



STRENGTHEN YOUR ROOF

GRANT PROGRAM RULES

This document describes the Terms and Conditions of the *Strengthen Your Roof* Grant Program for Participating Policyholders.

Background

North Carolina Insurance Underwriting Association (NCIUA) is a non-profit underwriting association engaged in writing essential property insurance established by Article 45 of Chapter 58 of the North Carolina General Statutes. NCIUA is not an agency or facility of the State of North Carolina. No federal, state or local funds are used to support or subsidize NCIUA operations.

NCIUA, in accordance with statute and its plan of operation and supported by the North Carolina Commissioner of Insurance, pursues mitigation efforts in North Carolina's beach region to increase the resiliency of property against catastrophic wind events. As such, NCIUA has implemented an affirmative Pilot Grant Mitigation Program titled *Strengthen Your Roof* ("Grant Program"). The Grant Program is designed to improve the resiliency and weather-resistance of properties insured by NCIUA. The Grant Program will provide money to offset some of the replacement costs for qualified roofs to the Insurance Institute for Business & Home Safety ("IBHS") "FORTIFIED Home™ with new roof cover" standard.

IBHS is an organization that sets the standards required to obtain the IBHS designation FORTIFIED Roof™. FORTIFIED Home™ utilizes engineering and building standards developed by IBHS to mitigate wind-related hurricane damage and includes evaluation and inspection requirements to ensure the technical standards are properly implemented, resulting in the designation of a home as meeting the FORTIFIED Roof™ requirements. For more information, see the IBHS website at IBHS.org.



Eligibility to Submit Application

The Grant Program is available for policyholders who (1) have a HO2, HO3 or HO8 Homeowners Policy or a HW2, HW3 or HW8 Homeowners Wind policy with NCIUA that is currently effective and was effective on or before June 1, 2020, and (2) whose property is located in certain areas of the North Carolina Outer Banks or Barrier Islands (rating territories 110 and 120). A Participating Policyholder must meet both conditions to be eligible to apply for the Grant Program. Submission of an application does not guarantee program eligibility.

The Grant Program is also available for policyholders who (1) have a DP1 or DP2 Dwelling Policy or a WD1, WD2 or WD3 Dwelling Wind policy with NCIUA that is currently effective and was effective on or before July 1, 2020, and (2) whose property is located in certain areas of the North Carolina Outer Banks or Barrier Islands (rating territories 110 and 120). A Participating Policyholder must meet both conditions to be eligible to apply for the Grant Program. Submission of an application does not guarantee program eligibility.

Application Period

The Application Period shall be open through September 10, 2020 or until the total program fund is fully committed to the eligible applicants received prior to September 10, 2020. All applications under this Grant Program must be received by NCIUA during the Application Period.

Grant Amount

A qualified Participating Policyholder may receive only one grant with a maximum amount of up to \$6,000 for each qualifying property location insured. The total fund amount of the Grant Program is \$10,000,000 for 2020 to be reserved on a "first come, first served" basis.

Other Terms and Conditions

The Participating Policyholder acknowledges and agrees that IBHS and the FORTIFIED Evaluator, in their sole discretion, will determine whether the property meets the IBHS requirements to then be eligible for the Grant Program. A Participating Policyholder must complete the roof replacement subsequent to receiving the 2020 Grant and receive the FORTIFIED designation by August 1, 2021.



The objective of this Grant Program is to assist eligible policyholders who have *voluntarily* decided to replace their current roofs without having an insured loss for damages *requiring* a roof replacement. Therefore, if the policyholder experiences a covered loss under an NCIUA policy that ultimately results in payment by NCIUA to replace the entire roof covering, then this Grant Program will not apply. However, policy endorsement PF 01 06, which is automatically included on policies written in territories 110 and 120, may apply. If so and if elected by the policyholder, NCIUA may pay up to \$5,000 for the policyholder to upgrade to an IBHS FORTIFIED Roof™, subject to policy terms and conditions. No policyholder can benefit from both the coverage provided by the PF 01 06 endorsement and the Grant Program.

If the policyholder experiences a covered loss under the NCIUA policy of less than 51% to the roof covering, NCIUA may pay to replace or repair the covered damage to the roof, subject to policy terms and conditions. In this scenario, policy endorsement PF 01 06 does not provide coverage for an IBHS FORTIFIED Roof™ upgrade. However, if the policyholder decides to voluntarily replace their entire roof covering, the policyholder may apply for up to a \$6,000 grant under this Grant Program.

The Grant Program provides the policyholder with a list of Participating Contractors who have experience in IBHS construction methods. For the policyholder's convenience, a list of Participating Contractors can be found on the website StrengthenYourRoof.com. Policyholders can also choose a contractor who is not listed as a Participating Contractor. NCIUA makes no representation or warranty of any kind as to the training, capability, work quality or actual performance of any contractor.

Participating Policyholder acknowledges and agrees that IBHS is the organization that sets the standards required to obtain the IBHS designation "FORTIFIED Roof™" and that IBHS sets the standards for educating, certifying and providing oversight to IBHS FORTIFIED Evaluators.

NCIUA will distribute grant funds to the Participating Policyholder only after the following have been submitted to the Association: (1) the IBHS FORTIFIED Roof™ Certification, (2) a final invoice from the contractor, and (3) a completed W-9 which provides the Participating Policyholder's taxpayer identification number (or other necessary tax information). The Participating Policyholder is responsible for payment to the contractor for any work performed on the property, including any/all amounts in excess of the received grant. NCIUA shall have no payment liability to any contractor.



Grant funds may carry tax liability for the Participating Policyholder. The Participating Policyholder accepts responsibility for all tax liability that may be associated with the receipt of the grant. The Participating Policyholder should consult with a tax advisor regarding tax implications of receiving any grant funds.

The Participating Policyholder acknowledges that NCIUA is relying on the information provided in the Participating Policyholder's application for the Program.

The Participating Policyholder may not assign or transfer any of Participating Policyholder's rights, benefits or obligations under the Grant Program without NCIUA's prior written consent.

The Participating Policyholder acknowledges and agrees that NCIUA does not guarantee any work by any contractor, IBHS, or the IBHS FORTIFIED Evaluator, and does not guarantee any products, materials or methods used in the roof replacement. Participating Policyholder acknowledges that unknown, unexpected or unforeseen problems or hidden damage may arise during construction and agrees that NCIUA is not liable for any such problems, damage or associated costs. The Participating Policyholder agrees to indemnify, defend and hold harmless NCIUA of and from all loss, damage and expense by reason of any claim, demand or suit related to the performance of the roof replacement pursuant to the Grant Program, or otherwise related in any way to the Grant Program.

The Participating Policyholder acknowledges and agrees that the NCIUA may use the policyholder's name and property images to assist the NCIUA in connection with this or any future Grant Program.

Any dispute between a Participating Policyholder and NCIUA shall be resolved through the administrative process contained in its Plan of Operation, N.C. Gen. Stat §58-45-50 and N.C. Gen. Stat. §58-2-75.



NCIUA STRENGTHEN YOUR ROOF 2020 GRANT PROGRAM

Frequently Asked Questions

North Carolina Insurance Underwriting Association (NCIUA) is one of the first organizations in the nation to begin offering grants to help eligible policyholders in beach communities better protect their homes against the threat of hurricanes. Through our Strengthen Your Roof program, eligible policyholders can apply for a grant up to \$6,000 to install a FORTIFIED Roof™.

FORTIFIED is a nationally recognized building method developed through extensive field and lab research of structural damage caused by wind. A FORTIFIED Roof™ that meets the standards of the Insurance Institute for Business & Home Safety (IBHS) gives you the peace of mind to know your home is structurally resilient and can better withstand severe weather.

The NCIUA grant program was launched in 2019 with the endorsement of Mike Causey, Commissioner of the North Carolina Department of Insurance (www.NCDOI.com). NCIUA awarded grants to more than 1,000 North Carolina homeowners last year and even more grants are available this year. This pilot program is currently limited to policyholders with Homeowners and Dwelling coverage on properties located in North Carolina's Outer Banks and Barrier Islands (rating territories 110 and 120).

THE GRANT PROGRAM

1. What is NCIUA's Strengthen Your Roof Grant Program?

NCIUA's STRENGTHEN YOUR ROOF is a pilot mitigation program that will provide grants up to \$6,000 for roof replacement with an IBHS FORTIFIED Roof™. This program is open to eligible policyholders with properties on the Outer Banks and Barrier Islands (rating territories 110 and 120).

A limited number of grants are available and will be awarded on a ***first-come, first-served basis*** until all available funds have been awarded or until September 10, 2020, whichever comes first. You are encouraged to apply as soon as possible to reserve your grant.

2. Why is NCIUA encouraging policyholders to install new roofs?

Hurricane Florence and Hurricane Dorian were the latest reminders that strong roofs are a front-line defender against high winds and severe rain. When a roof fails, it can initiate a cascade of damage to both a home's interior and its structure. According to IBHS, in most years, roof-related damage is responsible for 70–90 percent of total insured residential



catastrophic losses, depending on specific weather events. As startling as that statistic may be, it fails to capture the gravity of the human consequences and loss that results from roof failures—damaged homes and businesses disrupt daily life, derail careers, and destroy financial security. That’s why it is critical for homeowners, business owners and communities to protect roofs from the effects of severe weather.

3. What is IBHS?

The Insurance Institute for Business & Home Safety (IBHS) is an independent, nonprofit, scientific research and communication organization supported solely by property and casualty insurers and reinsurers that conduct business in the United States.

Convinced that the continuing cycle of human suffering that strikes families and communities in the wake of severe weather can be broken, IBHS is a team of scientists and risk communicators who deliver strategies to build safer and stronger homes and businesses.

4. What are IBHS FORTIFIED Home™ standards?

The FORTIFIED Home™ building standards, developed by IBHS after two decades of scientific research, are a set of voluntary construction upgrades that builders and roofers make to improve a building’s resistance to the effects of severe weather. FORTIFIED Roof™ increases the number and strength of the nails used to attach the roof deck to a home, significantly increasing the amount of wind uplift the roof can withstand. The standards also require that edges around the perimeter of the roof have enhanced attachment, strengthening one of the most vulnerable areas of a roof system. Finally, FORTIFIED Roof™ requires the gaps between the roof decking to be sealed, which prevents water from getting into a home, even if shingles are blown off, which is to be expected in hurricane force winds. This can reduce potential water intrusion by more than 95 percent compared to a standard roof, dramatically lowering the possibility a homeowner will be forced from their home for an extended period of time, even if the roof covering is damaged. FORTIFIED Roof™ is an accessible and affordable way to increase a home’s ability to withstand the next storm.

5. Where can I learn more about IBHS?

Please visit <https://ibhs.org/strategy/overview/> to learn more about IBHS.



6. Why is this referred to as a pilot program?

This is a pilot program because it is currently 100% funded by NCIUA, small scale, short term, and limited in geographic scope. Currently, this program is limited to the most exposed areas in North Carolina. However, NCIUA has been actively working with legislators and government officials to get the funding needed to allow this program to be offered to more coastal property owners in North Carolina.

THE GRANT

1. How many grants will be offered?

A limited number of grants (approximately 1,660) will be awarded on a first-come, first-served basis until all available funds have been awarded or until September 10, 2020, whichever comes first. Policyholders are encouraged to apply as soon as possible to reserve a grant.

2. Will I get \$6,000?

The grant maximum amount is \$6,000. However, if the entire cost of installing a FORTIFIED Roof™ is less than \$6,000, the grant amount will be limited to the total cost of the roof. In this scenario, the grant amount will be less than \$6,000.

3. What is the timeframe to apply for the grant?

Prospective applicants are encouraged to check their eligibility for a grant. Applications will be accepted until September 10, 2020 and will be awarded on a **first-come, first-served basis** until all available funds have been awarded or until September 10, 2020, whichever comes first. You are encouraged to apply as soon as possible to reserve your grant.

4. Is the grant taxable?

Currently, grant funds carry a tax liability. The policyholder accepts responsibility for all tax liability associated with the receipt of the grant. NCIUA will require a completed W-9, which is a request for the policyholder's taxpayer identification number. The policyholder should consult with a tax advisor regarding any tax implications.

NCIUA is hopeful the Thompson-Calvert legislation (HR 5494) that is co-sponsored by NC Congressman David Rouzer (7th District) and supported by NC Insurance Commissioner Mike Causey will become federal law. This bill would protect North Carolina residents who receive state-based *Strengthen Your Roof* grants from having to pay federal income tax on the grant



money they receive. This bipartisan legislation ensures consistent federal tax treatment for grants received by homeowners for mitigation work and encourages state-based mitigation and resiliency programs. Congress previously recognized the importance of encouraging and investing in pre-disaster mitigation. In 2005, Congress expressly excluded grants provided through FEMA from federal income tax. This legislation would fix the inconsistency and provide tax parity for residential retrofit grants.

5. How long will grants be available?

Grant applications must be completed by September 10, 2020. Once an application is approved, policyholders have until August 1, 2021 to complete the installation of a FORTIFIED Roof™.

ELIGIBILITY

1. Who is eligible to receive a grant?

NCIUA Homeowners and Homeowners Wind policyholders with covered property along the Outer Banks and Barrier Islands (rating territories 110 and 120). Policyholders must have a current, eligible policy that was effective on or before June 1, 2020.

NCIUA Dwelling and Dwelling Wind policyholders who live along the Outer Banks and Barrier Islands (rating territories 110 and 120). Policyholders must have a current, eligible policy that was effective on or before July 1, 2020.

2. What areas are included in rating territories 110 and 120?

Rating territories are established by the North Carolina Rate Bureau. In general, these territories include the area south and east of the Inland Waterway from the South Carolina line to Fort Macon (Beaufort Inlet), thence south and east of Core, Pamlico, Roanoke, and Currituck Sounds to the Virginia line, being those portions of land generally known as the “Outer Banks.”

3. Who determines eligibility?

NCIUA determines initial eligibility for the Strengthen Your Roof Grant Program. IBHS will determine if the home is eligible for a FORTIFIED Roof™.



4. What types of properties are ineligible?

Some types of properties that are ineligible include condos, co-ops, townhomes, triplexes, quadplexes, multi-unit residential buildings, residential portions of mixed-use buildings, and commercial buildings. This list is not exhaustive.

5. Are mobile homes and manufactured homes eligible?

Mobile homes and manufactured homes may be eligible. Some of the criteria for eligibility include: constructed after July 13, 1994, meet IBHS foundation and building requirements, and have a HUD Zone IV designation.

FORTIFIED ROOF™

1. How is a FORTIFIED Roof™ different from a normal roof?

A FORTIFIED Roof™ meets certain quality standards designed to provide greater protection from natural disasters. These roofs involve the use of high wind-rated roof coverings and a sealed roof deck system that reduces the potential for water entering the home by 95%. Roof mounted vents are installed (if applicable) to prevent water intrusion and the roof decking is re-nailed with ring shank nails to double the roof's strength.

2. What are the advantages of a FORTIFIED Roof™?

Strength:	Superior performance in the face of severe weather
Savings:	Insurance premium discounts
Value:	Research suggests enhanced resale value
Affordability:	Reasonable costs compared to the benefits of a FORTIFIED Roof™
Security:	Comfort knowing that your roof is built to higher standards

HOW TO APPLY

1. How can a policyholder learn more or apply for the grant?

The policyholder can visit StrengthenYourRoof.com or call the dedicated NCIUA staff at 1-844-NCROOFS (844-627-6637).

2. If a policyholder doesn't have a computer, can he or she still apply for a grant?

Yes. Please call the dedicated NCIUA staff at 1-844-NCROOFS (844-627-6637).



CONTRACTORS AND ROOFERS

1. Which contractors can install a FORTIFIED Roof™ under the Strengthen Your Roof Grant Program?

For the policyholder's convenience, the Strengthen Your Roof Grant Program provides a list of Participating Contractors who are experienced and knowledgeable about IBHS and the IBHS FORTIFIED Roof™ program. The list of Participating Contractors, along with counties they serve, can be found on the website StrengthenYourRoof.com. A policyholder may select a contractor from this listing or a contractor of choice to work directly with the assigned IBHS Evaluator.

The policyholder may solicit bids from multiple contractors. The selected contractor will work with an IBHS Evaluator. The materials and installation will be inspected, photographed, and approved by the IBHS Evaluator. When the roof is completed and IBHS specifications are achieved and approved by IBHS, then IBHS will issue an official five-year certificate which may be renewed.

2. Can a policyholder use a contractor who is not on the list?

Yes. If a policyholder would like to select a contractor who is not on the list, please call 1-844-NCROOFS (844-627-6637). After the policyholder selects a contractor, the contractor will complete the IBHS FORTIFIED Bid Sheet which will help ensure all elements required to obtain the IBHS FORTIFIED Roof™ designation have been quoted.

3. How can a contractor get added to the list of Participating Contractors on the StrengthenYourRoof.com website?

If a contractor wants to participate in the Strengthen Your Roof Pilot Grant Program, the contractor can send an email to NCROOFS@ncjua.com or call 1-844-NCROOFS (844-627-6637).

4. What is the process to select the contractor to install an IBHS FORTIFIED Roof™?

When a policyholder is ready to finalize the contractor decision, they can log into the StrengthenYourRoof.com website to make the selection.



5. *What qualifications or training are required for Participating Contractors with the Strengthen Your Roof Grant Program?*

Participating Contractors are insured and experienced in IBHS construction and understand NCIUA's grant program. **NOTE: NCIUA does not guarantee any work performed by Participating Contractors or FORTIFIED Evaluators. In addition, NCIUA does not guarantee the quality or performance of any service performed or materials used on the roof. NCIUA does not warranty any workmanship by any Participating Contractor or FORTIFIED Evaluator.**

6. *Can contractors use their own bid sheets to provide a quote?*

Yes. Contractors may use their own bid sheets to provide an initial FORTIFIED Roof™ replacement quote to the policyholder. NCIUA will contact the contractor to ensure he or she understands the grant process and the role of the IBHS Trained Evaluator. NCIUA will also send the contractor the IBHS Bid Sheet, an IBHS Re-roofing Checklist, and an IBHS Compliance Form. It is important to remind the contractor not to start work until an approved IBHS Evaluator has been assigned.

7. *When can the contractor begin installing the IBHS FORTIFIED Roof™?*

Work may begin when the IBHS Evaluator is assigned and has coordinated the installation process with the selected contractor. It is critical to have the Evaluator be part of the process from the beginning to help ensure all elements required to obtain the IBHS FORTIFIED Roof™ designation have been reviewed.

EVALUATORS

1. *What is the role of a FORTIFIED Evaluator?*

A FORTIFIED Evaluator, trained by IBHS, inspects the property and collects details before, during, and after the project to verify the roof construction meets FORTIFIED standards.

2. *Who assigns the FORTIFIED Evaluator?*

Once the policyholder has been accepted into the Grant Program, IBHS will assign a FORTIFIED Evaluator to the policyholder to provide guidance throughout the entire process of replacing the current roof with a FORTIFIED Roof™. The FORTIFIED Evaluator works with the policyholder and contractor to successfully receive the FORTIFIED Roof™ designation.



THE APPLICATION AND RE-ROOFING PROCESS

1. *What is the overall grant process?*

- 1) Policyholders verify their grant application period.
- 2) Submit the grant application. Grants are limited and are allocated on a **first-come, first-served basis**. If funding is exhausted prior to September 10, 2020, the application will be added to a waiting list.
- 3) Once the application is approved, the grant is reserved for the policyholder. The IBHS FORTIFIED Roof™ must be installed subsequent to receiving the 2020 Grant and before August 1, 2021.
- 4) Once approved, the policyholder will obtain bid(s) from contractor(s).
 - The policyholder can decide how many bids to obtain.
 - NCIUA provides a list of contractors who are experienced and knowledgeable about IBHS and the IBHS FORTIFIED Roof™ Program.
- 5) The policyholder may also select a contractor of choice to work directly with the assigned Evaluator. If the policyholder would like to choose a contractor not on the list, please call 1-844-NCROOFS (844-627-6637). After the bid(s) have been reviewed, the policyholder will select the contractor to install the IBHS FORTIFIED Roof™ by August 1, 2021.
- 6) Once the contractor is selected, the project will be assigned an IBHS Evaluator. This IBHS Evaluator will work with the policyholder and contractor throughout the process. The Evaluator will inspect the property and collect details before, during, and after the project to verify the roof materials and construction meet FORTIFIED standards so a FORTIFIED Roof™ Designation can be awarded.
- 7) After the work is finished, the IBHS Evaluator will confirm the roof has been completed per required IBHS FORTIFIED Roof™ standards and submit all required documentation to IBHS.
- 8) Once the policyholder receives the IBHS FORTIFIED Roof™ Designation certificate and submits all required documentation, the grant payment will be released.

2. *When a policyholder enters their policy number and zip code, they get an error message that says they are ineligible or have already applied. Why?*

First, the policyholder should verify that the correct policy number was entered.

Second, if a policyholder has already created a login, they should select “Returning User: Login” instead of re-entering their policy number and zip code.

Finally, if the policyholder is still experiencing issues, please call the dedicated NCIUA staff at 1-844-NCROOFS (844-627-6637)



3. Does the policyholder need to receive a bid from a roofing contractor before completing the grant application?

A bid is not required before or during the application process. The policyholder only needs to complete the application, confirm the policy number, and submit 4 photos of the property.

Once the application is approved and the grant is reserved, the policyholder will be notified to request bid(s), select a contractor, and install an IBHS FORTIFIED Roof™.

4. Will all applications be approved?

Some homes are not eligible for the grant program. For example, and not by way of limitation, the home must have 7/16-inch minimum roof deck sheathing and 24 inches on center maximum rafter framing. This can be evaluated either by visiting the site or by reviewing relevant photographs of the property (submitted during the application process). Other reasons that a home may be ineligible include homes with significant damage to roof structural members, un-reinforced foundations, or pest damage. This list is not exhaustive.

5. What happens after the grant application is accepted?

Once a policyholder meets the eligibility criteria and the application is accepted, NCIUA will reserve up to \$6,000 to be paid at the completion of the FORTIFIED Roof™ replacement and receipt of the FORTIFIED designation certificate.

6. If a grant application is approved, how long does the policyholder have to install a FORTIFIED Roof™?

The new IBHS FORTIFIED Roof™ must be installed by August 1, 2021. Once the policyholder has submitted all required documentation, the grant funds will be distributed.

7. What is the process if all requested bids have not been received?

If a contractor has not uploaded the bid onto the StrengthenYourRoof.com website, call the contractor.

If a desired bid has been received, the policyholder does not have to wait until all other requested bids are uploaded.



8. What happens if the policyholder receives approval for the grant and then decides not to upgrade to a FORTIFIED Roof™?

The policyholder can withdraw the grant application. The grant is only paid when the policyholder has replaced the roof and obtained the IBHS FORTIFIED Roof™ designation certificate.

9. What documents are needed to process the grant payment after the FORTIFIED Roof™ is successfully installed?

After the FORTIFIED Roof™ is successfully installed:

- The contractor will submit the final invoice via their website dashboard.
- The policyholder will submit a completed W9 form on the Strengthen Your Roof website.
- The evaluator will submit the IBHS FORTIFIED Roof™ designation certificate.

OPEN OR EXISTING CLAIMS

1. What if a policyholder has an open claim with roof damage?

Full roof replacement: If the policyholder experiences a covered loss under an NCIUA policy that ultimately results in payment by NCIUA to replace the entire roof covering, this Grant Program will not apply. However, policy endorsement PF 01 06, which is automatically included on policies written in territories 110 and 120, may apply. If so and if elected by the policyholder, NCIUA may pay up to \$5,000 for the policyholder to upgrade the roof to the IBHS FORTIFIED Roof™, subject to policy terms and conditions.

Partial roof replacement: If the policyholder experiences a covered loss under an NCIUA policy of less than 51% to the roof covering, NCIUA will pay to replace or repair the covered damage to the roof, subject to policy terms and conditions. In this scenario, policy endorsement PF 01 06 does not provide coverage for an IBHS upgrade. However, the policyholder may apply for a grant under this pilot program.

Disclaimer: Homes that achieve FORTIFIED Home™ requirements may still sustain damage during severe weather. However, meeting IBHS FORTIFIED Home™ requirements will improve the performance of the building systems that are most frequently damaged.