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John A. Norwood  
*Counselor at Law*

Erin Norwood  
*Publisher*

*Contributors*  
Brittany Trudeau  
Ted Wait

[Contact Us](#)  
info@nalobby.net

Capitol Place  
915 L Street, Suite 1110  
Sacramento, CA 95814

(916) 447-5053  
(916) 447-7516 fax

[California Links](#)

[State Senate](#)  
[State Assembly](#)

In observance of the holiday season, *This Week in Sacramento* will not publish next week and will return on Friday, January 5<sup>th</sup>. From all of us at Norwood Associates, have a happy holiday!

## State Senator Introduces Bill to Promote Fire Prevention & Homeowners Insurance Availability

Yesterday, Senator Ricardo Lara (Dem-Bell Gardens) introduced the Wildfire Safety and Recovery Act to promote fire prevention efforts and promote the availability of insurance after this season's record setting storm of wildfires. The author stated that with global warming fueling ever more destructive fires throughout the state, Californians living in wildland urban interface areas have reported denials and cancellations of insurance coverage.

The proponent of the Wildfire Safety and Recovery Act argues it will help California adapt to the "new normal" of extreme wildfire risk, keep people and homes safe and ensure an ongoing strong market for insurers. At yesterday's press conference, Senator Lara said, "Extreme wildfire in California is the new normal, and rising temperatures are putting more and more of our state in the fire zone." The Senator went on to say, "As we are seeing in Los Angeles, Ventura, and Sonoma Counties, what was historically a rural crisis is now an urban crisis, too. We have to prevent an insurance crisis that contributes to California's housing shortage. The legislation is smart policy that will harness the power of the insurance market, homeowners, and local communities to prevent wildfire disaster and speed fire-safe recovery."

Senator Lara joined local leaders in support of the legislation. Placer County has led a regional effort to seek legislative relief for insurance challenges affecting its residents and is a cosponsor of the measure. "More Californians are at risk from catastrophic wildfire, and many are taking steps to protect themselves and their property," said Placer County Supervisor Jennifer Montgomery. "Instead of dropping customers and putting insurance out of reach statewide, the bill will allow insurers to continue to profitably invest in California and

## Department of Insurance

### Secretary of State

### Official Legislative Information

support responsible property owners and local communities who are stepping up to be fire safe,” Supervisor Montgomery argued.

The Wildfire Safety and Recovery Act will:

- Prevent insurance companies from dropping or non-renewing customers following a wildfire disaster.
- Require insurance companies to offer mitigation discounts and continued coverage to homeowners who make investments in wildfire safety.
- Require approval by the Department of Insurance before insurance companies reduce the volume of policies in high-risk areas, in order to minimize market disruptions for homeowners and communities.

California would join states including Arkansas, South Carolina, Texas, New York, and Florida that prohibit or limit insurance companies from cancelling or non-renewing policies following a natural disaster. Others, like Alabama, require insurance companies to offer discounts to property owners who harden their homes against disasters.

California and local laws require homeowners to maintain a defensible space of 100 feet around structures and fire resistant building materials in new homes. Homeowners can also harden their home with fire resistant roofing and other materials, and by covering chimneys and vents, according to Cal Fire. The Wildfire Safety and Recovery Act requires insurance companies to offer discounts to homeowners who take additional steps to protect their homes.

More than 100 California communities have joined the national Firewise program to promote wildfire prevention efforts, and in 2014 the Department of Insurance approved mitigation discounts by insurance company USAA to homeowners in Firewise communities. California Firewise communities report spending nearly \$8.7 million to date in 2017 to mitigate wildfire risk, which includes home improvements, vegetation management, and volunteer efforts.

Senator Lara will formally introduce language for the Wildfire Safety and Recovery Act in the legislative session starting Jan. 3, 2018.

### CDI Releases Wildfire Legislative Package

The California Department of Insurance released a package of 13 proposed bills intended to address the issue of wildfires this past week. The proposals will be introduced upon the legislature’s return in January 2018.

The wildfires of October and December of 2017 has resulted in the most destruction fires in the history of the state in terms of the annual number of structures destroyed. The CDI reports that, while claims data is still being received, in the October 2017 fires alone approximately 14,700 homes (about 5,000 total losses) and 728 businesses were destroyed,



causing billions of dollars in insured damages as well as 43 fatalities. After each wildfire, insurance-related issues arise. This legislative package is intended to address those such issues.

Due to the format of the document, we were unable to present the entire document in this publication. However, for the full package, please visit [our website](#).