

# COUNTY OF EL DORADO

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July 23, 2019

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

RE: Letter of Concern on Availability and Affordability of Homeowners' Fire Insurance

Dear Commissioner Lara:

On behalf of the El Dorado County Board of Supervisors, I am writing to convey my County's concern over the availability and affordability of fire insurance to homeowners in El Dorado County. My fellow Supervisors and I hear frequent reports from our constituents of skyrocketing insurance premiums or outright cancellation of policies, all because these individuals live in areas identified as elevated or high fire-risk areas. As discussed in the Senate Insurance Committee hearing on May 8 of this year, many more homeowners are at risk of dramatic premium increases or non-renewal.

The catastrophic wildfires occurring in recent years have defined our new normal, and we in El Dorado County stress the need for reexamination by the insurance industry of its methods of assessing risk in California. We urge increased transparency, as well as uniform risk modeling standards, applied industry-wide and addressing the following:

- Individual homeowner fire mitigation efforts (i.e., vegetation management and home hardening)
- Local certification programs (e.g., Boulder, CO's Wildfire Partners Program)
- Neighborhood mitigation programs (e.g., Firewise Communities)
- Regional fire mitigation activities at the state and local levels (e.g., CAL FIRE Fuelbreak projects, increased County hazardous vegetation inspections, etc.)

We encourage the Department of Insurance to work closely with the Governor's Office, and to partner with the California Public Utilities Commission, to build its institutional knowledge and wildfire expertise, as recommended in the Governor's Strike Force report issued April 12, 2019.

The Department might also wish to reevaluate the adequacy of the California Insurance Guarantee Association (CIGA) homeowners coverage limit, which was set by statute in 1978 at \$500,000. If a Consumer Price Index of 2% were applied, the CIGA coverage limit today would be over \$1.1 million.

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Senate Bill 824 (Lara) increased transparency somewhat by requiring admitted insurers to issue biennial reports on specified fire risk information. But we are still hindered by our inability to monitor both consumer access to homeowners insurance and insurers' willingness to provide coverage in given geographic areas.

It is universally accepted that the 3.6 million California homes in the Wildland Urban Interface are at greater risk of the threat of wildfire than in the past. But the way those risks are managed and absorbed remains unclear. We strongly urge you and the Department of Insurance to include county and local governments in the ongoing conversation on the best ways to manage the risks and costs associated with catastrophic events, such as wildfires. Please include El Dorado County as a contributing stakeholder on fire insurance discussions for California homeowners.

Sincerely,

Sue Novasel, Chair  
El Dorado County Board of Supervisors

- c. Honorable Brian Dahle, California State Senate  
Honorable Frank Bigelow, California State Assembly  
Honorable Kevin Kiley, California State Assembly  
Cara Martinson, California State Association of Counties  
Staci Heaton, Rural County Representatives of California