



November 10, 2019

Commissioner Ricardo Lara  
California Department of Insurance  
300 Capitol Mall, Suite 1700  
Sacramento, CA 95814

**Re: Insurance Emergency Declaration Request**

Commissioner Lara,

Under the purview of the existing state of emergency that was created for the unprecedented tree mortality in several regions of the state, as well as the most recent state-wide emergency declaration issued by Governor Gavin Newsom on October 25, 2019, we write to urge you to you to declare an **Insurance Emergency** regarding the lack of available and affordable fire insurance for hundreds of thousands of Californians.

Rural communities, with high wildfire risk due to tree mortality, are facing exponentially escalating costs associated with crisis recovery. Moreover, the absence of urgent actions to prevent continued increases in fire insurance premiums, policy cancellations and non-renewals, and exacerbated recovery costs will be compounded by a lack of insurance coverage. Vulnerable Californian communities have already begun to experience the economic impact that will further diminish available resources to address local government's ability to provide essential services to their residents.

According to the [state of emergency issued in 2014 by former Governor Jerry Brown](#) (tree mortality emergency still in effect), *drought conditions resulting in bark beetle infestations across broad areas have caused vast tree mortality in several regions of the state. Tree die-off of such scale exponentially worsened wildfire risk across large regions of the State. Under the provisions of section 8558(b) of the California Government Code, the Governor found that conditions of extreme peril to the safety of persons and property exist within the State of California due to these emergency events.*

The Governor's Tree Mortality Task Force (TMTF) Insurance Subgroup stakeholders have recognized a connection between the loss of access to affordable and protective fire insurance for homeowners and businesses and the tree mortality emergency. The insurance industry has also clearly stated that their risk modeling and assessments are not based on individual property risk but rather focused on community-wide or region risk. Over the past three years, the TMTF has identified several problems and some solutions have been proposed to the California Department of Insurance (CDI). According to the

CDI 2018 report titled *The Availability and Affordability of Coverage for Wildfire Loss in Residential Property Insurance in the Wildland-Urban Interface and Other High-Risk Areas of California: CDI Summary and Proposed Solutions*, implementation remains a challenge, however, and insurance problems persist in the Wildland Urban Interface (WUI).

Furthermore, with the recent 2017, 2018, and 2019 wildfires (disaster/emergency status declarations) that have caused many fatalities and destruction of thousands of structures, regions across the state of similar geography have been affected with secondary hardships from these disasters, including loss of access to affordable and protective fire insurance for hundreds of thousands of Californians. Over the past year, the Commissioner's office and the Legislature have recognized the insurance emergency for consumers in and near fire emergency/disaster areas. In accordance with the authority provided in the California Insurance Code, former California Insurance Commissioner [Dave Jones, declared an Insurance Emergency](#) Situation (attached) and under the authority of a fire emergency declaration, took steps to protect homeowners in fire emergency/disaster areas.

While long term solutions to mitigate risks and re-stabilize the traditional homeowners insurance markets will take time to bring to fruition, the communities facing the impacts of this emergency situation stand to incur irreparable damage if action to protect homeowners is not taken as soon as possible.

Under the discretionary authority of an emergency declaration, we urge you to take the following actions:

1. Issue a temporary moratorium on fire insurance cancellations & non-renewals for homeowners living within the counties, regions, and zip codes included in the existing Tree Mortality Emergency Zones (Emergency Proclamation effective January 2014 Attached).
2. Work with the Governor's office & Legislature to direct funding to the most heavily impacted counties for the purposes of data collection/analysis, solutions strategy development, and coordination of outreach services.
3. Develop an expedited rate review pipeline for the CDI to review and approve new products and market reentries that will provide coverage within the high-risk areas.
4. Host a meeting comprised of representatives from Fire Districts in impacted areas as well as CAL Fire representatives to discuss necessary revisions to the Fire Suppression Rating Schedule (FSRS) utilized by the Insurance Service Office (ISO) that would more accurately reflect the full scope of fire protection available against potentially devastating wildland fires.
5. Conduct an emergency summit of key insurance industry stakeholders to determine an agreeable path forward that will ensure access to affordable and

protective fire insurance for homeowners and businesses within the emergency area.

We stand ready to assist, as active and collaborative community stakeholders. Should you have any questions or wish to discuss further, you may contact Lauren Hernandez at 530-919-5289 or via email at [HLauren725@gmail.com](mailto:HLauren725@gmail.com).

Thank you for your attention to this matter.



Joshua W. Elder, MD  
Chair  
El Dorado County Democratic Party



Lauren E. Hernandez  
Chair  
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El Dorado County Democratic Party

Number of Enclosures: 2

Cc: Governor Gavin Newsom  
Senator Susan Rubio, Chair, Committee on Insurance  
Assembly Member Tom Daly, Chair, Committee on Insurance  
California Legislative Rural Caucus  
El Dorado County Board of Supervisors

Reply:  
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