

117TH CONGRESS
2D SESSION

H. R. 8483

To require studies regarding insurance coverage for damages from wildfires,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 21, 2022

Ms. WATERS introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To require studies regarding insurance coverage for damages
from wildfires, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Wildfire Insurance
5 Coverage Study Act of 2022”.

6 **SEC. 2. NATIONAL WILDFIRE RISK ASSESSMENT.**

7 (a) STUDY.—The Administrator of the Federal
8 Emergency Management Agency shall, pursuant to the au-
9 thority under section 1371 of the National Flood Insur-

1 ance Act of 1968 (42 U.S.C. 4122), conduct a study re-
2 garding wildfire risk in the United States to—

3 (1) identify trends in declarations for wildfires
4 under the Fire Management Assistance grant pro-
5 gram under section 420 of the Robert T. Stafford
6 Disaster Relief and Emergency Assistance Act (42
7 U.S.C. 5187), with respect to geography, costs,
8 probability, and frequency of wildfire disasters;

9 (2) identify mitigation practices that would as-
10 sist in reducing premiums for insurance policies cov-
11 ering damages from wildfires;

12 (3) identify existing programs of the Federal
13 Government and State governments that measure
14 wildfire risk and assess their effectiveness in fore-
15 casting wildfire events and informing wildfire re-
16 sponse; and

17 (4) analyze and assess the need for a national
18 map for measuring and quantifying wildfire risk.

19 (b) REPORT.—Not later than the expiration of the
20 12-month period beginning on the date of the enactment
21 of this Act, the Administrator shall submit to the Congress
22 a report regarding the findings and conclusions of the
23 study conducted pursuant to subsection (a), which shall
24 include a recommendation with regard to the need for a
25 national map referred to in subsection (a)(4).

1 **SEC. 3. GAO STUDY REGARDING INSURANCE FOR WILDFIRE**
2 **DAMAGE.**

3 (a) STUDY.—The Comptroller General of the United
4 States, in consultation with the Director of the Federal
5 Insurance Office and State insurance regulators, shall
6 conduct a study to analyze and determine the following:

7 (1) EXISTING STATE OF COVERAGE.—With re-
8 spect to the existing state of homeowners insurance
9 coverage and commercial property insurance cov-
10 erage for damage from wildfires in the United
11 States—

12 (A) the extent to which private insurers
13 have, during the 10-year period ending on the
14 date of the enactment of this Act, increased
15 rates, cost-sharing provisions, or both for such
16 coverage (after adjusting for inflation) and the
17 geographic areas in which such increased rates,
18 cost-sharing, or both applied;

19 (B) the extent to which private insurers
20 have, during the 10-year period ending on the
21 date of the enactment of this Act, refused to
22 renew policies for such coverages and the geo-
23 graphic areas to which such refusals applied;

24 (C) the events that have triggered such in-
25 creased rates and refusals to renew policies;

1 (D) in cases in which private insurers cur-
2 tail coverage, the extent to which homeowners
3 coverage and commercial property coverage are
4 terminated altogether and the extent to which
5 such coverages are offered but with coverage for
6 damage from wildfires excluded; and

7 (E) the extent to which, and circumstances
8 under which, private insurers are continuing to
9 provide coverage for damage from wildfires—

10 (i) in general;

11 (ii) subject to a condition that mitiga-
12 tion activities are taken, such as hardening
13 of properties and landscaping against
14 wildfires, by property owners, State or
15 local governments, park or forest authori-
16 ties, or other land management authorities;
17 and

18 (iii) subject to any other conditions.

19 (2) REGULATORY RESPONSES.—With respect to
20 actions taken by State insurance regulatory agencies
21 in response to increased premium rates, cost-shar-
22 ing, or both for coverage for damage from wildfires
23 and exclusion of such coverage from homeowners
24 policies—

25 (A) the extent of rate regulation;

1 (B) the extent of moratoria on such rate
2 and cost-sharing increases and exclusions and
3 on non-renewals;

4 (C) the extent to which States require
5 homeowners coverage to include coverage for
6 damage from wildfires or make sales of home-
7 owners coverage contingent on the sale, under-
8 writing, or financing of separate wildfire cov-
9 erage in the State;

10 (D) the extent to which States have estab-
11 lished State residual market insurance entities,
12 reinsurance programs, or similar mechanisms
13 for coverage of damages from wildfires;

14 (E) any other actions States or localities
15 have taken in response to increased premium
16 rates, cost-sharing, or both for coverage for
17 damage from wildfires and exclusion of such
18 coverage from homeowners policies, including
19 forestry and wildfire management policies and
20 subsidies for premiums and cost-sharing for
21 wildfire coverage;

22 (F) the effects on the homeownership cov-
23 erage market of such actions taken by States;
24 and

1 (G) the effectiveness and sustainability of
2 such actions taken by States.

3 (3) IMPEDIMENTS IN UNDERWRITING WILDFIRE
4 RISK.—With respect to impediments faced by private
5 insurers underwriting wildfire risk, what is or are—

6 (A) the correlated risks and the extent of
7 such risks;

8 (B) the extent of private insurers' inability
9 to estimate magnitude of future likelihood of
10 wildfires and of expected damages from
11 wildfires;

12 (C) the extent to which need for affordable
13 housing contributes to people relocating to more
14 remote, heavily wooded areas with higher wild-
15 fire risk;

16 (D) the potential for wildfire losses suffi-
17 ciently large to jeopardize insurers' solvency;

18 (E) the extent to which, and areas in
19 which, risk-adjusted market premiums for wild-
20 fire risk are so high as to be unaffordable;

21 (F) the manners in which the Federal Gov-
22 ernment and State governments can alleviate
23 any of these impediments, including through—

24 (i) improved forest management poli-
25 cies to reduce wildfire risk;

- 1 (ii) improved data to estimate risk;
- 2 (iii) relocating homeowners from wild-
3 fire zones;
- 4 (iv) allowing insurers to charge risk-
5 adjusted premiums for wildfire risk, com-
6 bined with subsidized premiums for lower-
7 income homeowners; and
- 8 (v) taking a last-loss position in rein-
9 suring wildfire risk;
- 10 (G) the available policy responses if private
11 insurers exit the wildfire coverage market and
12 the advantages and disadvantages of each such
13 response;
- 14 (H) the effects of lack of wildfire coverage
15 or more expensive wildfire coverage rates, cost-
16 sharing, or both—
- 17 (i) on local communities, including on
18 low- or moderate-income property owners
19 and small businesses;
- 20 (ii) by race and ethnicity;
- 21 (iii) on rebuilding in communities pre-
22 viously damaged by wildfires; and
- 23 (iv) on the demand for wildfire cov-
24 erage by property owners;

1 (I) the effects of potential State prohibi-
2 tions on termination of policies due to wildfire
3 claims on insurer solvency; and

4 (J) the manner in which private insurers
5 are modeling or estimating future wildfire risk.

6 (b) REPORT.—Not later than the expiration of the
7 24-month period beginning on the date of the enactment
8 of this Act, the Comptroller General shall submit to the
9 Congress a report identifying the findings and conclusions
10 of the study conducted pursuant to subsection (a).

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