



COUNTY OF HUMBOLDT

For the meeting of: 10/24/2023

File #: 23-1394

To: Board of Supervisors

From: Supervisor Michelle Bushnell

Agenda Section: Initiated by Board Member

Vote Requirement: Majority

SUBJECT:

Presentation from the California Department of Insurance Regarding the Statewide and Local Impact of Fire Insurance Issues (Supervisor Michelle Bushnell)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Hear the presentation from the California Department of Insurance;
2. Discuss the current issues with fire insurance; and
3. Take appropriate action as needed.

SOURCE OF FUNDING:

General Fund (1100)

DISCUSSION:

Fire insurance in California has become a significant concern in recent years due to the state's history of wildfires and changing environmental conditions. Several issues and challenges have arisen in this regard including:

1. **Wildfire Risk:** Rural California is prone to wildfires and the frequency and intensity of these fires have been increasing. Insurers have become more cautious in underwriting policies for homes in high-risk areas leading to coverage challenges for homeowners.
2. **High Premiums or No Coverage:** Homeowners in wildfire prone areas often face higher premiums which can strain household budgets. In Humboldt and areas across the state insurers have stopped offering coverage altogether.
3. **Non-Renewals:** Insurers are increasingly choosing not to renew policies in high-risk areas, leaving homeowners to search for alternative coverage and vulnerable to significant financial hardships.
4. **Real Estate Market:** The real estate market is being negatively impacted by the lack of availability of fire insurance for their clients. Without insurance, homes are not selling

impacting the overall economic stability of the community.

In response to these and other pressures, the Governor on Sept. 21 issued Executive Order N-13-23 (Attachment 1), requesting the Commissioner of Insurance “to take prompt regulatory action to strengthen and stabilize California’s marketplace for homeowners insurance and commercial property insurance...” On the same day, California Insurance Commissioner Ricardo Lara announced, “a package of executive actions aimed at improving insurance choices and protecting Californians from increasing climate threats while addressing the long-term sustainability of the nation’s largest insurance market.” (Attachment 2).

The Board of Supervisors would like to hear the presentation from the California Department of Insurance regarding the status of these issues and updates on how these issues are being addressed.

FINANCIAL IMPACT:

There is no financial impact to hearing the presentation and discussing the state and local impact of fire insurance.

STRATEGIC FRAMEWORK:

This action supports the following areas of your Board’s Strategic Framework.

Core Roles: Protect vulnerable populations

New Initiatives: Invite civic engagement and awareness of available services

Strategic Plan: N/A

OTHER AGENCY INVOLVEMENT:

California Department of Insurance

ALTERNATIVES TO STAFF RECOMMENDATIONS:

This is a presentation and discussion item. There is no alternative.

ATTACHMENTS:

1. Executive Order N-13-23
2. Insurance Commissioner Lara Sept. 21 Announcement
3. Slides from Commissioner Lara’s Announcement

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: N/A

File No.: N/A