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Todd Leopold, County Executive Officer

175 FULWEILER AVENUE / AUBURN, CALIFORNIA 95603

TELEPHONE: 530/889-4030

FAX: 530/889-4023

www.placer.ca.gov

July 9, 2019

Honorable Ricardo Lara, Insurance Commissioner
California Department of Insurance
300 Capitol Mall, Suite 1700
Sacramento, CA 95814

RE: Letter of Concern on Availability and Affordability on Homeowners' Fire Insurance

Dear Commissioner Lara:

On behalf of the Placer County Board of Supervisors, I am writing to express the County's concern over the affordability and availability of fire insurance to homeowners in Placer County. Homeowners across the County are reporting widespread loss or large increases in insurance premiums in the areas identified as elevated or extreme high-fire danger areas. Many more are at risk of losing insurance or may soon be unable to afford homeowners insurance with dramatic increases in premiums (up to 69% as outlined in the recent Senate Insurance Committee Hearing on May 8, 2019, though the County has received reports of several-fold rate increases from many County residents). The County underscores the need of the insurance industry to re-examine and evaluate how it determines risk in California, given the new normal of catastrophic wildfires that have occurred over the last several years. Increased transparency and uniform risk modeling standards need to be applied across the industry that take into consideration the following:

- Individual homeowner fire mitigation efforts (i.e. vegetation management and home hardening)
- Local certification programs (i.e. Boulder Colorado's Wildfire Partners Program, etc.)
- Neighborhood mitigation programs (i.e. Firewise Communities, etc.)
- Regional fire mitigation activities at the local and state levels (i.e. CAL FIRE Fuelbreak projects, increased County hazardous vegetation inspections, etc.)

We encourage the Department to work closely with the Governor's Office and partner with the California Public Utilities Commission's (CPUC) to build its institutional knowledge and wildfire expertise, as recommended in the Governor's Taskforce Report released on April 12, 2019.

Other opportunities for the Department to consider may be to re-evaluate whether the California Insurance Guarantee Association (CIGA) homeowners' coverage limit, set by statute in 1978 at \$500,000, remains adequate. If a standard consumer price index of 2% is applied, today's CIGA coverage limit would be over \$1.1 million.

Honorable Ricardo Lara, Insurance Commissioner

The passage of SB 824 (Lara) increased some transparency by requiring admitted insurers to provide biennial reports on specified fire risk information. However, the ability for us to monitor consumer access to homeowners insurance and an insurer's willingness to offer coverage in a given area remains a gap.

While it is undisputed that California's 3.6 million homes located within the Wildland Urban Interface (WUI) are at greater risk to the threat of wildfire, how we manage and absorb those risks is unclear. We urge you and the Department of Insurance to ensure that County and local governments are a part of the conversation on how to best manage the risks and costs associated with catastrophic events so that California residents are not left in financial jeopardy. Please include Placer County as a contributing stakeholder on fire insurance discussions for California homeowners.

If you have any questions, please do not hesitate to contact our office.

Sincerely,

COUNTY of PLACER



Kirk Uhler, Chairman
Board of Supervisors

CC: Honorable Brian Dahle, California State Senate
Honorable Jim Nielsen, California State Senate
Honorable Kevin Kiley, California State Assembly
Honorable James Gallagher, California State Assembly
Honorable Senator Susan Rubio, Chair of Senate Committee on Insurance
Honorable Sonoma Supervisor James Gore, CSAC Second Vice President and Chair of CSAC Resiliency Advisory Board
Cara Martinson, California State Association of Counties
Staci Heaton, Rural County Representatives of California
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