



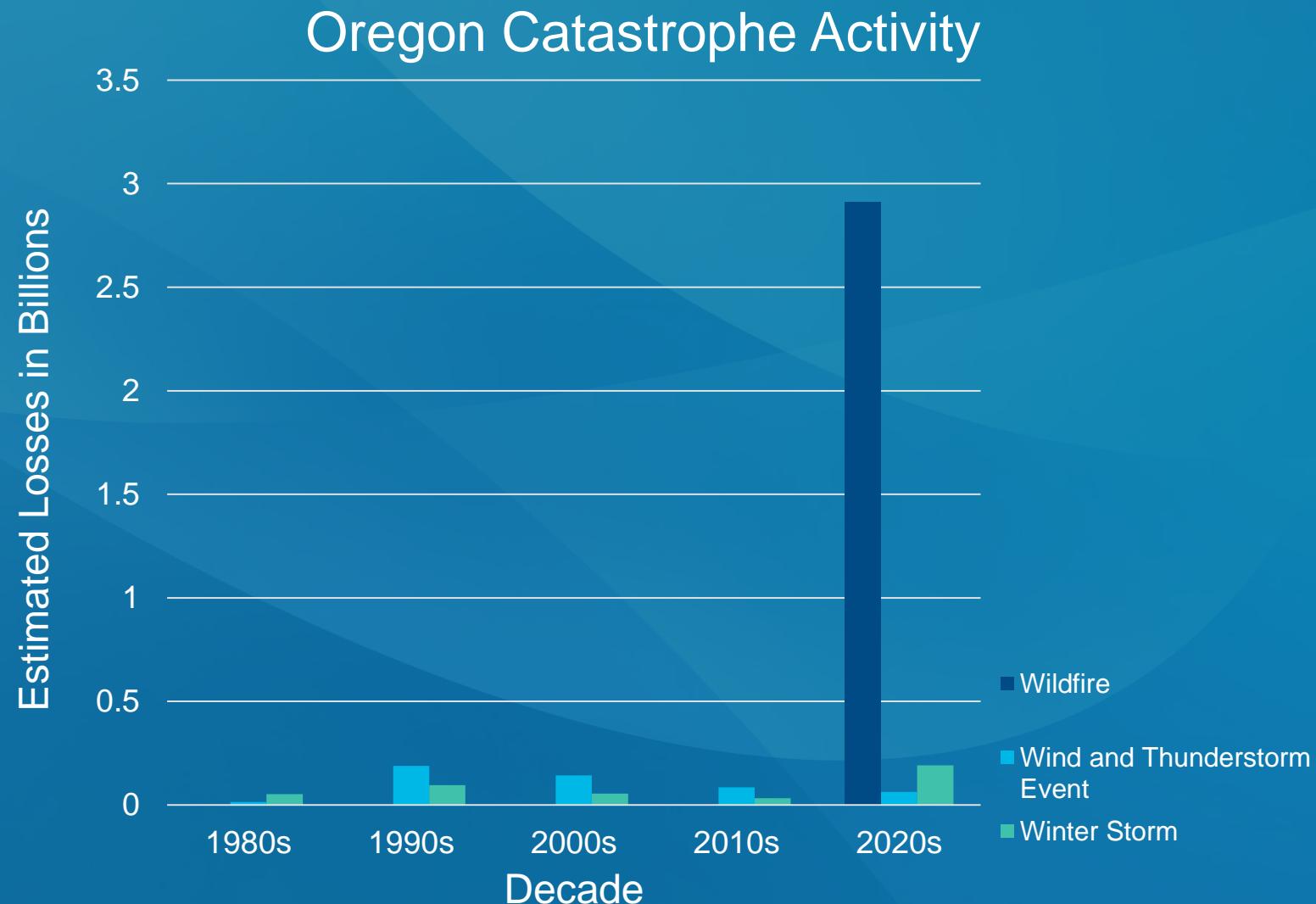
SB 82A - Wildfire Insurance Bill

April 5, 2023

House Committee on Climate, Energy, and Environment



Increased wildfire risk



Summary

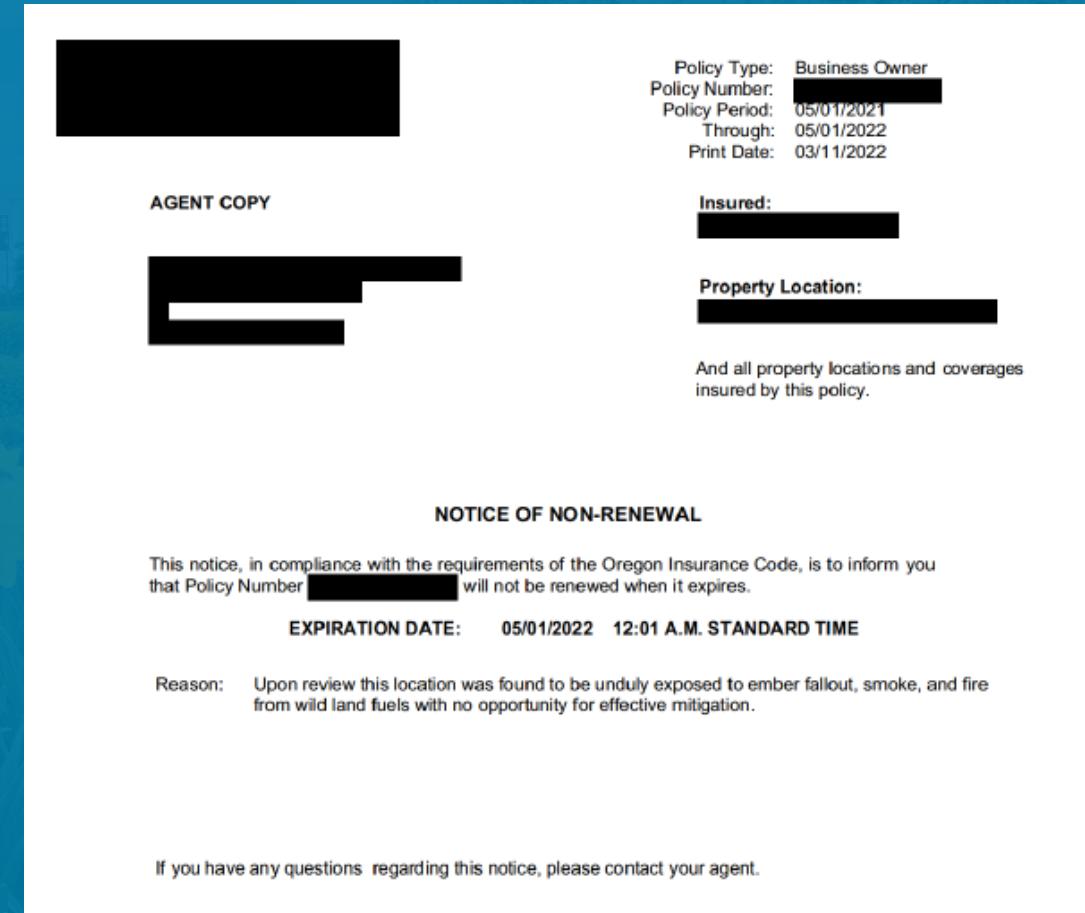
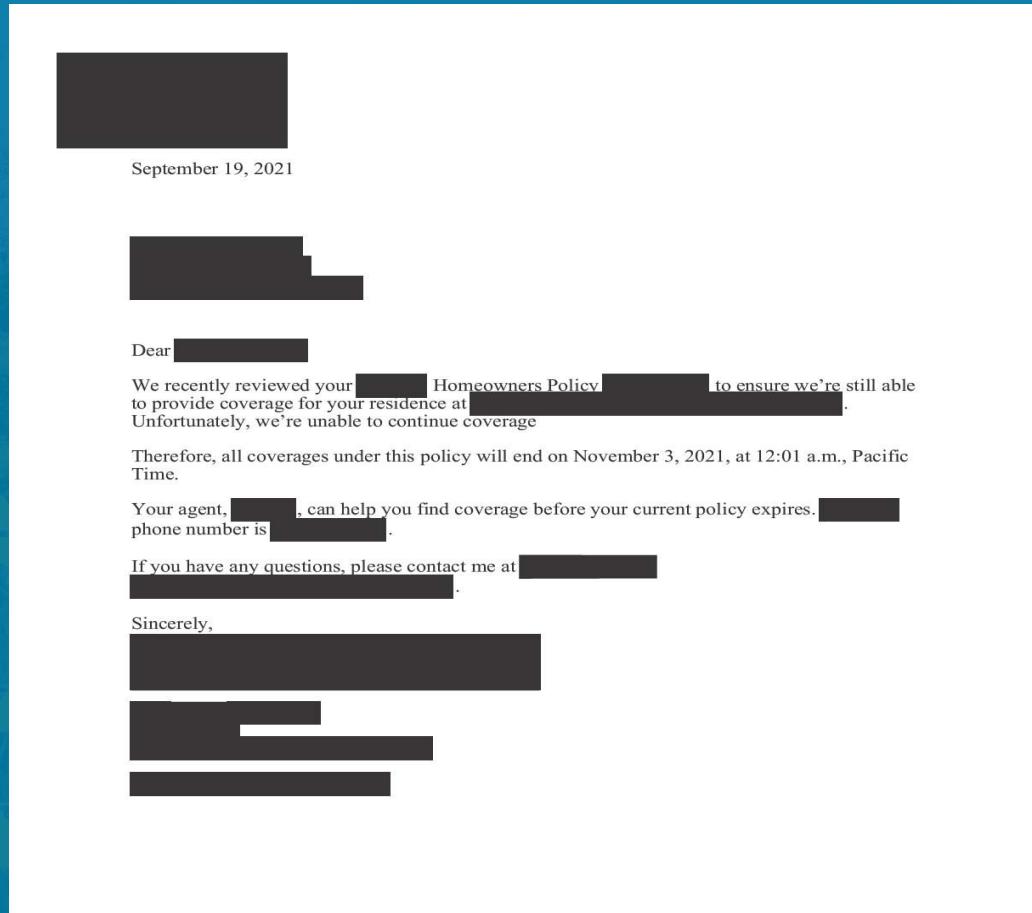
The bill's four main elements:

- Improved consumer disclosure requirements
- Underwriting and rating plans reflect how an insurer addresses or considers:
 - Defensible space
 - Home hardening
 - Community-level mitigation
- Flexibility to extend rebuild and content replacement timelines
- Prohibition on using state wildfire risk map for insurance decisions

Nonlegislative accomplishment:

- FAIR Plan policy limit increases

Consumer disclosures



Improved consumer disclosures

- Detailed notices required when residential policy (1) canceled, or (2) nonrenewed, or (3) premium increased
- Action must be materially related to wildfire risk
- Notice must include:
 - Property-specific reasons for the decision
 - Description of wildfire risk mitigation actions that could help insurability
 - General information on how the insurer measures wildfire risk
 - If a wildfire risk score is used: how it is determined; range of scores; relative position of the property's score; and impacts of wildfire risk mitigation actions on the score

Mitigation efforts

- Decrease risk and usually lower insurance premiums
 - Considered in insurance rating, underwriting, or both
- Common examples include:
 - Home security systems
 - Smoke and carbon monoxide detectors
 - Sprinkler systems
 - Generators
 - Pool safety measures (fencing)
 - Safety deposit boxes

Mitigation efforts in rating and underwriting

- Underwriting guidelines and rating plans must reflect how insurer addresses or considers wildfire risk mitigation actions:
 - Property-level mitigation includes: home hardening, defensible space, IBHS certification
 - Community-level mitigation includes: recognition as a Firewise USA Site, participation in an OSFM community risk reduction program
- Public notice of how wildfire risk mitigation actions may impact underwriting and rating

Previous wildfire legislation and agency action

- House Bill 3272 (2021)
 - 2 years of additional living expenses up to policy limits
 - 2 years to rebuild, repair, or replace damaged property; up to 3 years under certain circumstances
 - Not applicable to losses resulting from 2020 wildfires
- Bulletin No. DFR 2022-3
 - Directed insurers to extend rebuild/replace timelines to at least 9/30/23 or provide adequate explanation to division for any policyholder not being granted extension

Extending rebuild/replace timelines

- Timelines to rebuild home and other structures and replace personal property are required to be extended in reasonable increments up to 36 months if:
 - Losses occurred in area subject to order issued under Emergency Conflagration Act
 - Delays due to circumstances outside insured's control
 - Insured acted with good faith and reasonable diligence

Prohibition on use of state wildfire risk map

- Insurers are prohibited from using the state wildfire risk map as a basis for:
 - Canceling insurance policy
 - Nonrenewing insurance policy
 - Increasing insurance premium

The background of the slide features a photograph of a large, modern building with a glass facade and a prominent central tower, set against a backdrop of bare trees. In the foreground, there is a dense field of yellow flowers, likely daffodils, with their green leaves visible.

Questions?