



## United States Senate

September 24, 2020

Mr. Steven E. Seitz  
Director, Federal Insurance Office  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

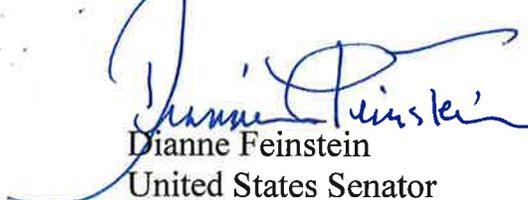
Dear Mr. Seitz:

In light of increasingly devastating wildfires and the growing unaffordability of fire insurance in California and other Western states, I ask that the Federal Insurance Office (FIO) issue a report on the impacts that increased wildfire risk is having, and is likely to have in future years, on private insurance markets. I also ask that this report include recommendations to ensure that home, business, and commercial property insurance covering wildfire-related losses remains available and affordable.

The risk from wildfires in the Western United States has increased dramatically in recent years. This year's wildfires are already the largest on record, having burned more than 3.6 million acres in California alone, and months remain in the annual fire season. Last year, the California Department of Insurance prevented insurers from declining to renew policies for about 800,000 homes in the state. The executive director of the California State Association of Counties recently said that "the marketplace has largely collapsed" for insurance in high-risk areas of California.

As you know, it is among FIO's functions to "monitor all aspects of the insurance industry" and "to consult with the States...regarding insurance matters of national importance." Rising wildfire risk threatens to make home and business insurance unavailable and/or unaffordable to an ever-larger group of Americans, which I believe is a major problem that warrants your attention. I ask that FIO issue a report on the risks involved, including addressing the questions attached to this letter. I thank you in advance for your attention to this matter.

Sincerely,

  
Dianne Feinstein  
United States Senator

*PS. Thank you  
for your  
consideration!*

Enclosure: Questions re: Insurance and Wildfire Risk Report  
WASHINGTON, DC 20510-0504

DF/js

**Attachment: Questions re: Insurance and Wildfire Risk Report**

1. Which significant factors are contributing most to the increased insurance risk of wildfires and losses related to them?
2. Using the best evidence for estimating the future trends for the factors contributing to increased insurance risk of wildfires and wildfire-related losses, how much is that insurance risk likely to change in the future?
3. Given the trend of increasing wildfire risk, is the current private market for property insurance in affected areas sufficiently robust to serve the needs of all consumers? Can the private insurance market offer affordable insurance to the vast majority of individuals and businesses without some kind of federal participation (such as with the National Flood Insurance Program or the Terrorism Risk Insurance Program)?
4. What are the demographic characteristics of Americans who, due to wildfire risk, are most likely to experience major increases in home insurance cost increases due to wildfire risk, or who may no longer be able to purchase adequate fire insurance at all?
5. What programs or other initiatives exist to improve wildfire risk mitigation in areas at risk of wildfire in the United States? How effective have these efforts been in improving the affordability or accessibility of property insurance? Are there additional mitigation approaches that state regulators, state and local governments, Congress, and other policy makers should consider?
6. How well prepared are state insurance regulators and the insurance industry to handle the implications for insurance consumers of increased risk of insured losses from wildfires? What steps could regulators or insurers take to improve their response to addressing the rising risk of wildfires?
7. Are efforts to mitigate wildfire risk for insurance purposes appropriately included or coordinated with efforts to mitigate other disaster- and climate-related risks at the state, local, and federal levels?