

Proposed insurance rules would give property owners access to wildfire risk score

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Under new rules proposed by California's insurance commissioner, home and business owners will have open access to their wildfire risk scores that companies use to determine rates and renew coverage.

Commissioner Ricardo Lara said he has heard the frustration and confusion from residents over how insurance companies rate their properties during community meetings and town halls. He has heard stories of residents taking action to protect their homes, often at a high cost, but still their coverage was dropped.

"I have consistently heard from consumers that many insurance companies keep them in the dark about their property's risk profile, leading people to spend thousands of dollars cutting down trees or hardening their homes without truly knowing how it will affect their insurance," Lara said in a press release. "Giving consumers their wildfire risk scores and the ability to lower them will incentivize the home-hardening and community mitigation efforts already underway to better prepare us for future wildfires."

Placer County homeowner Mark Ratermann said he received a non-renewal notice from his insurance company and spent thousands of dollars to try and keep his coverage.

"When I asked them about it, they said 'we're not renewing policies in your area, unless you do these fire mitigation measures,' so that's what I did," he said of spending thousands of dollars and removing 16 trees in an attempt to maintain his insurance. "And yet, with almost no communication from them, a year later they declined and said we're not going to renew."

The [new rules](#) would require insurance companies to provide wildfire risk scores for property owners. The scores must recognize a consumer's mitigation actions that could improve their rating, such as creating

defensible space and fire-hardening, and allow time for the consumers to reduce their scores. The new regulations will incentivize mitigation and help consumers make better-informed decisions when they buy, sell, or build a home.

“We can’t control the drought or the wildfire conditions that decreased insurers’ appetite for insuring homes in California wildland urban interface regions,” said Amy Bach, policyholder advocate and executive director of United Policyholders. “We can control the use of the risk scoring tool that killed their appetite completely in many regions and has been a major trigger of California’s current home insurance affordability and availability crisis. We applaud Commissioner Lara and his team for empowering consumers in order to restore competition in brush regions.”

Fire chiefs from across California also testified about the need for insurance companies to recognize homeowner and community mitigation efforts.

“At the end of the day, insurability is a reflection of risk, and risk relates exactly to hazards, and hazards can be modified,” said Chief Michael Schwartz of the North Tahoe Fire Protection District. “A lot of times, the fire department and emergency services can work on those things to reduce that risk.”

In addition to the wildfire risk score regulations, Lara announced rules to strengthen his ability to protect consumers through review of insurance company rate filings, said a release. These proposed regulation changes make clear that homeowners insurance companies are required to submit the complete information they use to determine which properties to underwrite or renew. Additionally, these changes will provide insurance companies with more upfront certainty regarding what materials and information that the commissioner requires in filed rate applications with the California Department of Insurance, eliminating delays caused by incomplete initial rate filings from insurance companies.

Lara will hold public workshops on March 30 on the wildfire risk score regulations, and on April 6 on the complete rate filing regulations. Following input from the public, he will begin a formal regulatory process leading to adoption of new rules.