



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

NOTICE

TO: All Property and Casualty Insurance Companies Licensed or Doing Business in California

FROM: Insurance Commissioner Ricardo Lara

DATE: April 21, 2022

RE: Request to Increase Prescribed Burn Insurance Coverage in California

Since I took office as Insurance Commissioner in 2019, I have been focused on providing a comprehensive solution to protect Californians from wildfires and reduce future losses. Prescribed burns are a critical risk mitigation tool with a proven track record of effectiveness. Over the past three years, I have been engaging with the California State Legislature and Governor Gavin Newsom's Administration to support the use of this strategy by California tribes and local organizations. However, data provided by insurance companies to my Department shows that availability of insurance coverage for liability from prescribed burns falls far short of what is needed.

Therefore, with this Notice, I am encouraging all property and casualty insurance companies licensed or doing business in California to expand underwriting for prescribed burn operations in California to reduce wildfire risk throughout the state.

Prescribed burns are strategically timed to limit risk and serve as an important tool to reduce wildfire risk in forests by reducing brush and small trees now, thereby reducing the severity of future wildfires. I believe prescribed fire and cultural burning are a critical piece of California's forest resilience strategy and have been demonstrated to reduce the risk of catastrophic wildfires by eliminating hazard fuels on the ground. Early this year, I visited a prescribed fire training program hosted by the Yurok Tribe in Northern California, where participants learned how to use fire to restore the landscape and create healthier, more resilient forests. Participants repeatedly told me that lack of insurance coverage is a major challenge to expanding the use of healthy prescribed burns and cultural burning.

By engaging with prescribed fire managers (also referred to as "burn bosses") and expanding insurance options, insurance companies have an opportunity to contribute to reducing the risk of high severity wildfires which, in turn, will help address insurance challenges for homes and businesses, especially those located in the Wildland Urban Interface (WUI). Such efforts align with multiple California statewide plans and initiatives

published over the past five years. For example, on March 30, 2022, Governor Newsom's Administration released [California's Strategic Plan for Expanding the Use of Beneficial Fire](#), detailing the coordinated efforts across multiple agencies to expand the use of cultural burning and prescribed fire. This strategic plan builds upon [California's Wildfire and Forest Resilience Action Plan](#), which was released in January 2021 by Governor Newsom's Administration, with a stated goal of treating up to 100,000 acres of forest per year by 2025 predominantly with prescribed fire, in addition to the [California Forest Carbon Plan](#) from 2018, which included the finding that a goal of 500,000 acres of fuels treatment per year, including prescribed fire, was necessary to achieve ecologically meaningful results. These state goals focus on expanding beneficial fire to treat hundreds of thousands of acres per year and recognize the benefits of prescribed burns to managing fire in California.

Although property damage and unintended escapes from a prescribed fire are rare, my meetings with California tribes and prescribed burn practitioners have revealed that insurance continues to be challenging to obtain. The California Department of Insurance has verified, through its own Commercial Insurance Data Survey in 2021, that there are no known admitted insurers presently offering policies for this type of prescribed burn liability insurance. Subsequent Department inquiries of surplus lines insurers have also confirmed that very few insurance options are available today. The inability to obtain insurance acts as a barrier to implementation of prescribed burning while private individuals are reluctant to authorize or participate in prescribed burn activities without insurance coverage. Meanwhile, insurers continue to approach me and Department staff, asking what else can be done to reduce wildfire risk in the state and how they can help be a part of the solution.

In the last few years, I have publicly supported actions by the California State Legislature to remove barriers to prescribed fire including support for:

- Chaptered legislation in 2018 (Jackson, SB 1260, Ch. 624, Stats. of 2018) that reforms permitting for prescribed burns, training, and certifying burn bosses;
- Chaptered legislation in 2021 (Friedman, AB 642, Ch. 375, Stats. of 2021) that increases state coordination with California tribes to expand the use of prescribed burn;
- Chaptered legislation in 2021 (Dodd, SB 332, Ch. 600, Stats. of 2021) removing liability for any fire suppression costs or costs of providing rescue or emergency medical services arising out of a prescribed burn, provided certain training and certification conditions were met and unless the person acted with gross negligence, and,
- Establishment of a Prescribed Burn Claims Fund as part of the enacted 2021 California State Budget to help defray the costs associated with unintended escapes.

I request that you evaluate opportunities to engage or re-engage with prescribed and cultural burn practitioners to enable this important tool for decreasing the risk of catastrophic wildfire and helping preserve homeowners and commercial insurance

availability and affordability in California by reducing future losses. I also urge you to consider expanding your underwriting to include prescribed burn operations, and welcome thoughts on how to make insurance for prescribed burns more available, given the wildfire risk reduction benefits.

Questions pertaining to this Notice can be directed to Mike Peterson, Deputy Commissioner on Climate and Sustainability, at ClimateSmart@insurance.ca.gov.