

## **Nevada Personal-Lines Property Insurance Wildfire Mitigation Incentive Program**

Product Compliance Section – Nevada Division of Insurance – August 3, 2022

Pursuant to Section 9 of Assembly Bill 100 of the 2021 Legislative Session, the Nevada Division of Insurance (“Division”) hereby sets forth a program of voluntary incentives that property insurers in Nevada may adopt, subject to an expedited prior-approval process, in order “to promote and encourage property owners to take measures to mitigate the risk of property loss or damage caused by wildfire.”

**I.** This program is applicable to personal lines of property insurance only, including but not necessarily limited to home insurance, renters’ insurance, condominium insurance, dwelling fire insurance, and insurance covering the property of landlords who are natural persons. Pursuant to [NRS 686B.030\(1\)\(f\)](#), rates for commercial property insurance are not subject to the Division’s prior-approval authority and thus do not need to be filed. Insurers are free to implement any wildfire mitigation incentives for commercial property insurance policies at their discretion.

**II.** Expedited approval pursuant to this program is still subject to a requirement of prior approval by the Division pursuant to [NRS 686B.110](#). Such prior approval would need to be requested by means of the insurer’s submission of a rate/rule filing using the System for Electronic Rate and Form Filing (“SERFF”). Any filing which the insurer wishes to submit for expedited approval pursuant to this program should be prominently identified as such within the Filing Description field of the General Information tab of the SERFF filing. Terms such as “Wildfire Mitigation Incentive Program”, “Wildfire Mitigation Incentives”, or “Wildfire Mitigation Discounts” will help the Division reviewers identify the filings that are eligible for expedited approval.

**III.** Any and all discount offerings and other measures identified within this program may be adopted voluntarily by insurers. Insurers may select any combination of the discounts and other options listed below for expedited approval.

**IV.** Discounts and other options may be combined, subject to reasonable impacts on the total premium (e.g., the total premium may not become zero or negative as a result of the application of any combination of discounts) and the insurer’s ability to maintain solvency and adequate rates for the entire book of business.

**V.** Insurers are not limited to the discounts and other measures listed below. However, any other rating approaches beyond the discounts and other measures listed below will be subject to the standard review procedures for Nevada personal-lines property and casualty insurance rate filings and would not be eligible for expedited review and approval. Since this program is permissive, the Division reserves the right, at its sole discretion, to add types of discounts and other measures that would qualify for expedited approval.

**VI.** Any filing which the insurer wishes to submit for expedited approval pursuant to this program should be limited *solely* to the discounts and other measures listed below. If an insurer’s filing includes any rate changes, rating variables, predictive models, or other rating approaches beyond the discounts and other measures listed below, then the entire filing will be subject the standard review procedures for Nevada personal-lines property and casualty insurance rate filings and would not be eligible for expedited review and approval. Moreover, expedited approval would only apply to filings that do not propose any rate increases or coverage limitations or any other restrictions upon the consumer.

**VII.** The Division considers all of the discounts and other measures described in this program to have the ability to directly reduce the property’s risk of wildfire loss. Therefore, such discounts and other measures are *not* considered to be rebates or inducements and are *not* subject to the restrictions of [NRS 686A.130](#).

**VIII.** This is an evolving program and is open to future refinements and enhancements based on the Division’s observations regarding wildfire risk in Nevada and changes to such risk over time, as well as feedback from entities with knowledge regarding the wildfire risk situation.

**1. Property-Level Mitigation Efforts – Hardening of Building**

<b>Mitigation Measure</b>	<b>Discount Range for Expedited Approval</b> (Discount percentages are expressed relative to total policy premium. For instance, if the policy premium is \$1000, a 5% discount would be \$50.)
Class-A Fire-Rated Roof	Up to 30%
Enclosed Eaves	Up to 20%
Fire-Resistant Vents	Up to 20%
Fire-Proof Siding	Up to 20%
Multi-pane windows, including dual-pane windows, or functional shutters, which when closed, cover the entire window and do not have openings	Up to 20%
At least six (6) inches of noncombustible vertical clearance at the bottom of the exterior surface of the building, measured from the ground up	Up to 20%
Roof Sprinklers	Up to 15%
Other physical improvements considered by the insurer to reduce the risk of loss to the structure	Up to 15% for each improvement specified within the insurer’s rating plan

**2. Property-Level Mitigation Efforts – Immediate Surroundings**

<b>Mitigation Measure</b>	<b>Discount Range for Expedited Approval</b> (Discount percentages are expressed relative to total policy premium. For instance, if the policy premium is \$1000, a 5% discount would be \$50.)
Clearing of vegetation and debris from under decks	Up to 20%
Clearing of vegetation, debris, mulch, stored combustible materials, and any and all movable combustible objects, from the area within five (5) feet of the building being evaluated	Up to 20%
Incorporation of only noncombustible materials into that portion of any improvements to the property on which the building being evaluated is located, including fences and gates, which is situated within five (5) feet of the building being evaluated	Up to 20%
Presence of water storage tanks on the property or in the vicinity of the property, within easy access of a responding fire department	Up to 20%
Removal or absence of combustible structures, including sheds and other outbuildings, from the area within thirty (30) feet of the building being evaluated or, in the event that the applicant or insured does not control the entirety of the area extending thirty feet from the building being evaluated, removal of combustible structures from as much of such area as is under the control of the applicant or policyholder	Up to 15%
Other improvements and protective measures for the immediate surroundings of the property considered by the insurer to reduce the risk of loss to the structures on the property and their surroundings	Up to 10% for each improvement specified within the insurer’s rating plan

### 3. Community-Level Mitigation Efforts

Mitigation Measure	Discount Range for Expedited Approval (Discount percentages are expressed relative to total policy premium. For instance, if the policy premium is \$1000, a 5% discount would be \$50.)
A Firewise USA Site in Good Standing	Up to 30%
A Fire Adapted Community	Up to 30%
A Fire Department Participating in the Ready, Set, Go! (RSG) Program	Up to 30%
Any other community mitigation program which is organized, supported, or accepted for any official purpose by any federal agency, State of Nevada agency, or local public agency	Up to 25% for each community mitigation program specified within the insurer's rating plan

### 4. Additional Measures Qualifying for Expedited Approval

- Deployment of private firefighters to anticipate and respond to wildfires and other fires
- Complimentary “smart-home” devices that evaluate the performance and safety of various electrical, plumbing, and other systems and appliances within the home
- Complimentary roof sprinklers provided by the insurer, including professional installation of such sprinkler systems, as well as associated monitoring services using electronic and mobile applications and activation of sprinklers via a mobile application
- Complimentary fire-retardant or fire-suppression kits such as the Thermo-Gel Homeowner Protection Kit, the Frontline Wildfire Defense System, or comparable products
- Complimentary educational materials, programs, and/or sessions about how to install, use, and apply the information from any of the devices identified above, as well as any more general educational sessions about wildfire safety and risk mitigation of the insured property

**Note:** The Division encourages insurers to implement measures to ensure that any device provided by the insurer to the policyholder can be deployed effectively and installed in a manner that is convenient and affordable to the policyholder. For instance, in addition to providing a “smart-home” device, an insurer should consider how to maximize the probability that the policyholder will successfully install and use the device. Options for achieving this may include (a) paying for or directly providing the installation of the device; (b) providing a discount for the installation and use of the device; and/or (c) providing access to services that would offer to install the device at a discounted cost relative to the prevailing market prices for such installations.