

California to require insurance discounts for property owners who reduce wildfire risk

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California will become the first state in the nation to require insurance premium discounts for owners of homes and businesses that are made safer from wildfires.

New rules mandate that insurance companies reward consumers who take wildfire safety and mitigation actions under the state's Safer From Wildfires framework, the Department of Insurance announced Monday. The framework includes a list of expert-recommended actions that home and business owners can take to better protect themselves from fires.

The regulation is largely a response to skyrocketing insurance costs for residents in wildfire-prone areas, Insurance Commissioner Ricardo Lara said. Currently, fewer than half of the insurance companies doing business in California provide such discounts.

"Protecting Californians from deadly wildfires means everyone doing their part, including insurance companies by rewarding consumers for being safer from wildfires," Lara said in a statement.

The regulation arrives as residents grapple with larger, faster-moving and more frequent fires fueled by climate change. Fifteen of the state's 20 most destructive wildfires on record have occurred since 2015, according to the California Department of Forestry and Fire protection, and entire towns — including Paradise and Greenville — have been leveled by flames.

Yet, ratepayers in recent years have complained that companies have been unwilling to credit them for steps taken to lower the risk of loss and damage, such as clearing combustible vegetation from properties or installing fire-resistant roofs.

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In a 2020 hearing on the matter, dozens of people told the Department of Insurance that their rates had become untenable, with some seeing quotes of as much as \$20,000 a year. One El Dorado County resident, Chris Swarbrick, said that his premiums had increased by 430% in two years, and that many residents in his community had been unable to get insurers to visit their properties to assess their hardening efforts.

Under the new rules, insurance companies will have 180 days to submit rate filings that incorporate the wildfire safety standards and establish a process for releasing wildfire risk determinations to residents and businesses, Lara said.

The companies must also provide consumers with their property’s “wildfire risk score” and create a right to appeal that score.

“The reality of climate change is driving my determination to help communities better prepare, help our firefighters save lives and help more Californians find insurance they can afford,” Lara said.

The regulation received support from several community groups and associations, including California Professional Firefighters, the Coalition for Clean Air, the California Farm Bureau and the California Assn. of Realtors, according to the Department of Insurance.

Amy Bach, executive director of the nonprofit organization United Policyholders, called it a “common-sense and sustainable solution to the property insurance problems millions of Californians are experiencing.”

“Giving people a financial incentive to do their part is a critical and fair step to getting ‘all hands on deck’ to save homes and lives,” she said.

Los Angeles County Supervisor Kathryn Barger also applauded the new regulation, calling it a “big step forward towards promoting community-driven preparedness and resilience.”

“Over the years, I’ve met with many wildfire survivors who were underinsured and, as a result, were financially ruined — left with a home that’s uninhabitable, that they can’t afford to repair, yet still liable for meeting their mortgage payments,” Barger said in a statement. “The discounts offered to property

owners who harden their homes and take action to mitigate wildfire threats are a financial reward that I believe will be embraced by many.”

The change also arrives amid a larger conversation about how best to address the state’s catastrophic wildfires — and whether and when it makes sense to rebuild in their wake. Some experts say forest management is the key to protecting more Californians, while others say time, money and energy are better spent on home hardening and making communities less vulnerable to flames.

But there’s no question that mitigation efforts can improve the safety of individual homes and businesses and their surrounding areas, said Daniel Berlant, Cal Fire’s deputy director of community wildfire preparedness and mitigation.

“Home-hardening retrofits, along with defensible space, significantly increase a home’s chance of surviving a wildfire,” Berlant said. “Using the latest fire science and recent wildfire data, these retrofits and landscaping requirements provide a strong path to structure survivability.”

The state last year announced a \$1.5-billion investment in wildfire resilience projects, including expanded efforts to improve community hardening and defensible space. More than 6,800 wildfires have burned in the state this year, claiming nine lives and nearly 900 structures.