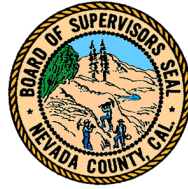


COUNTY OF NEVADA

STATE OF CALIFORNIA

Heidi Hall, 1st District (Vice-Chair)
Ed Scofield, 2nd District
Dan Miller, 3rd District
Susan Hoek, 4th District
Richard Anderson, 5th District (Chair)

Julie Patterson Hunter, Clerk of the Board
Alison Lehman, County Executive Officer
Alison Barratt-Green, County Counsel



BOARD OF SUPERVISORS

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SUMMARY MINUTES - Draft

Date	Time	Location
Thursday, August 22, 2019	6:00 PM	Foothills Event Center 400 Idaho Maryland Road Grass Valley, CA 95945

TOWN HALL MEETING

Special Meeting – Joint Town Hall Meeting with California Insurance Commissioner Ricardo Lara

The following Supervisors present:

Heidi Hall, 1st District
Ed Scofield, 2nd District
Dan Miller, 3rd District
Sue Hoek, 4th District
Richard Anderson, 5th District

SCHEDULED ITEM: 6:00 P.M.

[SR 19-0800](#) Nevada County Town Hall Meeting with California State Insurance Commissioner Ricardo Lara on the availability and affordability of homeowners' wildfire Insurance.

Mayor Lisa Swarthout, City of Grass Valley, called the Joint Town Hall Meeting to order. She welcomed the community and California Insurance Commissioner Ricardo Lara. Mayor Swarthout explained that the meeting was being held to provide the community a forum to learn more about the affordability and availability of homeowner's insurance and an opportunity to ask questions.

Supervisor Dan Miller thanked County staff for coordinating the event, noting that the event was being live streamed and broadcast at the Nevada Country Eric Rood Administrative Center to meet the needs of the event overflow.

Supervisor Miller reported that he serves on the Rural County Representatives of California (RCRC) Homeowner's Insurance Ad Hoc Committee that has been reviewing the availability and affordability of homeowner's insurance in the Wildland Urban Interface (WUI). He reported that the County is working in various ways to prevent and mitigate wildfire, including the launch of the Ponderosa Fuel Break Project.

Supervisor Scofield introduced California State Insurance Commissioner, Ricardo Lara.

Insurance Commissioner Lara explained how recent climate change trends have increased wildfires in California and how that increase has impacted the availability and affordability of homeowner's insurance (HO) in the rural areas of the state.

Commissioner Lara provided a presentation, and reported that the California Department of Insurance recognizes that homeowners, especially in the WUI, are experiencing many of the following issues:

- Nonrenewal/Cancellation: 600% increase in complaints to the Department since 2010.
- Premium Increases: More than 100 rate increases filed by insurance companies in 2017-18.
- Lack of available insurance in the traditional homeowner's and renter's market.
- FAIR Plan (California Fair Access to Insurance Requirements) coverage that is not as comprehensive as traditional homeowner's insurance.
- 10 of the 20 most destructive wildfires in California's history have occurred in the last 3 plus years.
- As risk increases, the cost of insurance increases and the availability of coverage decreases.

Commissioner Lara explained the criteria that Insurance Companies are using and some of the current requirements that must be provided for insureds:

- Insurers consider the very recent past to underwrite and to determine rates for the very near future – with \$25 billion in losses in 2017-2018.
- Insurers traditionally evaluated each home based almost entirely on its own characteristics and condition. That has changed, today, homes must first pass through an evaluation filter based on satellite imagery of the region that evaluates slope, fuel load, type of fuel, and access.
- Eligibility guidelines for new policies and renewals must have an objective relation to the relative loss exposure – they must not be unfairly discriminatory (CIC 1861.05a).

- The insurer must provide 45-day notice of nonrenewal (CIC 678).
- The insurer must provide the applicant or insured with the specific reason for the declination or nonrenewal (CIC 791.10).
- Minimum of two annual renewals required for those with total losses from declared disaster by Governor and one year of continued coverage for homes in areas within or adjacent to a wildfire. In addition, one guaranteed renewal for those homes that did not suffer a total loss but are in the area adjacent to a wildfire (SB 822 Lara). (CIC 675.1).

Underinsurance and nonrenewal issues continue and 45-day notice for nonrenewal seems unfair when there is:

- No consideration of individual tenure or claims history;
- No consideration of pre-fire mitigation;
- No change in the individual risk;
- No clear statewide standard for a fire-resistant structure;
- Insufficient coverage limit issues with FAIR Plan.
- Many homeowners on fixed incomes purchased homes and obtained insurance long before today's convergence of issues were even a minor concern.
- Inaccurate Coverage A (dwelling coverage) estimates contribute to underinsurance.

The best way to increase availability and affordability of homeowner's insurance is to decrease the risk of loss. This includes looking at where we build and investing in pre-disaster prevention and mitigation efforts:

- Building Codes;
- Fire Resistant Modifications;
- Land Use Planning;
- Community-wide Abatement;
- Defensible Space;
- Enhanced Infrastructure;
- Wildfire Sensors.
- Transparency in rates and non-renewals:

Commissioner Lara listed some common sense proposals the the California Department of Insurance is working on:

- SB 824 (Lara) -- requirement for insurer reporting of fire loss data by wildfire risk score, protection class, and ZIP code to create more credible rating data for higher risk homes which are fewer in number;
- Requesting detailed information in insurer rate filings specific to how wildfire risk scores affect rates – for increased transparency in how a homeowner's wildfire risk score affects their premiums;
- Updated non-renewal data to reflect the impact of the 2017 and 2018 fire seasons;
- Ensure insurers write or renew a home that is “hardened” and located in a “wildfire mitigated” community;
- Address underinsurance with complete replacement cost estimate in writing to insureds annually and provide insurance coverage for building code upgrade into compliance with building codes;
- Extend Additional Living Expenses (ALE) to homeowners who suffer partial loss of home and/or suffer from causes due to fire damage of essential infrastructure (e.g. unusable water, inaccessible roads);
- Provide more advance notice to policyholders with additional 180-day notice of policy non-renewal;
- Allow for more flexibility to policyholders in submitting their contents/inventory claims to insurers;
- Seek authority to verify fire risk underwriting models/scores used by insurers;
- Increase policy limits under FAIR Plan and guarantee limit.

The California Department of Insurance is responding in the following ways:

- Strike Team: Starting in August 2019, the Department of Insurance dispatched a Strike Team to areas affected by non-renewals and insurance availability. Department staff will work with your community, connect residents with resources, and assist local governments in assessing and responding to insurance issues. Consumer Hotline: Staffing 1-800-hotline to respond to consumer questions and investigate non-renewals for compliance with laws (1-800-927-4387).
- Notice to Insurers:
- The Department has issued notices to insurers following the 2017 and 2018 fires to make sure claims are handled fairly and to address delays in rebuilding.
- Additional Living Expenses (ALE) and Land Value: Requesting insurers extend ALE and not deduct land value to survivors of 2017 wildfires.
- Out of State Adjusters: Ensuring out of state adjusters comply with our laws.
- Expedited Claims Handling: Urging insurance companies to expedite claims and offer billing grace periods.

- Home Inventory: Urging insurers to waive the requirements of a home inventory.
- Disaster Response:
- Enforcement Efforts: Working alongside local law enforcement to deter contractor fraud and allow access to properties for homeowners and adjusters to expedite claims.
- Local Assistance Centers: Department staff deploy to local shelters and assistance centers alongside other state and local agencies and consumer groups in the aftermath of fires.

Commissioner Lara closed his presentation and thanked the community for attending. He introduced State Deputy Commissioner Tony Cignarale and State Special Counsel Joel Laucher who held a Question & Answer Session.

In closing, Deputy Commissioner Cignarale requested attendees to complete a blue card with any question that was not answered and staff at the Department of Insurance would respond to each card individually within the coming weeks. He thanked everyone for coming to the event and thanked the Nevada County Supervisors for co-hosting the Town Hall Meeting.

ADJOURNMENT:

Meeting Adjourned: 8:03 p.m.

Signature and Attestation

Richard Anderson, Chairman

ATTEST:

By:

Jeffrey Thorsby, Senior Management Analyst