

118TH CONGRESS
2D SESSION

S. 4969

To require the Government Accountability Office to conduct a study regarding insurance coverage for damages from wildfires, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 1, 2024

Mr. HEINRICH introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To require the Government Accountability Office to conduct a study 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 2024”.

6 **SEC. 2. GAO STUDY REGARDING INSURANCE FOR WILDFIRE**
7 **DAMAGE.**

8 (a) STUDY.—The Comptroller General of the United
9 States, in consultation with the Director of the Federal

1 Insurance Office and State insurance regulators, shall
2 conduct a study to analyze and determine the following:

3 (1) RISK ASSESSMENT.—The extent and nature
4 of wildfire risk in the United States, including—

5 (A) identifying trends in declarations for
6 wildfires under the Fire Management Assist-
7 ance grant program under section 420 of the
8 Robert T. Stafford Disaster Relief and Emer-
9 gency Assistance Act (42 U.S.C. 5187), with
10 respect to geography, costs, probability, and
11 frequency of wildfire disasters;

12 (B) identifying mitigation practices that
13 would assist in reducing premiums for insur-
14 ance policies covering damages from wildfires;

15 (C) identifying existing programs of the
16 Federal Government and State governments
17 that measure wildfire risk and assess their ef-
18 fectiveness in forecasting wildfire events and in-
19 forming wildfire response; and

20 (D) analyzing and assessing the need for a
21 national map for measuring and quantifying
22 wildfire risk.

23 (2) EXISTING STATE OF COVERAGE.—With re-
24 spect to the existing state of homeowners insurance
25 coverage and commercial property insurance cov-

1 erage for damage from wildfires in the United
2 States—

3 (A) the extent to which private insurers
4 have, during the 10-year period ending on the
5 date of the enactment of this Act, increased
6 rates, cost-sharing provisions, or both for such
7 coverage (after adjusting for inflation) and the
8 geographic areas in which such increased rates,
9 cost-sharing, or both applied;

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

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

17 (D) in cases in which private insurers cur-
18 tail coverage, the extent to which homeowners
19 coverage and commercial property coverage are
20 terminated altogether and the extent to which
21 such coverages are offered but with coverage for
22 damage from wildfires excluded; and

23 (E) the extent to which, and circumstances
24 under which, private insurers are continuing to
25 provide coverage for damage from wildfires—

1 (i) in general;

2 (ii) subject to a condition that mitiga-
3 tion activities are taken, such as hardening
4 of properties and landscaping against
5 wildfires, by property owners, State or
6 local governments, park or forest authori-
7 ties, or other land management authorities;
8 and

9 (iii) subject to any other conditions.

10 (3) REGULATORY RESPONSES.—With respect to
11 actions taken by State insurance regulatory agencies
12 in response to increased premium rates, cost shar-
13 ing, or both for coverage for damage from wildfires
14 and exclusion of such coverage from homeowners
15 policies—

16 (A) the extent of rate regulation;

17 (B) the extent of moratoria on such rate
18 and cost-sharing increases and exclusions and
19 on non-renewals;

20 (C) the extent to which States require
21 homeowners coverage to include coverage for
22 damage from wildfires or make sales of home-
23 owners coverage contingent on the sale, under-
24 writing, or financing of separate wildfire cov-
25 erage in the State;

1 (D) the extent to which States have estab-
2 lished State residual market insurance entities,
3 reinsurance programs, or similar mechanisms
4 for coverage of damages from wildfires;

5 (E) any other actions States or localities
6 have taken in response to increased premium
7 rates, cost sharing, or both for coverage for
8 damage from wildfires and exclusion of such
9 coverage from homeowners policies, including
10 forestry and wildfire management policies and
11 subsidies for premiums and cost sharing for
12 wildfire coverage;

13 (F) the effects on the homeownership cov-
14 erage market of such actions taken by States;
15 and

16 (G) the effectiveness and sustainability of
17 such actions taken by States.

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

21 (A) the correlated risks and the extent of
22 such risks;

23 (B) the extent of the inability of private in-
24 surers to estimate magnitude of future likeli-

1 hood of wildfires and of expected damages from
2 wildfires;

3 (C) the extent to which need for affordable
4 housing contributes to people relocating to more
5 remote, heavily wooded areas with higher wild-
6 fire risk;

7 (D) the potential for wildfire losses suffi-
8 ciently large to jeopardize the solvency of insur-
9 ers;

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

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

16 (i) improved forest management poli-
17 cies to reduce wildfire risk;

18 (ii) improved data to estimate risk;

19 (iii) relocating homeowners from wild-
20 fire zones;

21 (iv) allowing insurers to charge risk-
22 adjusted premiums for wildfire risk, com-
23 bined with subsidized premiums for lower-
24 income homeowners; and

1 (v) taking a last-loss position in rein-
 2 suring wildfire risk;

3 (G) the available policy responses if private
 4 insurers exit the wildfire coverage market and
 5 the advantages and disadvantages of each such
 6 response;

7 (H) the effects of lack of wildfire coverage
 8 or more expensive wildfire coverage rates, cost-
 9 sharing, or both—

10 (i) on local communities, including on
 11 low- or moderate-income property owners
 12 and small businesses;

13 (ii) by race and ethnicity;

14 (iii) on rebuilding in communities pre-
 15 viously damaged by wildfires; and

16 (iv) on the demand for wildfire cov-
 17 erage by property owners;

18 (I) the effects of potential State prohibi-
 19 tions on termination of policies due to wildfire
 20 claims on insurer solvency; and

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

23 (b) REPORT.—Not later than the expiration of the
 24 24-month period beginning on the date of the enactment
 25 of this Act, the Comptroller General of the United States

1 shall submit to the Congress a report identifying the find-
2 ings and conclusions of the study conducted pursuant to
3 subsection (a).

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