



**NEVADA
COUNTY**
CALIFORNIA

BOARD OF SUPERVISORS

Hardy Bullock

Supervisor, 5th District

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NEVADA COUNTY BOARD OF SUPERVISORS
BOARD AGENDA MEMO

MEETING DATE: October 25, 2022

TO: Board of Supervisors

FROM: Hardy Bullock, District 5

SUBJECT: **Letter of Concern regarding the availability and affordability of commercial insurance for Local Fire Authorities and Volunteer Fire Brigades**

RECOMMENDATION: Authorize the Chair to sign letters to Governor Newsom, Insurance Commissioner Ricardo Lara, Senator Dahle, and Assembly Member Dahle requesting urgent action to ensure that local fire districts have access to affordable insurance.

FUNDING: N/A

BACKGROUND: On October 3rd, many of our special districts and volunteer fire departments received notices of either being dropped by their current insurance carriers or of major increases to their insurance premiums. Many were given 28 days to renew their policies or risk losing coverage starting on November 1, 2022.

For example:

- The Volunteer Fire Department of Graniteville received a quote of approximately \$18,000, up from last year's insurance cost of \$6,000, which represents a 200% cost increase. Atwood Insurance broker cited the rationale for the increased costs being due to insurance carriers leaving the California market entirely, and growing concerns over wildfire and employee practices. Due to the increase costs of insurance, the Volunteer Fire Department of Graniteville will be unable to obtain insurance as their annual budget is approximately only \$10,000 and as such will no longer be providing fire suppression/responses services starting October 31, 2022.
- Nevada County Fire Consolidated Fire District reported an increase of 184% from \$49,000 to \$139,000.

- Peardale-Chicago Park Fire Protection District, North San Juan Fire Protection District, and Higgins Area Fire Protection District reported increased hikes of 126%, 105%, and 53% from \$17,000 to \$38,500, \$22,000 to \$45,000, and \$36,000 to \$55,000, respectively.
- The Rough & Ready Fire Protection District reported an insurance premium of \$38,000.
- Penn Valley Fire Protection District has reported an insurance premium of \$41,000.
- At the time of this writing, staff is unaware of the insurance costs associated with the special districts Ophir Hill Fire Protection District, Town of Washington Volunteer Fire Department, and Truckee Fire Protection District.

In an effort to better understand the issue, staff contacted the other fire districts and volunteer fire departments (outside the City of Nevada City and City of Grass Valley), and discovered that the increase of insurance costs is an issue across the community which will require many of the fire authorities to consider lay-offs or other cost-cutting measures overtime if they are unable to absorb increased costs or if costs continue to rise.

Staff has contacted the County's legislative advocates Shaw, Yoder, Antwih, Schmelzer and Lange to schedule a meeting with the California Insurance Commissioner Ricardo Lara. Additionally, staff has also contacted the Rural County Representatives of California (RCRC), California State Association of Counties (CSAC), and representatives of Assembly Member and Senator Dahle.

Given the Board's previous actions and efforts to raise awareness on the issue of availability and affordability of homeowners and commercial wildfire insurance, it is without a doubt that the availability and affordability of required commercial insurance for our fire authorities is critical for the sustainability of fire services and public safety for the entire community. Therefore, I urge the Board to authorize the Chair to sign the attached letter and submit it to California Governor Newsom, Insurance Commissioner Ricardo Lara, Senator Brian Dahle, and Assembly Member Megan Dahle.

Sincerely,

Hardy Bullock
District V Supervisor
County of Nevada