

# RICARDO LARA

## INSURANCE COMMISSIONER

### California Department of Insurance

#### Notes – Statewide Wildfire Preparedness Tele-Town Hall Thursday, July 9, 2020

One of the most important lessons we have learned since the 2017 North Bay Fire Season is that we must be prepared to keep our families and communities safe. We have encountered questions in the past following wildfires or other disasters, but we have seen nothing on this scale and COVID-19 only further complicates this unpredictable time. It is imperative for you to have up to date information on services and resources for both issues. CA Insurance Commissioner Ricardo Lara hosted the following experts at the wildfire preparedness tele-town hall on insurance issues and available resources for homeowners:

- Mark Ghilarducci, *Director, California Office of Emergency Services (CalOES)*;
- Amy Bach, *Executive Director, United Policy Holders*;
- Michael Richwine, *State Fire Marshal, California Department of Forestry and Fire Protection*; and
- Tony Cignarale, *Deputy Commissioner, Consumer Services and Market Conduct*.

#### Insurance Commissioner Ricardo Lara

Welcome to our first-ever statewide wildfire preparedness town hall. Over the past year before the COVID-19 pandemic, I joined 22 meetings on wildfire insurance issues across the state – attended by more than 2,000 people.

Since the Governor’s “stay at home” order was issued in March, we have also held 25 tele-town halls focused on business issues like business interruption insurance and workers’ comp -- and reached more than 7,000 businesses and consumers on COVID-19 related issues.

Like COVID-19, the reality is that wildfires are a statewide problem – and the fires that we have seen this year a reminder that the wildfire season is already here, whether we are ready for it or not. CAL FIRE and other agencies have responded to dozens of fires already this year – in nearly every county.

If we need more evidence of the risk -- the town of Niland in Imperial County suffered a wildfire on June 28 that left one dead and destroyed 40 homes – in a town of just 1,000 residents. Ten percent of the town made homeless in an instant – and this is happening on top of the COVID-19 pandemic – that creates a very dangerous and difficult situation for residents and for first responders.

Today, we will talk about how you can better prepare for wildfire season. We have a great line-up of speakers today -- I will introduce them for some opening remarks, then we will move to questions we have received.

Mark Ghilarducci is Director of Governor Newsom’s Office of Emergency Services. The Department of Insurance and CalOES work together closely to help people prepare for and recover from disaster – whether fire, flood, or earthquake. Mark was appointed January 8, 2019 by Governor Newsom to continue his service as Director, following his appointment on July 1, 2013 by Governor Jerry Brown. He previously served as Secretary of the California Emergency Management Agency, appointed in February 2012 by Governor Brown.

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Thank you for joining us, Mark. I also want to briefly thank you for all that you have done these past several years as one of the state's leads on wildfire emergency preparedness as well as for all of your hard work these past handful of months tackling the state's COVID-19 crisis. We are very fortunate to have you in this capacity. Mark, can you tell us some more about CalOES's mission?

### **Mark Ghilarducci**

Thank you, Commissioner. I appreciate all of collaborative efforts and your leadership and our opportunity to work with you and your Department. I wanted to, first of all, welcome everyone one and thank them for giving me the opportunity to spend some time with them this evening. As the Commissioner mentioned, the CalOES (<https://www.caloes.ca.gov/>) office is in the Governor's office. Our responsibility is to serve as California's overarching safety agency.

Our primary role is to coordinate the overall state's response to emergencies, and of course, help the communities that we serve prepare and plan for emergencies. We also do a lot of education and provide opportunities to help individuals and families get better prepared through offering training and technical assistance.

California is a very disaster prone state. We have all different kinds of disasters here. We have earthquakes, fires, floods, and now, COVID-19 challenges. But if you live in California, you know that we are a place that has these kinds of challenges and it is really important that we understand and prepare for that.

The first thing I want to say to everyone is that it is so important to understand the risk around you. Where you live matters. Some of us live in a fault zone (or earthquake zone), in a wildfire area, and some of us live in a flood plain. There aren't too many places where you will go in California where you don't have some kind of risk. As a result, understanding those risks around you empowers you to prepare for these types of events that can potentially impact you. It gives you an understanding of the history of disasters in your area, and particularly in the context of wildfire, understanding how fire behavior works will help you better prepare for a fire that may occur.

Wildfires happen here all the time. With climate-related changes we are seeing in the world, we have seen a significant increase in the amount of wildfire activity. Since around 2012-2013, we have seen one major fire after the other. Each subsequent fire has become more devastating, more catastrophic than the one before it, leading up to the 2018 Camp Fire in Butte County where we lost the Town of Paradise.

The first piece of knowing where you are at, and where your risks are, is for you to prepare. One of the recommendations we have is to go to the CalOES website ([www.caloes.ca.gov](http://www.caloes.ca.gov)). Next, go to the link called "Cal OES My Hazards" at <https://myhazards.caloes.ca.gov/> and write your address in. What will come back to you is a list of information about the risks and preparedness measures you can take immediately within your community.

Specifically, with wildfire, preparing through defensible space planning, clearing all the vegetation and materials that are immediately around your house to have a defensible space for you to evacuate, if you have to, and also slow the wildfire spread and/or allow fire fighters to protect your home should fire be coming up against it. You are essentially building a green belt between where the wildfire may be coming up to and your home.

The other piece is hardening your home. That means doing things like: cropping roof eaves, using different roofing material that is not combustible, and installing windows that minimize the amount of sparks or spread of smoke or embers that may come into your house. These are little things you can do that are extremely important and can make the difference between survivability of your home or not.

The other piece is planning. As a family, or an individual, it is critical that you understand where the evacuation routes are located. If you have to get out of your community, particularly if you live in a foothill community where the roads may be smaller or winding, and there are not a lot of lights at night, you need to have an evacuation

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plan. You need to know where you would go, how you need to evacuate, and where you would evacuate to.

It is important to identify at least two evacuation routes in case one is blocked and you need to go through the other evacuation route. Once you figure out the evacuation routes, go and run those evacuation routes at night because the route will look different depending on whether it is daytime or nighttime. It can be especially difficult if you are trying to evacuate at nighttime if it is also smoky, so the more you practice, the more you prepare, the better off you are.

Building a family plan is also important. Make sure all the members of your family understand what the risks are, where the supplies are, as well as having a communication plan and making sure the family understands it. These steps will empower you and your family members, should you become separated, about where to go and what to do next. Another key website is Ready for Wildfire <https://www.readyforwildfire.org/> – a great source for planning, preparing, and hardening your home.

The last piece is building supplies. Having enough food, water, and backup power is important. Remember, last year the utilities in California started to do something called “public safety power shutoffs.” Those were a tool that was used by utilities to minimize the potential for fire starts in windy events where power lines could drop down and start a fire. The public safety power shutoffs (PSPS’s) were designed to cut the power off.

It is conceivable you may have to do an evacuation and may be dealing with a situation where the power is out. Having backup power is important, as well as batteries, and a hand crank or battery operated radio because in some cases, technology doesn’t work, your cell phones may not work during that time because the cell system is down, so you need to have some way to communicate. Having a hand crank or battery operated radio is one key way to make sure you can communicate with others during an evacuation where the power is out and the cell system is down.

Lastly, exercise your plan. If you had to get out fast, know where you would go. Your family should do it as a family event, do it a few times. Also, keep your records safe. If you have key records, family heirlooms, or photos you need to take, have them ready. Don’t try to collect them if you are told to evacuate – you do not want to wait. Individuals who are unprepared and uninsured are common, but you can avoid being unprepared if you exercise your evacuation plan. Your family should do this as a family event. My family does it a few times per year to make sure that we are all up to speed and we really run the traps, so that if we have to do it, we know how fast we can get out and where we could go.

I would like to address a couple of key areas in closing: keep your key records safe. If you need to take those out, take them out and have them ready, so that you can take them with you if you need to evacuate. These could be records, family heirlooms, or photos that you want to take out of the house. You should not try to collect these items once you are told to evacuate because if you are told to evacuate you do not wait, you get out. I see a lot of events and disasters and, on a regular basis, I see people who are unprepared and they are feeling a bit insecure and not knowing how to deal with the situation.

By comparison, the people who are prepared are more empowered. I also see individuals who are underinsured, which is something that will be discussed in more detail during this call, but you should evaluate your property and items you own and make sure you have enough insurance to cover that, should there be a loss. A life cannot be replaced but your property can be and while it is extremely challenging and heart wrenching to lose your personal items, what we don’t want is for you to lose your life. So if you are told to evacuate, listen to the authorities as fire season ramps up. The authorities will give you good information, alerts, and warning, which will be discussed in more detail by the other panelists.

## **Insurance Commissioner Ricardo Lara**

Thank you, Mark. The Governor has made it a priority to make sure California has the resources it needs to fight wildfires. The enacted 2020 budget makes new investments in wildfire prevention and mitigation, including \$85.6 million to CAL FIRE for firefighting resources and surge capacity and \$50 million for community power resiliency. It does not include additional funds for homeowners.

Today, Governor Gavin Newsom visited McClellan Air Force Base to highlight the state's wildfire mitigation capabilities and discuss new efforts to protect emergency personnel and evacuees from COVID-19 during wildfires. The Governor also announced the state would hire 858 more seasonal firefighters and six California Conservation Corps crews through October because of the COVID-19 pandemic.

CAL FIRE completed the last of its 35 emergency fuels management projects in May, making 90,000 acres safer ahead of wildfire season and protecting 200 vulnerable communities. I will now introduce our CAL FIRE expert. I want to welcome Mike Richwine.

Governor Gavin Newsom appointed him on May 15, 2020 to serve as State Fire Marshal at the California Department of Forestry and Fire Protection (also known as CAL FIRE), where he has been the acting state fire marshal since 2018 and assistant state fire marshal since 2012.

Chief Richwine began his fire service career 40 years ago as a firefighter with the Hanford Fire Department and has 34 years of service with the Office of the State Fire Marshal. Thank you so much for your work in this critical area. I went to 22 different counties across the state and your state fire marshals were there, answering questions and so I want to thank you for allowing your staff to be at the town halls I hosted. Thank you Chief for joining us. Can you tell us more about your work?

## **Michael Richwine**

Thank you, Commissioner Lara, and thank you for inviting me to this important townhall. I'd also like to thank you for your comments about our staff, who are continuing to educate the public about the importance of planning and preparing for wildfire. As Director Ghilarducci said, we are right in the middle of the wildfire season. The number of wildfires this year, in seven months, have almost doubled from the number of wildfires last year.

Fortunately, we have been fighting them aggressively, hitting them with our aircraft and our crews and trying to do everything we can to stop catastrophic wildfires, but those fires are typically wind driven and we have those seasons in the fall, so that time is coming. I don't want to paint a dark picture, but we didn't have the rain fall last year that they anticipated this past winter.

We are doing everything we can to prepare to fight fire aggressively. We have two new starts that are going on in Riverside County and we used four air tankers on each fire, painting hills with pink fire retardant. Our goal is to stop every fire at 10 acres and so we are being aggressive with our aircraft and crews – we are on alert. We are aggressive because, as you know, the past couple of years have been some of the most catastrophic wildfires in our history.

In 2017, over 10,000 structures were destroyed, in 2018, over 22,000 structures were destroyed. We burned over 2 million acres in the last three years, and tragically, over 100 people (residents and first responders) lost their lives in these wildfires. The men and women at CAL FIRE are working daily to confront the risk of wildfire in California.

We confront the risk, not only through our engines, aircraft, and crews, but also through our many risk assessment, planning and prevention activities that occur in our CAL FIRE units throughout the state. A lot of this work goes into place during, or prior to, the development of new communities or new homes in communities. We also put a lot of

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work into what we call State Responsibility Areas (SRAs), which involves educating homeowners about the importance of defensible space and home hardening.

The Legislature and Governor have increased efforts to prevent or slow the spread of large, catastrophic wildfires. There have been hundreds of legislative proposals and numerous executive orders enacted to increase the pace in scale of our wildfire planning and prevention and efforts.

I would like to take a moment to talk about some of the important elements in our wildfire planning and prevention. We work closely with CalOES (<https://www.caloes.ca.gov/>) and we have been through this for many, many years together and we know what can help to prevent wildfire and what homeowners can do to help prevent wildfire in their area. Let's start with a home in the wildland, and we are going to work from there all the way into the forested lands and discuss what prevention efforts homeowners can take to prevent catastrophic wildfires.

Director Ghilarducci mentioned home hardening. Starting with your home, there are things you can do right now to protect your home. Our Ready for Wildfire ([www.readyforwildfire.org](http://www.readyforwildfire.org)) website has a list of low-cost retrofits that you can apply to your home. California has some of the most stringent wildland building codes in the world. Since 2008, new construction in California's wildlands requires building materials that are increasingly ember-resistant. For homes built before 2008, you need to create opportunities for increasing the resiliency of your home. Home hardening is the practice of retrofitting your homes with ignition resistant building materials. The concept is that these building materials will prevent flying embers from igniting the home during a wildfire.

Our Wildland Urban Interface Committee is regularly working to update our list of low-cost retrofits for homes built before the 2008 standards. You can find this list on our Ready for Wildfire ([www.readyforwildfire.org](http://www.readyforwildfire.org)). Homeowners can install screens with maximum 1/8-inch openings on eaves or replace single pane windows with dual pane windows. Our post fire inspections have shown that dual pane windows hold up much better and don't blow out, allowing embers or fire to come inside of the home. You can replace shake roofing with composition or tile roofing, replace decks with ignition resistant materials and clean out the area under your deck. You can replace your siding and install UL Listed gaskets (which you can buy at a hardware store) around the garage door to seal up the space around the garage door and the door frame that will prevent embers from penetrating into the garage.

Then, once you step out of your home, you need to look around for dead and dying brush, weeds, grass and you need to remove all of that up to 100 feet from the house or up to the property line, whichever is closest, to be in compliance with the law. Remove the pine needles and leaves that are on top of your roof. Clean out your gutters and remove debris from around your home to make it look clean, so that if there is a wildfire and embers land in your yard, the embers will not be able to ignite the weeds, brush, and tree limbs near your house. It is important that you comply with those requirements because it is one of the best ways to protect your home against wildfire in the wildland and urban interface.

We think these are extremely helpful recommendations to homeowners and easy home improvements that will harden their homes against wildfire embers. However, this effort must be community based to avoid inconsistent application – when one home is compliant with “hardening” retrofit construction and the next-door neighbor in close proximity is not, both homes are still at risk.

Home-hardening is a critical step in making a community fire resistant. In fact, our damage inspection analysis of wildfires has shown that 93% of all structures that catch fire during a wildfire will be destroyed. We recommend that you take advantage of the defensible space inspection program (available statewide). Inspectors evaluate compliance with the Public Resources Code to ensure 100 feet of clearance around home – grass/weeds, brush low hanging limbs over the house.

A good land use planning program is also important. We work closely with city and county planning, building and fire officials to assist them in their review and development of the safety element of their city or county general plans, as well as their local hazard mitigation plans to ensure communities have proper evacuation routes, water

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supplies, and fire protection resources. CAL FIRE makes recommendations on proper evacuation routes, water supplies, fire protection resources, and defensible space around those evacuation routes. We do not tell the city and county planners where not to build or where to build, but we provide them with fire history to show what fires have been around the area. We also make ourselves available to make recommendations on fire protection, water supply, and evacuation.

The land use planners are working on planning communities that are hardened against wildfires with fuel breaks in and around the community, such as removing overgrown vegetation along evacuation routes. The fuel breaks create green belts, which will slow a wildfire from advancing to a community.

We need to continue to educate the public on how to prevent the start and spread of wildfires. If we look at the forested lands, there has been a concentrated effort to thin the forest. In fact, when Governor Newsom took office, one of his first orders was for CAL FIRE to come up with a list of 35 priority projects in the most vulnerable communities in our state. We received the funding for those projects and developed a list working with our local units throughout the state. We scored those priorities based on disabled, economically and socially disadvantaged communities to help them become prepared and help reduce the spread of wildfire and we completed all of those projects.

We are continuing this type of work with our local fire prevention grant program through a bill Senator Dodd sponsored. SB 901 (Dodd) <https://sd03.senate.ca.gov/> 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. The recipients of these grants include fire safe councils, fire districts, and other non-profit organizations that focus on preventing or slowing the spread of wildfires. These funds can also be used for fire planning and education in your community. As we expand fuel reduction treatments across California, they will undoubtedly play an increasing role in fire suppression; helping to slow or stop the advance of wildfires.

Finally, I need to speak to the public's role in fire prevention. California homeowners play a key role in fire prevention because 95% of all wildland fires are caused by the activity of people. This means we absolutely need residents and visitors to be extra cautious when outdoors to prevent sparking a new wildfire. Don't mow or weed dry grass on windy days or after 10am. Be extra careful with all powered equipment outdoors, including chainsaws, tractors and welders, etc. because it only takes one spark to ignite a wildfire. Again, I want to remind you that you can learn how to do your part by visiting [The public can learn how to do their part by visiting Ready for Wildfire \(www.readyforwildfire.org\)](http://www.readyforwildfire.org). You will find a lot of tips on defensible space and hardening your home.

### **Insurance Commissioner Ricardo Lara**

Thank you, Chief Richwine. Just to reiterate, the recently enacted 2020 budget makes new investments in wildfire prevention and mitigation, including \$85.6 million to CAL FIRE for firefighting resources and surge capacity and \$50 million for community power resiliency. This is good news because, even though we are in a deficit, we are still really prioritizing wildfire preparation. I want to thank our Governor again. Today, he was at the McClellan Air Force Base, highlighting the importance of wildfire mitigation. He also discussed the measures taken to protect emergency personnel, which is essential, and evacuees from COVID-19. Governor Newsom is also hiring roughly 858 more firefighters as well as additional six California Conservation Corps crew through October because of the COVID-19 pandemic. I want to thank our Governor for his work in this important area. Before I turn the discussion over to Amy Bach, I also want to, again, thank Chief Richwine for the completion of 35 emergency fuel management projects, that is a great accomplishment. Now, I would like to introduce Amy Bach and then give her an opportunity to say a few words.

Amy Bach is Executive Director of United Policyholders and a great consumer champion. Amy has been a professional advocate for insurance policyholders since 1984. While practicing insurance regulatory law and representing clients in litigation matters, she co-founded United Policyholders in 1991 following the devastating Oakland Hills fire.

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Under her leadership, United Policyholders has become the premier advocate for consumers. Bach migrated from the private practice of law in 2005 to become the organization's full-time Executive Director and primary spokesperson; shaping and overseeing the Roadmap to Recovery, Roadmap to Preparedness, and Advocacy and Action programs. Thank you Amy for joining us. Can you tell us a little more about your work?

## **Amy Bach**

Thank you, Commissioner, CAL FIRE and Cal OES. It is an absolute privilege to be participating in this tele town hall. We live in a beautiful state, that is why most of us are here, but it also has risks. We cannot dispute the danger that is around us in this wildfire season – especially with such light rain so far this year.

United Policyholders was first started right around the Oakland fire in 1991. We are a consumer group. We help people make good decisions when they are buying insurance and if they had a loss and need to use their insurance and want that insurance to work for them. We partner very closely with the Department of Insurance and we run the Roadmap to Preparedness Program.

We go out into the communities and teach people to think about making difficult decisions when they are calm. Some of those decisions include: making an inventory list, pulling out insurance policies and reviewing them, and making sure their home is properly insured because 2/3 of the victims of the disasters that we work with find out the hard way that the insurance they purchased is inadequate. We focus a lot of our time on preparedness and try to get people to think about whether they are prepared for a disaster when they are calm and visit Ready for Wildfire at <https://www.readyforwildfire.org/>.

If there has been a wildfire, we are there in the community with what we call a “Roadmap to Recovery” program, teaching people how to put one foot in front of the other. A lot of the people that are part of United Policyholders are people who lost their home and they learned the hard way. In this context, those who are members of United Policyholders that lost their homes wish they had created a defensible space. We have a lot of people in our volunteer corps who lost everything and they are going out and helping people to: A) avoid some of the problems they had when they lost their home; and B) get on the road to recovery.

You have heard already throughout this meeting that there are specific things that people can do: defensible space, installing screens with maximum 1/8 inch openings on eaves or replacing single pane windows with dual pane windows – these are affordable and practical things you can do and we are all working together to get the same message out to all of you.

We do have an extra challenge now. Home insurance didn't use to be a strain on people's budgets. Home insurance was something that people didn't necessarily want to spend money on, but it was affordable at around \$800-\$1,000 per year. Now, because of the bad wildfires we have had the last 4 or 5 years and more awareness of climate change, insurers are using technology to sift and sort which customers they want and which they don't. The price of home insurance has become a huge strain on the budget. It is also harder to find. We are working with the Department of Insurance ([www.insurance.ca.gov](http://www.insurance.ca.gov)) and the Legislature to try to bring insurers into our tent. We want insurers to help you if you take responsibility and make your house less likely to burn. We want insurers to reward you for making your house less likely to burn, or not drop you from your policy, or a give you a better rate. In closing, together we are stronger, we can deal with the situation, but we do have some work to do to get the insurance companies under our tent.

## **Insurance Commissioner Ricardo Lara**

Thank you, Amy, for all the work you have been doing. If we have another wildfire season that damages and destroys homes and businesses, my Department will be there to help you recover. Department of Insurance staff joined CalOES at local assistance centers throughout the state to help people with their insurance needs.

After the devastating Tubbs and Camp Fires in 2017 and 2018, we organized insurance workshops where we met one-on-one with wildfire survivors. For the 2017 and 2018 wildfires – as well as the 2018 fire-related Montecito mudslide, the Department of Insurance intervention was able to recover more than 240 million dollars for wildfire claimants.

Before my election as Insurance Commissioner in 2018, I supported legislation to expand the rights of wildfire survivors as a member of the California Senate. I authored Senate Bill 824, which gives protection against insurance non-renewals to everyone living in or near the perimeter of a declared wildfire emergency. Last year, I put that new law into effect for the first time.

More than 1 million homes in 180 zip codes are protected until December 2020 from a nonrenewal. You can find the whole list of zip codes on our website: [insurance.ca.gov](http://insurance.ca.gov). If we have another state-declared disaster this year and beyond, the new law will protect those from non-renewals for a year.

I also called on insurance companies to extend time limits for paying insurance benefits beyond what the law requires – as many still have not rebuilt from fires due to delays beyond their control. Now, I would like to go through the questions that were submitted. Our first question will be answered by Mark Ghilarducci.

### **Questions**

#### **Question 1: Governor Newsom has led the effort to improve our emergency alert system following the Camp Fire. How can someone sign up for wildfire alerts?**

##### **Mark Ghilarducci**

Throughout the state, depending on the location that you live in, the easiest way to do it is to contact your local fire department business number and ask them how to get signed up for the emergency alert network in the community. Your local fire department will provide you with the website to do so. It is a simple process, you will go to the website, select how you would like to be contacted (i.e. cell phone, landline, etc.), and then you register your address or addresses (i.e. your home and your work addresses). They will build those alerts around where you are located. You can go right to your local emergency management office, depending on where you live. You look up emergency management office in your county and write in emergency alerts and they should be able to connect you the same way the fire department does.

The other piece to keep in mind is that there is another system called wireless emergency alert system. Even though you have a local emergency alert in your cell phone, which is very important, as you are traveling through the state and you are out of the area you normally live in, if there is an emergency, there is a national system that is utilized called the wireless emergency alert. You will get those alerts on your cell phone, it is automatic and it is designed to override your cell phone and get you an alert that something is happening in your area. There are a couple of ways to get alerts now, but it's very important to have it as part of your preparedness activities.

## **Question 2: What is the number-one thing that someone should do to prepare for a wildfire?**

### **Michael Richwine**

The number one thing is to take the threat seriously. If you live in the wildland, urban interface, or foothills, then you are at risk and you need to prepare for that risk. That preparation starts with a program we have, again, it's available on our website at Ready for Wildfire ([www.readyforwildfire.org](http://www.readyforwildfire.org)) and it's called "Ready, Set, Go." To get ready, make sure you have your defensible space around your home. Do what you can to harden your home from the retrofit list that we have on that website, create a wildfire action plan, create an emergency supply kit, and make sure you have all your documents together. If you have to evacuate, do not wait to be told repeatedly to evacuate. Get out before it's too late.

### **Amy Bach**

Look at your insurance coverage for the dwelling. Look at how much insurance you have on the house. That is the amount of money that you will have available to you if your house burns down and it needs to be rebuilt. Look at the policy and think about it. Don't blindly trust that your insurance company figured that out for you. You have to do some thinking about it yourself. As I mentioned earlier, 2/3 of the people who we work with are people who previously suffered disasters. It is hard to remedy that after the fact and much better to be prepared in advance. Be sure to create that inventory list by taking your cell phone and walking around taking inventory of what you have. Make those records when you are calm and not upset because it is very hard to do these things when you are under stress.

### **Insurance Commissioner Ricardo Lara**

I want to echo what Amy said about doing a home insurance tune-up – and my Department is here to help you. Contact us at 800-927-4357 or [www.insurance.ca.gov](http://www.insurance.ca.gov) if you need assistance reviewing your coverage. I also urge you to do a home inventory – which can be as simple as taking your cellphone and photographing your most valuable items, such as jewelry and musical instruments.

Then take those photos and upload them to a secure cloud storage, so you can access them from anywhere. After each wildfire, we hear from consumers who have lost items that are priceless to them, but they do not have a record of them.

I am sponsoring legislation authored by Senator Bill Dodd to require companies to pay at least 25 percent of your policy limit for lost contents if you suffer a wildfire loss – even without an inventory. But taking photos can save you a lot of heartache down the road.

## **Question 3: United Policyholders has been involved in wildfire insurance issues and advocating for consumers. What are the major issues you are hearing from consumers?**

### **Amy Bach**

The number one problem for people in the rural, and even suburban areas, is that a lot of people were being dropped from their policies. Insurance companies have become nervous and they are worried about their profits, so they have been dropping a lot of people. Thanks to the Department of Insurance there is the moratorium of non-renewals and the legislation. We have had some help, but it doesn't change the fact that people are scared they are going to lose their insurance, that they cannot afford their insurance when they get dropped and they have to replace it. Going with a company they have never heard of makes people nervous because they want to make sure the insurance company is on solid ground. Many people are frustrated and feel that they are in a difficult spot because they have a mortgage and have to have home insurance, but the prices have dramatically increased, in some instances from \$1,000 per year to \$7,000 per year with the California FAIR Plan <https://www.cfpnet.com/>.

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**Question 4: We hear a lot about defensible space – what is it, what does state law require, and are there any differences at the local level people should be aware of?**

**Michael Richwine**

The Public Resources Code is the state law that requires 100-feet between a building and a property line or the property line, whichever comes first. It requires you to remove dead, dying vegetation and cut tree limbs that are hanging over your roof, so that your home has a chance to withstand an ember that lands in your yard by creating this defensible space.

When our crews go out in the middle of a wildfire, we sometimes dispatch hundreds of units and that is a lot of fire engines and it takes them awhile to get there. The first fire engines that arrive are concerned about life safety and they will evacuate people – that is their primary mission. When they are going into these communities they are also looking around at homes that they think they can save, they are triaging them. They do that by looking at what kind of defensible space has been provided there. When a strike team pulls up in front of a home, they have a reasonable belief that they will be able to protect that home from that advancing wildfire. They will bring out chainsaws and cut some trees and remove woodpiles away from homes as fast as they can to help with that effort.

However, it is the homeowner's responsibility to create 100 feet of defensible space around their property and that law exists in the Public Resource Code for homes that are in the state responsibility area. State law for local responsibility area is found in the Government Code and the same 100-foot buffer applies for very high fire severity zones according to our hazard mapping. For example, the community of Auburn may have some areas very high hazard severity zones and all the homes in that area, even though it is not the jurisdiction of CAL FIRE's SRA, it's within the city limits of Auburn, but the Government Code still requires that 100-foot buffer. Local cities and counties can pass local ordinances that are equal to or more stringent than what state law requires. You could have some communities that require a 150-foot buffer for defensible space, it just depends on the applicable local government ordinances. You can check with your local fire department to make sure that you understand the applicable local ordinances and/or state laws.

**Question 5: Are there any plans to update the Fire Hazard Severity Maps that show where the highest levels of fire risk are? Follow Up: Will these new maps take into account mitigation that communities have undertaken to reflect reduced risk?**

**Michael Richwine**

We are in the planning process of updating our fire severity zone maps, but we try to do it on a five-year cycle. A hazard typically doesn't change much. What we will get is new technologies for mapping. For example, our new mapping for fire hazard severity zones will include land use changes where cities have annexed into the State Responsibility Areas (SRA's) and also includes much more detailed wind data, down to the 2-acre parcel level. It is also more spatially detailed. Fire hazard severity maps consider factors such as: fire history, vegetation, topography, ember cast or blowing embers from a fire that would be wind driven, and the weather. All those elements are put into our modeling and what comes out of that is the probability of an area burning and the expected fire behavior or intensity of that burning. That information is mapped into different categories of hazards: very high, high, and moderate. In the SRA's, these maps apply, regardless of the hazard severity zone. These maps drive a lot of things like building codes and other land use and local planning issues. It also applies in the local responsibility area for cities and counties that are very high fire severity zones.

Unfortunately, the second part of the question does not take into account mitigation efforts that communities are taking. It simply is a hazard map, kind of like a flood zone map. It tells you what the hazard is, not the risk – it is not really a risk modeling type of map.

**Question 6: I have had difficulty finding an insurance company willing to write insurance in my area. What can I do?**

**Amy Bach**

United Policyholders and the Department of Insurance have lots of help resources to people. There is shopping guidance on the Department of Insurance website ([www.insurance.ca.gov](http://www.insurance.ca.gov)). There is shopping guidance on the United Policy Holders website ([www.uphelp.org](http://www.uphelp.org)) where you can find tips on what to do if you have been dropped from your insurance policy. Everyone wants to know the names of the insurance companies that are writing policies. Our recommendation is that you find what is called an independent insurance agent. That is someone who has relationships with more than one insurance company. You have the insurance companies that sell policies for one insurance company only. In this market, the better idea is to go with an independent insurance agent that can get coverage placed for you.

**Insurance Commissioner Ricardo Lara**

This was a common question I heard in meeting with homeowners across California. The Department of Insurance has tools to help you find companies willing to write insurance. As directed by chaptered Assembly Bill 1875 (Wood) in 2018, the California Department of Insurance has created a Homeowners Insurance Finder Tool that can direct consumers to companies that may be writing policies in their area. That is on our website.

The Homeowners Insurance Finder does not guarantee that a homeowner can find coverage, since it will depend on your home based on its particular characteristics or location, even if the insurance company writes policies in the general area. This is especially true for those living in areas with wildfire risk. The reality is that there are parts of California where you cannot find an insurance company willing to write you insurance – or even to return your phone call. And this is a major concern that I've been working on since last year.

The Department of Insurance continues to work with the Legislature to promote home-hardening and other strategies to make insurance available and affordable for all. I have also taken actions to modernize the FAIR Plan – California's insurer of last resort – to make it a better emergency plan for you.

**Question 7: What are the ways that insurance companies determine fire risk? Where does that analysis live and how can the public access it?**

**Amy Bach**

The public cannot access this information. Insurance companies have their own private way that they rate people and decide who they want, and who they do not want, as a customer. Insurance companies use something called FireLine, which is a scoring system, just like your credit score. FireLine considers whether you are on a slope and if it is a steep slope, your fuels, which determines how much brush is around, and access, which looks at how easy it would be for a firefighting agency to get up to your place. Your FireLine score is now apparently one of the most important criteria that the insurance companies use when they are deciding whether or not to keep or drop you as a client. Right now, you can find out what your score is, but you cannot change your score. We are currently working with the Legislature to get you access to this score, just like you have access to your credit score.

**Insurance Commissioner Ricardo Lara**

In the past, insurance companies evaluated each home based almost entirely on its own characteristics and condition. Today, homes must first pass through a filter based on satellite imagery of the region that evaluates slope, fuel load, type of fuel, and access. If you don't get a passing score, you don't get coverage.

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You may have heard of FireLine – that is a commonly used risk score that insurance companies use before deciding whether to write a policy.

Right now, the insurance companies are not required to give you the score, or allow you to appeal your risk score if you believe it is based on wrong information. Yet they are making decisions on what homes to write based on this number. I want to see greater transparency for these wildfire risk score models and the ability of the consumer to appeal their score or take steps to mitigate their score. There are some companies that rate homes based on territory, construction type, roof type, and fire protection class – which includes how far you are from a fire station.

I have directed companies to tell us which homes and areas are receiving rate increases – so we increase transparency. And in almost every case, it is people living in suburban and rural California who are paying the lion's share of these dramatically increasing costs of homeowners' coverage. Wildfire mitigation and home hardening are the way to bring down the risk of wildfires, protect the lives of residents and our first responders, and ultimately keep insurance available and affordable.

**Question 8: Under Governor Newsom, the state has expanded controlled burns and fuels management -- how are your prioritized firebreak projects progressing and are there any new actions underway to mitigate the spread of. Wildfire?**

**Michael Richwine**

We are aggressively prioritizing and implementing fuels management projects. They are prioritized through our state fire plan and each of the local units prioritize the areas of need in their particular unit and then we score them on a region basis and a statewide basis using the funds that the Legislature has appropriated. As Commissioner Lara mentioned, the Governor has been one of our biggest supporters to make sure that we are getting what we need to do these fuels management projects. We even had the National Guard assigned to us and we trained them how to do fuel crew work and they were out there, helping us with chainsaws and powered equipment thinning our forest.

So, it's a combination of mechanical fuel reduction projects with equipment. We are doing a lot more prescribed fire burns between the state and federal agencies. Landowners are doing a lot more prescribed fire. There is grant money available for hazardous fuel reduction through SB-901, our fire prevention grants that I mentioned earlier. We have a goal of 20,000 acres of combined fuel reduction projects every year. This year, we have done 26,000 since July 1, 2019. 25,000 is our goal for prescribed fire and we did 85% of that. Our goal for defensible space is 250,000 defensible space inspections and we have achieved 66% completion of that goal.

Earlier, I mentioned the 35 fuel reduction projects. All of these projects are designed to slow the spread of wildfire. It has taken decades for the fuels to get to where they are and we have also had unprecedented droughts. We are removing 129 million dead trees in the Sierras and we are still working on that. It will take time and we are already seeing results where we are seeing fires slow because of fuels management projects in a particular area. The Governor has authorized the hiring of 858 seasonal firefighters and 172 permanent firefighters to help up meet our goals.

**Insurance Commissioner Ricardo Lara**

The California Air Resources Board has a new website that lists upcoming controlled burns – you can see it at ([www.arb.ca.gov](http://www.arb.ca.gov)). You can also visit your local fire departments for information about upcoming controlled burns. I support action by local and state agencies to mitigate wildfire risk – including fuels management. Some of these strategies have a long history -- including controlled burns that go back hundreds of years, and grazing practices.

All these need to be part of our 21st century strategy. The reality is that only 3 percent of California's forests are managed by the state or local governments. 57 percent is federally managed, and another 40 percent are privately

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owned. So this is always going to be a collaboration between the federal and state government and local landowners.

**Question 9: Last year a lot of Californians experienced planned power shut-offs meant to prevent wildfires during high wind. Will we experience more of those this year and how can homeowners prepare?**

**Insurance Commissioner Ricardo Lara**

We received questions from businesses and homeowners about whether they had coverage for losses related to a planned power outage, such as spoiled food or business interruption. Utility power outages could affect many businesses, and insurance likely will not provide coverage for lost revenue.

While not every policy is the same, most standard homeowners' insurance policies require the power interruption to take place on the resident premises and not from a widespread power outage, such as a planned power shut-off. And, it must cause direct physical loss to the covered property. Also, if food spoilage is covered, it may be less than your deductible, so you might not want to file a claim for just food spoilage.

For commercial insurance, most standard policies don't cover loss due to failure of power or other utility service to the described premises if the failure occurs away from the premises. But some insurance companies offer an optional coverage for certain types of power outages. We recommend you review your current policy with your agent or insurance company to see what type of coverage you have and if you can purchase coverage for this type of loss.

But if you have any questions, please contact us and we can review your policy with you and point you in the right direction.

**Question 10: My husband and I lost our home in a fire, and are finally going to begin rebuilding this summer. We are naturally concerned with our ability to obtain insurance. Please update us on what our rights are, and the latest on the California Fair Plan insurance. I've heard just recently that the amount you can insure for has been raised.**

**Insurance Commissioner Ricardo 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. They will write your fire insurance even if nobody else will – but this is coverage for fire and a few other perils only. It is not as comprehensive as a homeowners' policy, as a homeowners' policy does have liability and other important coverages. To get the additional coverages that come with a homeowners' insurance policy, or HO-3, you have to buy additional wrap-around coverage from an insurance company at an additional cost.

To learn about a FAIR Plan policy, you can go to [insurance.ca.gov](https://insurance.ca.gov) and click on "Consumers' and then Home/Residential Insurance. You will find a Top Ten Tips for Finding Residential Insurance and one of the options on that list is our "Find an Agent or Broker" tool. The Tips also include a link to the FAIR Plan.

You should also consider purchasing a difference in conditions (or DIC) policy, or at the least liability coverage to complement your FAIR Plan coverage. Last year, I directed the FAIR Plan to modernize its dwelling policy, which had not changed in decades. In response, the FAIR Plan increased its available limits to \$3 million, up from \$1.5 million, on June 15. If you have the FAIR Plan and want to increase your limit, contact the agent or broker who sold you the policy.

Also, at my request, the FAIR Plan is 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. That litigation is still ongoing, so I can't comment further on it. Also for those who suffered a total loss, the law gives you at minimum two automatic insurance renewals. Depending on where you live, you may have the additional protection against non-renewal – under the law I wrote in 2018.

**Question 11: Can the commissioner require insurance companies to allow the insured to have a chance to bring their property into compliance before being dropped?**

**Insurance Commissioner Ricardo Lara**

I agree that the company should tell you what you can do to keep your policy. Some do – but there are no specific requirements or protocols that insurance companies must follow in setting their underwriting standards beyond following the broad requirements in the law that their actions must not be “unfairly discriminatory.”

This essentially means that they must consistently follow a set of standards and those standards must be based entirely on objective measures of risk and not other unrelated biases. If you are in this situation and receive a non-renewal notice, I urge you to first call your insurance company and see if there are steps you can take to fix the problem and possibly keep your policy.

Insurance companies are required to provide 75 days' notice before the nonrenewal of a homeowners' policy – up from 45 days because of a law Governor Newsom signed last year. Under the law, the companies have to tell you why they are non-renewing you.

If your insurance company tells you what the issue is that needs to be fixed, and you are able to address the issue that led to the nonrenewal before the expiration date of the coverage, the company should be obligated to renew the policy. But, in many cases where the non-renewal is for “wildfire risk”, the insurance companies do not give you enough information about what you can do to keep your policy. I think that is a problem.

Please contact the Department of Insurance so we can make sure the company followed the law and its guidelines. As I mentioned earlier – I strongly believe that insurance companies have a part to play in incentivizing homeowners and communities to manage their risk.

This is a fight that we are having with the insurance industry – they oppose any premium discounts or requirement to write homes that are hardened or mitigated, or even to give you a chance to address the issue before you are non-renewed. I know it is possible – because some companies are doing it. But they are the minority.

**Question 12: Can concerned neighbors search on your site to figure out which company insures a particular property? For example, if there is a fire hazard on an escape route and an absentee owner has not responded to local fire department notices or to Firewise Committee attempts to reach them, is it possible to find and contact their insurance company about the hazard.**

**Insurance Commissioner Ricardo Lara**

People often tell me “I have mitigated my property but my neighbor hasn't done their part.” Unfortunately, there is not a way to look up your neighbor's insurance provider.

Local governments have the authority over land use, so they may be able to give you advice. Your local fire department may be able to assist if your neighbor is not meeting brush clearance rules or has hazardous

materials. Before this town hall, I reached out to local leaders asking them to tell us about community-wide efforts they are making:

In Nevada and Marin counties, we are seeing county leaders support Firewise communities as part of their strategic planning – Firewise is a national program that certifies communities who have invested in certain fire prevention measures including home hardening and vegetation management. I am aware of one insurance company, USAA, that offers a premium discount to homes in a Firewise community. The California FAIR Plan also offers a Firewise discount.

Nevada County also passed an [ordinance](#) that requires neighbors to share the cost 50-50 on any defensible space that goes past the property line – to deal with the situation where you have done the work but you need your neighbor to also do tree-trimming or other vegetation management.

In the cities of Mill Valley and Saratoga in the Bay Area, we have seen [ordinances](#) in the past year to require removal of all plantings and mulch within three feet of homes in the wildland urban interface. Ventura County's Ready Set Go program is a national model for outreach before and during a wildfire emergency. These are just some of the examples from around the state.

**Question 13: Please tell us what criteria insurers use to determine whether to renew or cancel? What can homeowners do to minimize the risk of cancellation?**

**Insurance Commissioner Ricardo Lara**

Each insurance company creates its own list of underwriting guidelines to determine which homes it is willing to write or renew. Those guidelines include an array of criteria that vary from one insurer to the next.

Some common considerations for underwriting include: the age of the home and the effective age of the plumbing, heating and electrical systems, the condition of the roof, the loss history of the applicant or insured, the fire protection rating of the local fire department, and other characteristics of the property that may create a hazard.

As I mentioned earlier... wildfire risk scores play a greater role in analyzing the fuel load (trees, brush and other vegetation), slope, and accessibility of your property. I believe there should be a requirement for insurance companies to write a home that is hardened against wildfires – and I am pursuing legislation on that.

Look to your local fire departments for more information about how you can reduce the risk on your own property – and also continue to advocate with your local leaders for community mitigation, essential fire services, and enforcement of property maintenance rules.

In general, insurance companies might non-renew policies because they are trying to limit losses or are trying to limit their concentration in a certain area. Non-renewals are a growing problem in areas of our state that have wildfire risk – and our data shows that they have increased due to the wildfires of the past several years.

I am extremely concerned that companies are non-renewing people with no consideration for their loss history or what they have done to mitigate fire damage. I do not think that is fair, and I am pursuing a number of solutions.

**Question 14: What lies in store for homeowners' insurance rates?**

**Insurance Commissioner Ricardo Lara**

I came into office after two years of the most destructive wildfires in California's history – fires that killed nearly 150 people and created \$25 billion in losses.

To put that in perspective, the Camp Fire that devastated the Town of Paradise was the costliest disaster in the world in 2018. Even before taking office, I knew that insurance companies were going to seek to increase rates to make up for the losses.

The brunt of the rate increases have fallen on those properties with comparatively higher wildfire risk. At this point, most of the rate increases have already gone into effect and the key now is to do everything we can to address our fire risk – as you have heard from other speakers on this call.

This will reduce losses and bring rates back down. But I am very concerned about the direction that insurance companies are taking. Insurance companies are sponsoring two bills that are going to lead to higher rates and weaker consumer protections -- at a time California can least afford it.

Assembly Bill 2167 and its companion bill Senate Bill 292 will be handing homeowners even larger insurance bills – not just in rural areas but in urban areas as well. All the consumer groups that work on wildfire issues are unified in opposition to AB 2167 and SB 292. I have taken an oppose position on both these bills because they represent an insurance industry “wish list,” with nothing to help consumers. They do not further the purposes of Proposition 103 – passed by voters in 1988 to stop discriminatory insurer rating practices and provide oversight for insurance rates.

The COVID-19 crisis is increasing the pressure on rural communities and working families. Both of these bills couldn't come at a worse time. AB 2167 recently passed the Assembly. As it goes to the Senate, I will continue to join with our consumer groups to strongly oppose this measure along with its companion bill, SB 292.

That concludes our questions. I want to give each of our speakers a chance to briefly wrap up and give your website links or helpful phone numbers.

### **Amy Bach**

You do not have to despair. There is always an option for you to protect your home, your assets. You can always buy insurance through the FAIR Plan <https://www.cfpnet.com/> – they take everyone. It won't necessarily be the price you want, but you can get the coverage you need for your mortgage obligation. Don't panic, don't be scare, be prepared.

### **Michael Richwine**

You do need to take it seriously. There are resources available to you to help you to do your defensible space and to create a wildfire action plan, in addition to a communication plan. Again, I'd like to emphasize the Ready for Wildfire website at ([www.readyforwildfire.org](http://www.readyforwildfire.org)) has great information and you can sign up for wildfire updates from that website. Contact your local unit with any questions that you have about home hardening, defensible space, or creating a wildfire action plan.

## **Additional Resources**

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

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

### **California Office of Emergency Services (CalOES)**

- <https://www.caloes.ca.gov/>
- <https://myhazards.caloes.ca.gov/> (Link to MyHazards)
- PH: 916-845-8806

### **CAL FIRE**

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

### **United Policyholders**

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

### **California FAIR Plan**

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

### **Fire Preparedness Information:**

- PH: 707-565-8875
- <https://disastersafety.org/>
- <https://www.nfpa.org/Public-Education/Fire-causes-and-risks/Wildfire/Firewise-USA>
- <https://frap.fire.ca.gov/>

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