



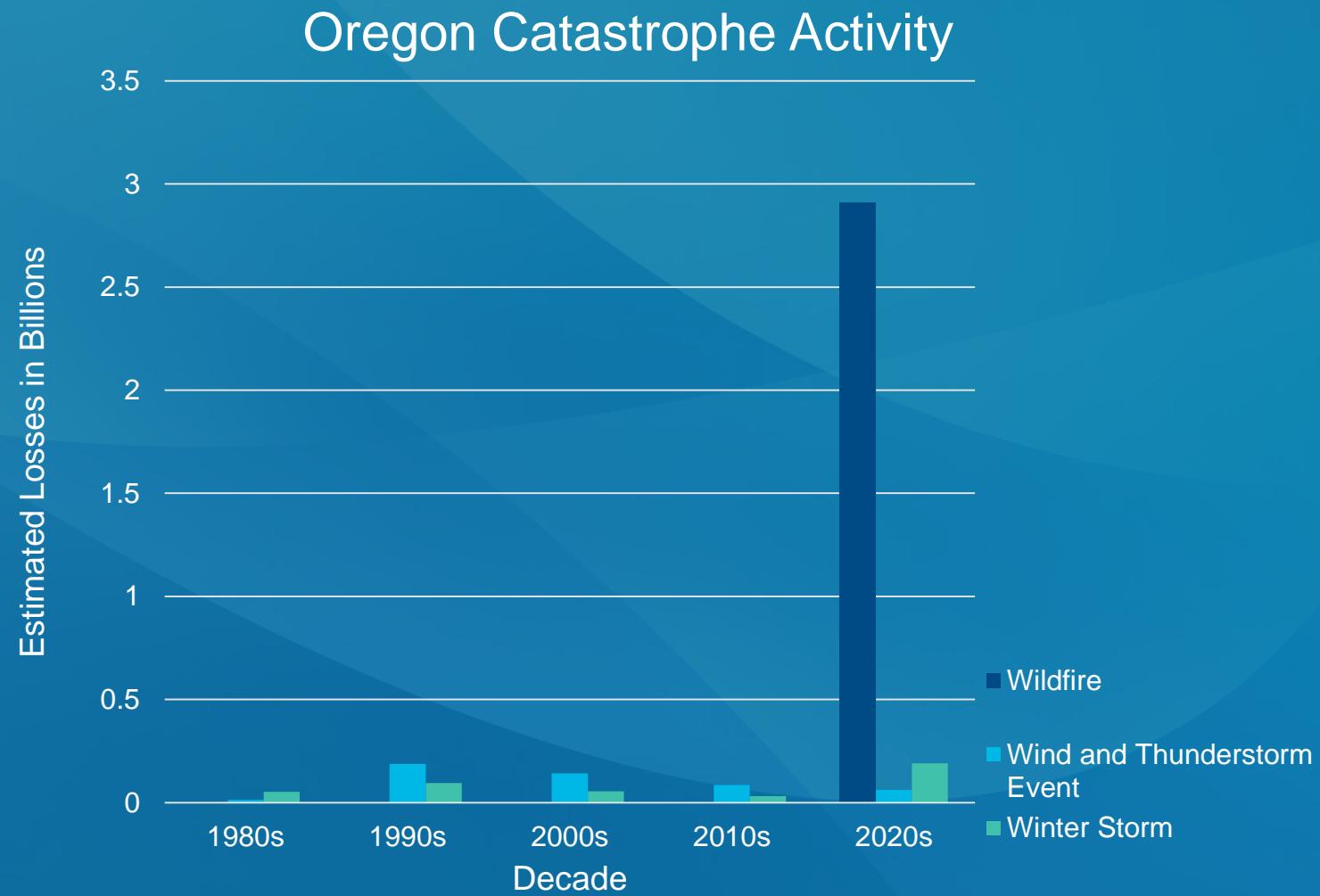
SB 82 - Wildfire Insurance Bill

Andrew Stolfi, DCBS Director / Insurance Commissioner
Division of Financial Regulation



Department of Consumer
and Business Services

Increased wildfire risk



DFR Wildfire Bill (2023)

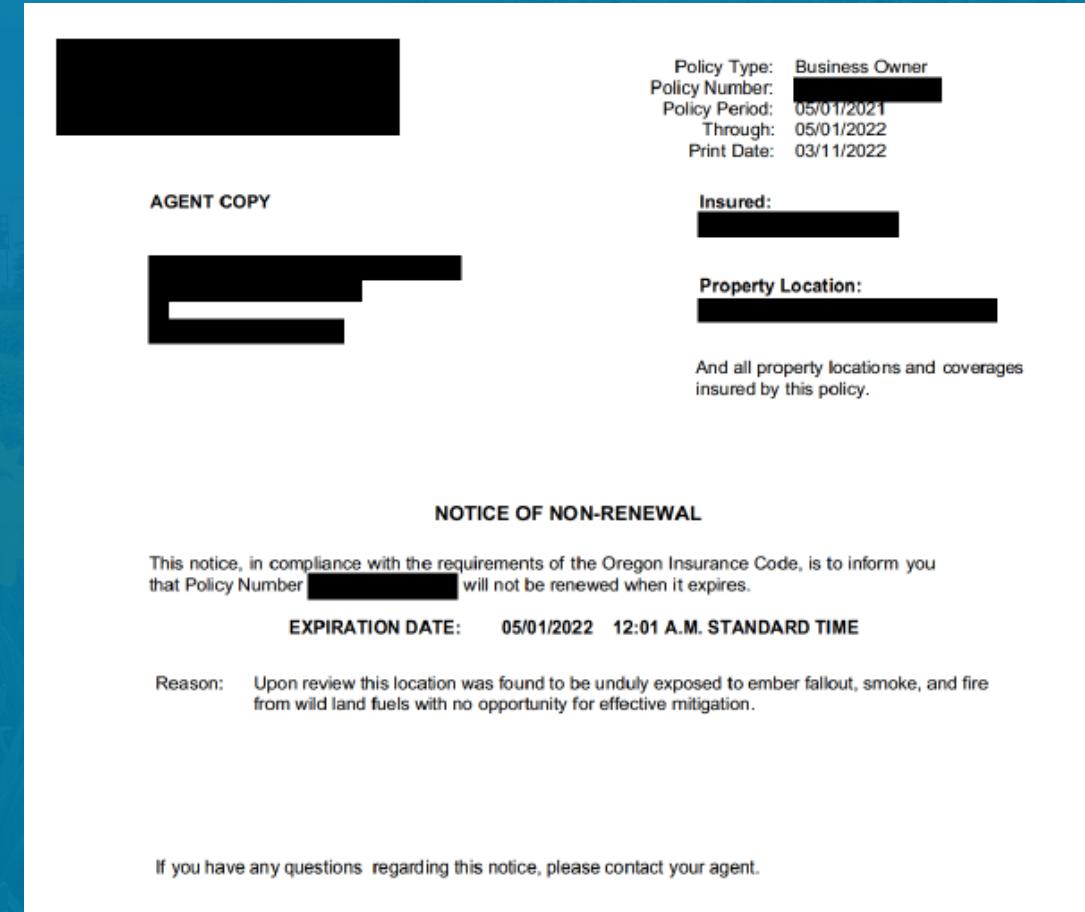
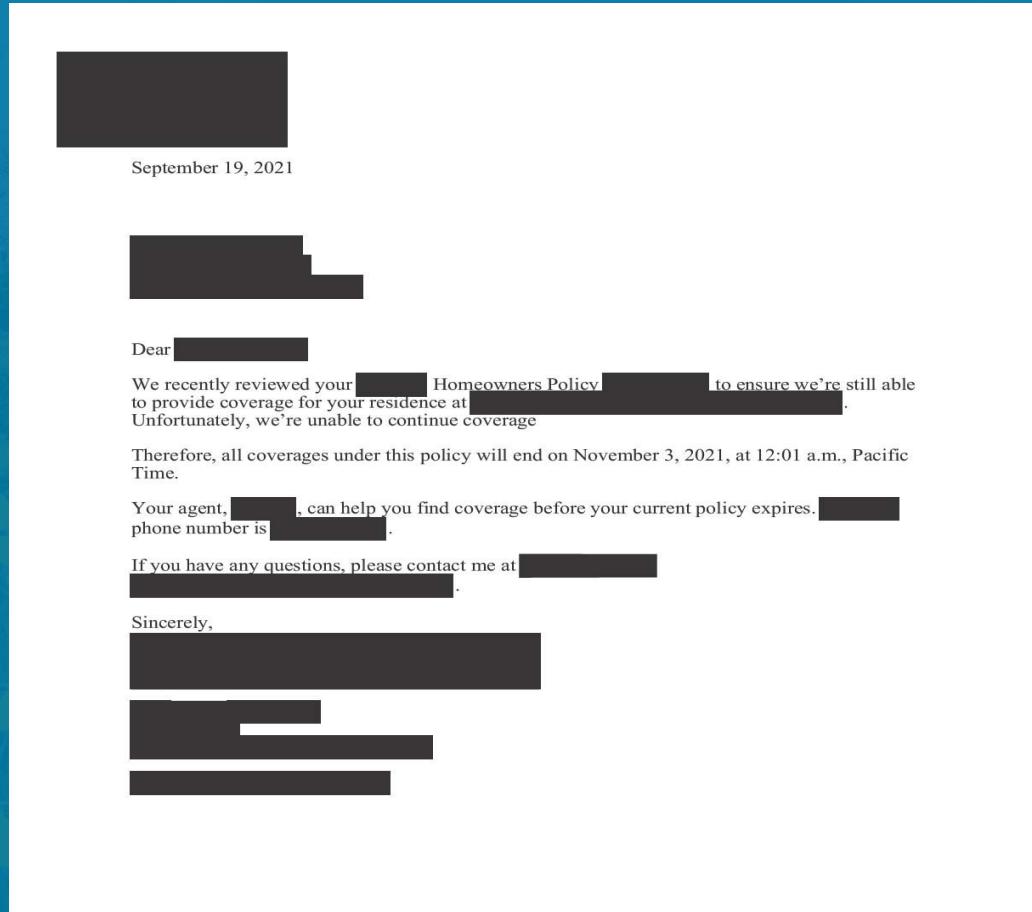
The three major elements:

- Improved consumer disclosure requirements
- Rating and underwriting consideration for:
 - Defensible space
 - Home hardening
 - Community-level mitigation
- Flexibility to extend rebuild and content replacement timelines

The fourth, nonlegislative element:

- FAIR Plan changes

Consumer disclosures



Improved consumer disclosures

Consumers should be provided more information on an insurer's assessments of a property's risk and how premiums are calculated, such as:

- Specific reasons for any adverse decisions (a declination or termination of insurance coverage)
- The source of data used by the insurer (e.g., Firewise score)

Mitigation efforts

- Decrease risk and usually lower insurance premiums
 - Considered in insurance rating and/or underwriting
- 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

- Property-level mitigation, including but not limited to:
 - Home hardening
 - Defensible space
- Community-level mitigation
 - Example: Firewise USA Site in Good Standing
- Industry concerns
 - Hard to implement
 - Lack of data
 - Difficult to price

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
 - Not applicable to losses resulting from the 2020 wildfires
- **Bulletin No. DFR 2022-3**
 - Directed insurers to extend rebuild/replace timelines to at least 9/30/23 or provide an adequate explanation to the division for any policyholder not being granted an extension

Extending rebuild/replace timelines

- Timelines to rebuild the home and other structures and replace personal property are required to be extended in reasonable increments if:
 - Losses occurred in an area under a state of emergency
 - Delays were due to circumstances outside insured's control
 - The insured acted with good faith and reasonable diligence

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?