The County of Yuba

Board of Supervisors

TO: Board of Supervisors
FROM: Randy Fletcher, District Five Supervisor
BY: Jamme Yang, Management Analyst
SUBJECT: Board of Supervisors: Approve support letters for AB 2167 and SB 292, and authorize the Chair to execute. (Five minute estimate)
DATE: August 11, 2020
NUMBER: 413/2020

Recommendation

It is recommended that the Board of Supervisors approve letters of support for AB 2167 and SB 292 which would create the Insurance Market Action Plan (IMAP) program to help ease homeowners insurance nonrenewal in high fire risk areas of the state and implements the wildfire mitigation provisions for the IMAP program, and authorize the Chair to sign.

Background & Discussion

Like many rural California counties, Yuba County has had a disproportionate percentage of residents who have had their residential property insurance nonrenewed due to wildfire risk in the past five years. A large majority of our foothill communities are in high hazard severity zones and have seen both dramatic premium increases and drastic spikes in nonrenewals. While many rural residents understand that higher costs for coverage will be the new standard under higher wildfire threats, many of them have had to resort to the Fair Access to Insurance Requirements (FAIR) Plan for fire insurance coverage and have been effectively priced out of California’s whole-home coverage market. Many of those residents are also elderly or socioeconomically challenged and cannot always afford expensive home hardening measures or perform their own defensible space maintenance.

AB 2167 would create the Insurance Market Action Plan (IMAP) program to help ease homeowners insurance nonrenewal in high fire risk areas of the state. By establishing the IMAP program, AB 2167 would provide a viable solution for both high nonrenewal rates in rural communities and insurer losses by incentivizing insurers to remain in higher risk areas while allowing insurers to obtain actuarially sound, cost-based rates. This would not only keep affordable, accessible insurance in rural communities, but would also reduce the number of homeowners dependent on the FAIR Plan, which then allows those residents to obtain whole-home insurance policies.
SB 292 implements the wildfire mitigation provisions for the IMAP program, which is proposed to be created by AB 2167 and establishes advisory and other committees to address wildfire mitigation issues and complex catastrophic modeling issues. The bill would also help establish community-wide home hardening measures, with the help of counties and the insurance industry, among others, so that communities can work with organizations such as Fire Safe Councils and Resource Conservation Districts to help leverage available grants and other programs to help with fire prevention efforts and thus incentivize insurers to continue writing policies in those areas.

Committee Action:

None. This request is brought directly to the full Board of Supervisors for consideration.

Fiscal Impact:

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<th>General Fund Impact:</th>
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<td>Non-General Fund Impact:</td>
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<td>Other Impact:</td>
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Attachments

413/2020 AB 2167 Support Letter
413/2020 SB 292 Support Letter