Flexibility:** Allows funds to support a range of CBCI frameworks, without restricting the disaster risks or properties covered. Eligible uses of funds could include consumer outreach and education, catastrophe-risk modeling or research into disaster risks, and leveraging non-federal funds to support long-term program sustainability.
- **Promote Resiliency Investments:** Requires grant recipients to facilitate financial or technical assistance for individual or community-wide investments that can mitigate disaster risks, reduce potential losses, and secure lower premiums; and to communicate changes in their community's risk profile to insurers.
- **Address Regulatory Ambiguity:** Directs the U.S. Government Accountability Office to conduct periodic evaluations of program performance and make a determination on the regulatory treatment of CBCI and other alternative insurance products with respect to federal disaster aid eligibility.
- **Protect State Insurance Authority:** Explicitly preserves States' authority to regulate insurance markets and require all grant recipients to comply with applicable State insurance laws and regulations. Grants would only be a catalyst for CBCI arrangements operating within State regulatory frameworks.

This bill is endorsed by the American Casualty Property Insurance Association, American Institute of Architects, Environmental Defense Fund, Evergreen Action, League of Conservation Voters, National Wildlife Federation, and Natural Resources Defense Council.

For more information about this bill, please contact Ryan Ebrahimi (ryan.ebrahimi@mail.house.gov) in Representative Min's office or Grace Hayden (grace.hayden@mail.house.gov) in Representative Olszewski's office.