

REVISED MOTION BY SUPERVISORS KATHRYN BARGER AND February 27, 2024
LINDSEY P. HORVATH

Addressing Fire Insurance Challenges Impacting Homeowners

The State of California is currently confronted with a myriad of challenges, including a broader housing shortage and housing affordability crisis, impacts from a changing climate that include increased fire danger, water supply concerns related to ongoing drought conditions, and crucially, very limited home and fire insurance options.

In response to the devastating wildfires and escalating climate and sustainability concerns, the state legislature and the Governor have actively pursued legislation to address these pressing issues. However, the implementation of these laws has exposed increasing disparities between the intended effects and the actual impact, often resulting in contradictions with existing legislation.

A pivotal response to the growing awareness of the role of embers in wildfires led to the passage of Assembly Bill 3074 (Chapter 259; Statutes of 2020). This legislation mandates the removal of flammable materials within a five-foot radius of any structure, creating a designated "Zone 0" buffer which serves as defensible zones to mitigate the risk of structures burning during wildfires. Despite the passage of this law by the state legislature, the California Board of Forestry and Fire Protection has not yet defined AB 3074's implementation requirements and it is unclear when a final determination will be made.

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To further complicate matters, the escalating severity of wildfires plaguing the State of California has also prompted insurance providers to adopt more conservative approaches: limiting or outright ceasing the issuance of new home insurance policies and applying additional fire mitigation requirements as a condition of being insured. Existing policyholders are faced with more stringent requirements, such as obtaining a new Wildfire Prepared Home certification or risking policy termination. The number of homeowners that have faced policy cancellations without any option to cure is escalating. Thus, making the California Fair Access to Insurance Requirements (FAIR) Plan the insurance of first and only resort for many. The FAIR Plan is one of the most expensive options available to residents of California and Los Angeles County and used to be considered the insurance of last resort. This is especially challenging financially for disadvantaged communities, as well as seniors and others on fixed incomes.

While the establishment of mitigation and buffer zones directly adjacent to a structure are deemed essential to safety, these additional mandates are leading to a situation of rapidly escalating financial burdens for homeowners who are already grappling with increased costs of inflation. In all, homeowners are facing uncertainty and are increasingly being forced to try to navigate an insurance market in crisis. It is paramount that the County work directly with the State to protect homeowners facing a daunting financial challenge, while trying to ensure they have basic insurance coverages in the face of changing climate patterns that have rapidly increased the risks of wildfires they face.

WE I, THEREFORE, MOVE, that the Board of Supervisors:

1. Direct the Chief Executive Office's-Legislative Affairs & Intergovernmental Relations Branch to support legislation that will further stabilize California's fire insurance market and enhance protections for homeowners;
2. Direct the Interim Executive Officer ~~Chief Executive Office~~, in consultation with the Los Angeles County Fire Chief, to send a 5-signature letter to the California Board of Forestry and Fire Protection requesting they consider input from local fire agencies when determining their implementation plan for AB 3074; and
3. Direct the Interim Executive Officer ~~Chief Executive Office~~, in consultation with the Los Angeles County Fire Chief, to send a 5-signature letter to State Insurance Commissioner Ricardo Lara requesting he investigate the compliance measures insurance companies are requiring from homeowners to keep their coverage.

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