

Date of Hearing: April 17, 2024

ASSEMBLY COMMITTEE ON INSURANCE
Lisa Calderon, Chair
AB 2416 (Connolly) – As Amended April 10, 2024

SUBJECT: Residential property insurance: wildfire risk

SUMMARY: Requires the California Department of Insurance (CDI), on or before January 1, 2026 and every three years thereafter, to evaluate CDIs Safer from Wildfires framework to include additional building hardening measures for property-level mitigation efforts and communitywide wildfire mitigation programs. Specifically, **this bill:**

- 1) Requires CDI, as part of its first evaluation, to evaluate whether to update the Safer from Wildfires regulations to include in the regulations the installation of noncombustible construction materials included by the Office of the State Fire Marshal (SFM) on the Building Materials Listing (BML) in any of the following categories:
 - a) Insulation (SFM Listing Category 2440);
 - b) Exterior Wall Siding and Sheathing for Wildland Urban Interface (SFM Listing Category 8140); or,
 - c) Non-Wood Roof Covering/Assemblies for Wildland Urban Interface (SFM Listing Category 8180).
- 2) Allows CDI, in its first evaluation, to evaluate whether to include the installation of additional construction materials included by the Office of the SFM on the BML.
- 3) Requires CDI as part of its evaluation to do both of the following:
 - a) Consult with the Office of Emergency Services, the Department of Forestry and Fire Protection, the Public Utilities Commission, and the Office of Planning and Research to identify additional building hardening measures for property-level mitigation efforts and communitywide wildfire mitigation programs to consider as part of its evaluation.
 - b) Consult with relevant stakeholders to consider as part of its evaluation any potential revisions to the Safer from Wildfires regulations, including all of the following:
 - i) The property insurance industry;
 - ii) Fire service professionals;
 - iii) Fire-resistant building material manufacturers; and,
 - iv) Organizations representing California property insurance policy holders.
- 4) Requires CDI to develop and implement a process that allows public participation that includes, at a minimum, all of the following:

- a) Holding at least one public meeting to allow interested persons to submit suggestions for additional building hardening measures for property-level mitigation efforts and communitywide wildfire mitigation programs for CDI to consider as part of its evaluation;
 - b) Making available for public review and comment, including during at least one public meeting, a preliminary list of building hardening measures for property-level mitigation efforts and communitywide wildfire mitigation programs being considered by CDI for inclusion in the Safer from Wildfires regulations.;
 - c) Making available to the public a final list of building hardening measures for property-level mitigation efforts and communitywide wildfire mitigation programs CDI proposes to include in the list of building hardening measures identified in the Safer from Wildfires regulations before amending the regulations; and,
 - d) Requires, if CDI makes public, a final list of building hardening measures for property-level mitigation efforts and communitywide wildfire mitigation programs to be included in the list of building hardening measures to initiate the Administrative Procedure Act rulemaking process to amend the Safer from Wildfires regulations within 30 days of publishing the final list.
- 5) Defines “building materials listing,” “noncombustible,” “and “Safer from Wildfires regulations.”
- 6) Makes finding and declarations.

EXISTING LAW:

- 1) Provides for the regulation of insurers, agents and brokers, and other insurance-like organizations by the Insurance Commissioner, and imposes a broad range of financial solvency, licensing, and market behavior requirements, as set forth in the Insurance Code.
- 2) Establishes the “Safer from Wildfires” Framework. (Section 2644.9 of Title 10 of the California Code of Regulations)
- 3) Requires the SFM to biennially prepare and publish listings of construction materials and equipment and methods of construction and of installation of equipment, together with the name of any person, firm, corporation, association, or similar organization designated as the manufacturer, representative, or supplier, which are in conformity with building standards relating to fire and panic safety adopted and published in the State Building Standards Code. (Health and Safety Code, Section 13144.1)

FISCAL EFFECT: Unknown

COMMENTS:

- 1) *Purpose:* According to the author, “As the Legislature, Governor, and the Department of Insurance work to solve California’s home insurance crisis, we must focus on providing real benefits and incentives to those who are working their hardest to keep their homes and

families safe from wildfires. The materials outlined in AB 2416 are proven to provide a higher level of safety for structures and help to slow the spread of fire through neighborhoods. This common-sense expansion of the Safer from Wildfire program will be a direct benefit for homeowners, and by incentivizing greater use of noncombustible materials, reduce catastrophic losses, which will then reduce the number and size of claims filed with insurers.”

- 2) *Background: CDI Safer from Wildfires Framework:* In 2022, CDI announced the “Safer from Wildfires” framework, which directs insurers to provide discounts to consumers and businesses if they take specified mitigation measures. In crafting this regulation, CDI worked with emergency preparedness agencies in the Governor’s Administration, including CAL FIRE, Cal OES, the Governor’s Office of Planning and Research, and the California Public Utilities Commission.

The framework provides a list of home and community wildfire mitigation measures that consumers and businesses can take to provide protection for the structure, the immediate surroundings, and the community. Under the regulation, the more “Safer from Wildfires” steps a consumer takes the more they may be able to save on their insurance.

The regulation required insurance companies to submit new rate filings incorporating the wildfire safety standards created by CDI and also requires insurance companies to provide consumers with their property’s “wildfire risk score” and a right to appeal that score. Once the regulation is fully implemented, it should help protect consumers. Steps a consumer can take to help mitigate their property under this framework include:

- Class-A fire rated roof: Most roofs qualify including asphalt shingles, concrete, brick, or masonry tiles, and metal shingles or sheets.
- 5-foot ember resistant zone, including fencing: Removing greenery and replacing wood chips with stone or decomposed granite 5 feet around your home prevents fire from getting a foot in the door.
- Ember- and fire-resistant vents: Installing 1/16 to 1/8 inch noncombustible, corrosion-resistant metal mesh screens over exterior vents can keep wind-blown embers out of your house.
- Non-combustible 6 inches at the bottom of exterior walls: Having a minimum of 6 vertical inches measured from the ground up and from any attached horizontal surface like a deck can stop embers from accumulating and igniting your walls. Noncombustible materials include brick, stone, fiber-cement siding or concrete.
- Enclosed eaves: Installing soffits under your eaves can prevent heat and embers from getting trapped and igniting. When enclosing eaves, non-combustible or ignition resistant materials are recommended.
- Upgraded windows: Multi-paned windows are more resistant to breaking during a wildfire, which helps keep flames from entering. Multi-paned glass or added shutters all qualify.

- Cleared vegetation, weeds and debris from under decks: Noncombustible materials like concrete, gravel, or bare soil are permitted.
- Removal of combustible sheds and other outbuildings to at least a distance of 30 feet: These include sheds, gazebos, accessory dwelling units (ADUs), open covered structures with a solid roof, dog houses and playhouses.
- Defensible space compliance: Following state and local laws requiring defensible space including trimming trees and removal of brush and debris from yard.
- Being safer together: Safer from Wildfires recognizes two community-wide programs, Firewise USA and Fire Risk Reduction Communities as small as 8 dwelling units or as big as 2,500 can create an action plan and start being safer together.

An important document to review as it relates to this measure and goes into great detail about the process CDI went through to create the Safer from Wildfire framework. [Wildfire Mitigation Partnership Summary Document \(ca.gov\)](#)

- 3) *Building materials listing:* According to the State Fire Marshal's Building Materials Listing Program (BML) was initially established to mandate approval and listing of fire alarm systems and devices before their sale or marketing in the state. Over time, it expanded to include various materials, such as roof coverings, wall assemblies, hardware, and more. Product approval involves rigorous testing, and companies must utilize SFM accredited laboratories for testing to list products in California. The SFM listing service provides essential information to building authorities, architects, engineers, contractors, and the fire service. This list is updated every two years.
- 4) *California Wildfire Mitigation Program:* In 2019, AB 38 (Wood), required Cal OES and Cal FIRE to establish a Joint Powers Authority (JPA) to administer the California Wildfire Mitigation Program (CWMP). The purpose of the CWMP is to harden homes and establish defensible space in high risk, socially vulnerable communities; and provide financial assistance for low- and moderate-income households. These efforts encourage cost-effective wildfire resilience and hazard mitigation measures to create fire-resistant homes, businesses, public buildings, and public spaces.
- 5) *Recommended committee amendments:*
 - On page 6, line 24, delete “January 1, 2026” and insert “December 31, 2027”
 - On page 6, line 33- delete “in any of the following”
 - On page 6 delete lines 34-39
 - On page 7 delete lines 1-5 and on line 16, delete “ including all of the following” and delete lines 17-21

REGISTERED SUPPORT / OPPOSITION:

Support

North American Insulation Manufacturers Association

Opposition

American Property Casualty Insurance Association
National Association of Mutual Insurance Companies
Pacific Association of Domestic Insurance Companies
Personal Insurance Federation of California

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