

# RICARDO LARA

## INSURANCE COMMISSIONER

### California Department of Insurance

#### Notes – Wildfire Preparedness Virtual Town Hall

Friday, September 11, 2020

One of the most important lessons we have learned during last year's fire season is that we must be prepared to keep our families and communities safe. It is imperative for you to have up to date information on services and resources. California Insurance Commissioner Ricardo Lara, Assembly Member Rebecca Bauer-Kahan, and Melanie Light, Chair, Orinda Firewise Council hosted the following experts at the wildfire preparedness virtual town hall on insurance issues and available resources for homeowners:

- Amy Bach, *Executive Director, United Policyholders*
- Michael Richwine, *State Fire Marshal, California Department of Forestry and Fire Protection*
- Joel Laucher, *Special Advisor, Department of Insurance*
- Tony Cignarale, *Deputy Commissioner, Department of Insurance*

#### Assembly Member Rebecca Bauer-Kahan

Good afternoon everyone, I am honored to be co-hosting a townhall on wildfire preparedness and property insurance, alongside the Orinda Firewise Council and the California Department of Insurance Commissioner Ricardo Lara.

This could not be a timelier townhall. Over 2 million acres have burned in this year alone – and we have not even reached the peak of fire season. It will take all of us to keep our community safe and that means making sure you have created a defensible space around your home, signing up for emergency alerts, and attending events like this one.

I have had many constituents reach out to my office over the last year with questions about home hardening and wildfire mitigation as well as concerns about having their property insurance policies canceled or dramatically increase. I hope that this town hall can help answer your questions.

Before we jump into our program, I also want to acknowledge the importance of this date. Nineteen years ago today, on September 11<sup>th</sup>, thousands of people lost their lives and hundreds of first responders who answered the call that day did not make it home. We remember those individuals today and every day and the sacrifices our emergency service personnel made.

Now before we get into answering your questions, I would like to introduce the incredible group of panelists who have joined us today to provide some opening remarks: California State Insurance Commissioner Ricardo Lara; Melanie Light, Chair of Orinda Firewise Council; California State Fire Marshal, Chief Mike Richwine, and Executive Director of United Policyholders, Insurance Specialist Amy

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Bach.

## **Insurance Commissioner Ricardo Lara**

Thank you, Assemblymember Bauer-Kahan and the Orinda Firewise Council for inviting me today.

I know many of you in this area have seen your insurance drop because of wildfire risk, or are paying double or triple what you paid just a few years ago.

Running from the tree-covered hills of Orinda to the grasslands of the Diablo Range, with a variety of urban and suburban communities in between – this district reflects the reality in California that where you live dictates the availability and affordability of insurance.

I want to get into this during the questions – since we received a number on this topic.

But I also want to say a little bit about the current situation with the devastating fires we have seen around the state – the SCU Lightning Fires close to home and the other major fires nearby in the North Bay and South Bay, down to Monterey.

Today the Department of Insurance staff is on the ground at Local Assistance Centers in Santa Cruz and in Monterey County giving in-person advice and information to help wildfire survivors.

We are also taking many requests for help through our website and consumer 800-number hotline.

One of the things my staff heard is that some evacuees are losing access to their insurance benefits that pay for a hotel or other emergency expenses after just two weeks – even when their homes are still difficult to reach or uninhabitable due to loss of water or power. That is something I saw firsthand after the Camp Fire, when residents of Paradise were unable to move back into their homes because water mains were damaged by the heat of the fire – but people had to pay out of pocket for emergency costs.

That does not seem fair to me – and just last week I took action to extend additional living expense benefits to people who are in this situation.

I sponsored legislation this year to make this change permanent that is on its way to Governor Newsom's desk with bipartisan support. The bill (Senate Bill 872 authored by Senator Bill Dodd) also clears up other red tape for wildfire survivors:

- An immediate advance payment of no less than four months of living expenses
- Reducing onerous itemization of a homeowner's personal contents
- A 60-day grace period for premium payments for policyholders
- And allowing a homeowner who suffers a total loss but elects not to rebuild to collect the full benefit without deduction for land value

Thank you Assemblymember Bauer-Kahan for your support for this needed change.

If you ever suffer a wildfire loss, the California Department of Insurance is here to help you – and get the most out of your insurance benefits.

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Of course, we are still dealing with the pandemic which has turned our lives upside down.

My priorities since this pandemic started have been:

- Getting money back to consumers and businesses
- Helping small businesses to file insurance claims and combat fraud
- Protecting the health of Californians
- Continuing to respond to the wildfires and help people prepare

I ordered partial premium refunds for motorists due to lower risk on the road – which have resulted in \$1.2 billion in relief to California drivers so far. I expect savings to continue as long as people are driving less due to the pandemic.

If you have questions about your home, auto, business or other insurance contact my Department at 800-927-4357. We have experts who can help you Monday to Friday – not a recording. We speak multiple languages.

You can also use our new live chat feature at [insurance.ca.gov](https://insurance.ca.gov).

Thank you and I look forward to answering your questions about the affordability and the availability of insurance coverage and issues you are confronting.

### **Melanie Light**

Thank you. We are very excited to partner with Assemblymember Bauer-Kahan to bring you this critical information. We are very grateful to the State Department of Insurance for their good work with the logistics putting together this event. A special shout-out goes to Sue Wecht from the Orinda Firewise Council team for her work on this event, too. In addition, we are grateful to Commissioner Lara, CA State Fire Marshall Richwine and Executive Director of United Policyholders, Amy Bach for being with us today.

About two years ago, Chief Winnecker of the Moraga Orinda Fire District began making presentations to neighborhoods about wildfire. My neighbors and I went to one and were horrified to discover how vulnerable we are to wildfire now because of climate change and the incredible backlog of fuel that has been accumulating. Our town could be destroyed in less than one hour. Luckily, the Chief also offered an action plan which is to remove the fuel. The best way to do that is through Firewise, a community-based program through the National Fire Prevention Association. If you are listening and not in a Firewise group, please do a search for Firewise USA and find out about it. Firewise groups have been popping up here in Orinda and we have at least 17 groups so far, with people wanting to start a group every day. We created a network of Firewise communities across Orinda to support our work, share information and best practices and to advocate for fuel mitigation.

We currently represent over 1,400 households. We are growing and hope to make the entire town Firewise. In our short tenure we have done a lot. Among our proudest achievements is that we have inspired our Mayor, Darlene Gee, to start a joint subcommittee with the town of Moraga and the fire

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district to focus on fire prevention. We submitted a list of no-to-low cost measures the city can take now to make us safer, like training the Department of Public Works employees to recognize and report fire hazards.

We have learned that second to fears about losing our homes or our lives in a wildfire is the stress we have about losing our homeowners' insurance or having the premiums triple. The New York Times recently reported that the insurance market has largely collapsed in high-risk areas. That turns out to be a pretty big geographic area in California. The problem has never been more urgent given the record number of wildfires this summer. Today we know that hundreds of people have tuned in to find out what they can do to protect themselves. If our homes cannot be insured, they can't be sold and will have no value.

I look forward to hearing from our distinguished guests today. The best way for us to protect our homes and our lives from a disaster is to educate ourselves and harden our homes. Today we have the best consumer resources here for you.

### **Michael Richwine**

Thank you for inviting me to this important townhall. I visited the Orinda Firewise Council's website and it's fantastic and a great resource.

We have never seen this type of fire activity that we are seeing now. We have had 24 major fires since the beginning of the year and 2.6M acres burned since July; approximately 60K evacuated and 19 fatalities. 20 of the largest wildfires in our history have occurred this year.

The Santa Clara Complex and the Lightning Complex were competing for #1 and #2 biggest fire of all time. Good news is that fatalities and structures lost is less than 2017 and 2018 fires. Acres burned is 26 times more than all of 2019 and we still have several months left.

We have been blessed with great support from out of state, but also competing with resources due to fires in Oregon, Washington and Colorado. We have 14,800 firefighters on the line – some close to 70-80 days straight on the fire lines.

We are grateful for the support we get from the legislature, Assembly Member Bauer-Kahan, and Governor Newsom. The legislature has provided us with funding to fight the wildfires but also to be able to help prevent the wildfires.

I want to highlight a couple programs. The legislature has approved funding for us to have a utility mitigation program; we developed a low-cost home hardening list available on our website; defensible space program; and 858 seasonal firefighters and 172 permanent firefighters that do prevention work.

We are continuing this type of work with our local fire prevention grant program through SB 901 which authorizes \$1 billion in funding over the next five years for fuels reduction and fire prevention activities. These projects include fuel reduction, public education and wildfire planning. We receive about 300 applications per year to do this work in the communities. This is really a community based effort which is required to make change. We need to have programs in place like the Firewise program. We need to

harden our homes that were built prior to 2008. A lot of information is available on Orinda's website and CAL FIRE's website.

### **Amy Bach**

United Policyholders gets good work done by partnering. I consider everyone on this panel a partner. We have a crisis in homeowners' insurance in many parts of California. Insurance companies were one of the first to say climate change out loud but their version of adapting to climate change has been to charge more and cover less.

We have an initiative called the WRAP Program which is Wildfire Risk Reduction and Asset Protection Program. We are trying to connect all of you and the counties around the state, Firesafe Councils, et al. – we are helping to be a connector with regards to homeowners' insurance by reducing the fuels and risks. This will help bring insurers back and if it does not there is the Fair Plan which is the insurer of last resort. We will keep on improving that program as well.

### **Assembly Member Rebecca Bauer-Kahan**

Thank you all for providing some background on how you are each fighting to mitigate wildfire risk for District 16 residents in both Sacramento and here in the district.

I wanted to take a little time to tell you about the work happening in the legislature. In response to the growing intensity of our fire seasons, a failing energy infrastructure, and clear utility accountability and safety failures in the past the legislature acted to establish an oversight mechanism over PG&E and all other utilities. We passed AB 1054 which created additional safety oversight and processes for utility infrastructure. It will also establish a jointly funded Wildfire Fund to address future related wildfire liabilities and establishes the California Wildfire Safety Advisory Board. We need to do more and will continue to work on this. I introduced a bill this year and I am going to reintroduce it that will create more accountability on the part of the utilities.

How can we partner to get ahead of these fires? Early last year, the Governor identified parts of our district as high fire risk. I worked closely with the Governor's office, Cal Fire and MOFD to get funding for the construction of the North Orinda Shaded Fuel Break. I am very grateful that we were able to get that done before last summer's fire season. This was a 14-mile project stretching between Berkeley to the City of Lafayette. The project covers more than 1,500 acres and was a focus because the area is vulnerable to fires because of the dry seasonal winds known as the "Diablo winds". Contra Costa County Fire Protection, Moraga-Orinda Fire District, Cal Fire, East Bay Municipal Utility District and East Bay Regional Park District all worked on the fuel break project, and I am incredibly grateful for their work. This project goes a long way in the plan to keep our communities safe. We continue to be advocates for this work to continue to keep our communities safe.

I also want to acknowledge the tremendous partnerships my office has developed, like this townhall, and with local fire departments to collaborate on local solutions to wildfire mitigation. We've hosted a number of events including a fire preparedness town hall in partnership with Chief Winnecker and Contra Costa Fire to share how to prepare for and respond to a wildfire in our community.

I want to remind all of you to sign up for emergency alerts. This includes signing up for local emergency

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alerts in your county so you can be alerted if there is ever an evacuation order for your neighborhood. Contra Costa County can sign up by visiting [cwsalerts.com](http://cwsalerts.com) and Alameda County residents can sign up by visiting [acgov.org/emergencysite](http://acgov.org/emergencysite). We want to make sure you will get the information you need when there is an evacuation.

Now with the likelihood of experiencing more Public Safety Power Shutoffs, it is also important to sign up for PG&E alerts by visiting [pge.com/mywildfirealerts](http://pge.com/mywildfirealerts) will get you the information you need. It is going to be a very tough fire season this year and there is no silver bullet to tackle the devastating fires that ravage our state. It is going to take all of us – and I have the privilege to represent the best communities in the state so I know you will come together to reduce the fuels on your property and help your neighbors do the same.

Several constituents submitted some thoughtful questions for our panelists. I hope we can get through all of them today but if not, please be assured that our partners will get back to you directly with a response.

### Questions and Answers

**Question 1: Last year Commissioner Lara issued a moratorium on insurance cancellations for Orinda (94563) and Lafayette (94549). The moratorium ends Dec.5, 2020. What does the Commissioner anticipate will happen when it ends? Does he think homeowners will be receiving non-renewal letters? If so, what can the homeowner do to be proactive?**

**Commissioner Lara:** Before my election as Insurance Commissioner in 2018, I saw that homeowners needed more insurance protection after an emergency.

So I authored a law that gives a year of protection from insurance non-renewal if you live within the perimeter of a declared wildfire emergency or a nearby zip code.

Last year I put that law into effect for the first time after Governor Newsom declared a wildfire emergency – working with CAL FIRE and the Governor’s Office of Emergency Services.

It continues to protect more than 1 million policyholders including about 16,000 there in Orinda and Lafayette.

To answer your question: When that expires in December 2020, it is possible that some insurance companies may non-renew some policies that were protected.

But I am hopeful that my action leads insurance companies to hit the pause button, and make a more considered decision than their immediate reaction would have been after a major fire.

I also hope it has given homeowners more time to address issues on their properties that could help avoid a non-renewal.

My Department is working with insurance companies now to take into account home-hardening or other mitigation you have done.

And Governor Newsom and the state have also invested in new fuel reduction, including the North Orinda Shaded Fuel Break which was completed last December to help protect Lamorinda.

To close this: I will also tell you that with Governor Newsom's emergency declarations on August 18 and on September 6, we are again working with our partner agencies at CAL FIRE and the Governor's Office of Emergency Services.

As first responders get containment on these latest fires we will be working with them to determine impacted areas.

But I don't want to get ahead of our firefighters and local responders who are working to contain these blazes.

I have already notified insurance companies so that they do not issue non-renewal notices that they will need to take back.

**Question 2: Some of us live in Firewise certified neighborhoods. We have worked with our local fire department to achieve the certification. In addition, we have spent thousands of dollars removing trees and reducing the fuel load on our properties. Yet, we are faced with insurance premiums that have doubled. What does the panel advise? And what should a Firewise Community member do when faced with the cancellation of insurance or the increase of insurance premiums, despite the fact they live in Firewise certified neighborhoods?**

**Amy Bach:** Before we formalized this initiative, I went on a ride-along in Orinda and went to home of a person who had been non-renewed. The fire department advised to create defensible space and then call us back and we will give you a letter for your insurance company to convince them to keep you. That was in 2016. The letters are not working anymore. We tried to get a bill in this year but didn't get it in. We'll try again next year. We want insurers to give you a break, keep you another year beyond a moratorium, and make it financially worthwhile to homeowners to reduce risk. We need insurers' expertise in risk. We would ask people to join this WRAP initiative with us. Also, become a member of your Firewise council.

**Commissioner Lara:** A few insurance companies offer discounts that recognize the efforts that Firewise communities take to collectively mitigate risk – I would like to see more of them doing that.

But even those insurance companies may choose to non-renew homes in areas where they feel they have an overconcentration of policies or where they believe the risk of loss is just too high for their risk profile.

There is no law that dictates that insurers must write Firewise communities or highly mitigated homes. This year I sponsored legislation that would have guaranteed coverage for homes that met consistent, science-based mitigation standards – the Assembly Insurance Committee decided not to hear that bill.

But I believe that home- and community-hardening is the way forward – and I am going to continue to push for standards.

For those that have invested thousands of dollars to harden their homes, we should insure these people! If you can't find insurance for your property, you can't even sell your property. So many people are losing their homes already due to the pandemic. We need assurance that we can get coverage for our homes.

I hope I can count on support from our Firewise communities. We are not going to give up.

**Question 3. My daughter and her husband recently purchased a home from an elderly widow. They spent as much as their budget would allow. The owner had not done fuel mitigation on the property for a number of years. In particular, there are Monterey Pine trees on the property that appear to have reached their life span. Taking down these trees is going to cost thousands of dollars and much more than they budgeted. What do you advise people do in this situation?**

**Chief Richwine:** The fire prevention grants we have may be able to help. Work through a Firewise organization/local fire department to put together a grant to help them to provide funding and labor to remove trees off of their property. We have \$200M a year for the next few years.

**Question 4: Insurance companies are requiring policyholders to mitigate according to guidelines that are not reflected in the current fire code or fire science. For example, they are asked to cut down trees when those specific trees are not the main culprit. What can a homeowner do?**

**Commissioner Lara:** I agree that tree removals can be subjective – there is a lot of judgment involved in how the transmission of a fire will travel through a particular landscape.

I want to know if it's going to make a difference.

- Is the tree removal based in fire science?
- Is the insurance inspector trained in fire science?
- Have first responders been consulted?

This is why I want to see consistent standards that are transparent to the public and apply to all companies.

Until we have those standards you should still do everything you can to mitigate your risk starting with your dwelling and working outward.

- Although costly, replacing a wood shake roof reduces your likelihood of nonrenewal and more, importantly, your likelihood of having a major loss.
- There are also less expensive fixes to make such as replacing your exterior vents with ember resistive mesh vents.
- Address vegetation within 5 feet of your home to reduce any contact points.
- Then work to create defensible space and reduced hazard all the way to your property line.
- If your local fire department inspects your property you can share the results of that inspection with your insurance company and ask them to make a different decision.
- You can also bring your concerns to my Department – call us at 800-927-4357 or visit [insurance.ca.gov](http://insurance.ca.gov).

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Assemblywoman, I agree with you 100% - mitigation, mitigation.

**Chief Richwine:** It's all about building resiliency. Low cost steps to take include to put screens over vents and chimneys, and create defensible space. This will help your property be resistant to embers.

**Question 5: Do you have any recommendations for a home buyer shopping for insurance for a home in a very high fire risk area and having difficulty finding an insurer?**

**Amy Bach:** Access free information from my organization and the Department of Insurance. There is a recording from a webinar last week that lists companies. It is a sellers' market right now so it just takes time.

**Question 6: There is some confusion in our community about the FAIR Plan. Would you please explain what it is?**

**Commissioner Lara:** For those who do not know, the FAIR Plan is California's insurer of last resort. It is backed by the insurance companies, not by taxpayers.

The FAIR Plan will write you fire insurance even if nobody else will – but this is coverage for fire only.

To get the additional coverages such as water damage, theft, and liability that come with a homeowners' policy, or HO-3 -- you have to buy additional wrap-around coverage from an insurance company at an additional cost.

Last year I directed the FAIR Plan to modernize its basic policy, which had not changed in decades.

In response, the FAIR Plan increased its available limits to \$3 million, instead of \$1.5 million.

The FAIR Plan is also going to begin accepting monthly payments and credit card payments without additional fees.

However, the FAIR Plan has sued the Department of Insurance to block my order that it add a full HO-3 policy – so you wouldn't have to buy that additional policy. That litigation is still ongoing, so I can't comment further on it.

The bottom line is that FAIR Plan coverage is limited and the premiums are expensive, so I suggest you search the market before you settle for this coverage.

## **Additional Resources**

### **Request Assistance from the California Department of Insurance**

- <https://www.insurance.ca.gov/>
- Phone: 800-927-4357

### **Assembly Member Rebecca Bauer-Kahan**

- <https://a16.asmdc.org/>
- District Office Phone: (925) 328-1515

### **Orinda Firewise Council**

- [www.orindafirewisecouncil.org](http://www.orindafirewisecouncil.org)

### **CAL FIRE**

- <https://www.readyforwildfire.org>
- <https://www.fire.ca.gov/>
- Phone: 916-568-3800

### **United Policyholders**

- <https://www.uphelp.org/>
- Phone: 415-393-9990 (Roadmap to Recovery Services)

### **California FAIR Plan**

- Phone: 800-339-4099
- <https://www.cfpnet.com/>

### **Fire Preparedness Information**

- <https://www.nfpa.org/Public-Education/Fire-causes-and-risks/Wildfire/Firewise-USA>
- <https://frap.fire.ca.gov/>

### **Emergency Alerts**

- Contra Costa County: [www.cwsalerts.com](http://www.cwsalerts.com)
- Alameda County: [www.acgov.org/emergencysite](http://www.acgov.org/emergencysite)
- PG&E alerts by visiting [www.pge.com/mywildfirealerts](http://www.pge.com/mywildfirealerts)

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