



## Stronger Building, Safer Country

Stronger, safer buildings for Americans and their families can save lives and reduce loss, thereby reducing the need for federal spending on disaster aid.

**NAMIC SUPPORTS the Safe Building Code Incentive Act, HR 1748,**  
legislation to provide monetary incentives to states to adopt and enforce statewide building codes.

### Background

From flooding in Colorado to tornadoes in Oklahoma and Illinois to hurricanes on the East Coast and fires in the west, this country is exposed a continually growing number of natural disasters. Each of these events takes lives, shatters communities and costs the federal government billions in disaster aid. The science exists for way to minimize the destruction caused by natural disasters which is why NAMIC continues to champion common-sense mitigation measures to enhance the current infrastructure and strengthen preparedness ahead of these threats. One of NAMIC's top legislative priorities remains the passage of legislation incentivizing the adoption of statewide, nationally recognized building codes, which not only saves lives and homes, but also taxpayer dollars.

Building codes are the simplest and most effective means of mitigating against disaster. Strong statewide building codes promote minimum life safety standards which, if enforced across the country, would save lives and millions of dollars in costs to individuals and taxpayers. They also allow for economies of scale in the production of building materials and construction, as well as a level of safety for first responders during and after fires, earthquakes, and other catastrophes.

### Building Codes Save Lives and Reduce Costs

The purpose of building codes is to assure that – at the very least – minimum standards are used in the design, construction and maintenance of the places where people live and work. Building codes are intended to increase the safety and integrity of structures, thereby reducing deaths, injuries and property damage from a wide range of hazards. In addition to saving lives and reducing property loss, statewide building codes based on nationally recognized standards contribute to the durability of structures; and, in some locations, favorably affect the affordability and availability of insurance

The scientific evidence supporting strong building codes is overwhelming.

- According to a National Institute of Building Sciences study for every \$1 spent to make buildings stronger, the American taxpayer saves \$4 in federal disaster assistance.



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NAMIC is the largest property/casualty trade association in the country, with 1,300 national, regional and local mutual insurance member companies serving more than 135 million auto, home, and business policyholders. These companies write in excess of \$208 billion in annual premiums, accounting for 48 percent of the automobile/homeowners market and 33 percent of the business insurance market. More than 200,000 people are employed by NAMIC member companies.

- The Louisiana State University Hurricane Center estimated that stronger building codes would have reduced wind damage from Katrina by 80%, saving \$8 billion. T
- The LSU Hurricane Center also conducted a comparative analysis of the economic loss in Mississippi due to Katrina, showing savings of \$3.1 billion if tougher building codes had been in place.
- The Insurance Institute for Business and Home Safety (IBHS) studied Hurricane Charley in 2004 and found that homes built to modern building codes suffered 60 percent less damage, and that the frequency of damage among houses built to code was 40 percent lower than among homes that were built to older codes.
- Additional research found that insured losses from Hurricane Andrew in 1992 would have been half of the total amount (which was over \$19 billion in 1992 dollars) if modern building codes had been in place.

Damage reduction that results from adoption and enforcement of strong building codes helps keep people in their homes following a natural or manmade disaster, reduces the need for public and private disaster aid, and preserves natural resources. Furthermore, reducing damage to the built environment means that businesses can remain open after a disaster; their presence helps to sustain local economies through jobs and tax revenue.

### NAMIC and the BuildStrong Coalition

In 2008, NAMIC formed the BuildStrong Coalition to support legislation promoting disaster mitigation through modern building codes. BuildStrong is comprised of insurers, emergency managers, builders and contractors, firefighters and code officials. The signature piece of legislation championed by BuildStrong is *H.R. 1748, the Safe Building Code Incentive Act (SBCIA)* which adds 4% to a state's post-disaster relief funding if it has adopted and enforced building codes. Receiving additional money available for post-disaster aid would create an incentive –not a mandate – for states to adopt and enforce codes.

In 2012 NAMIC commissioned a study by actuarial consulting firm Milliman to provide a cost estimate of the incentive act to the federal budget. The report concluded that *the Safe Building Code Incentive Act* would have saved US taxpayers \$11 Billion from 1988 to 2011 had it been in place -- almost \$500 Million a year in savings. Despite the additional upfront expense to states with strong codes, NAMIC and BuildStrong contend that fiscal responsibility means spending smarter for the long term, not necessarily always spending less in the short term.

For more information on building codes go to  
<http://www.namic.org/federal/fedissues.asp>