



San Diego County Fire Protection District

GOVERNING BODY

NORA VARGAS
First District

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Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

AGENDA ITEM

DATE: October 22, 2024

FP01

TO: Board of Directors, San Diego County Fire Protection District

SUBJECT

ENHANCING THE FIRE SAFETY OF HOMES WHILE PROVIDING HOMEOWNERS FINANCIAL RELIEF WITH THE COST OF INSURANCE (DISTRICTS: ALL)

OVERVIEW

California is currently facing a home insurance crisis. Although homeowners in the high fire risk areas of San Diego County have experienced significant increases in costs and difficulty with maintaining insurance for the last decade, the problem is now impacting homeowners throughout the region and the State of California. Many insurers have reduced coverage in wildfire-prone areas or exited the state entirely. Several major insurance companies have stopped writing new policies in California while others have significantly increased premiums, leaving homeowners scrambling to find affordable options.

The Insurance Institute for Business & Home Safety (IBHS) has established a program that offers a discount on the cost of insurance to homeowners who apply to participate in this program and meet the fire safety requirements. The IBHS Wildfire Prepared Home program offers two certificate levels – a base and a plus – with the base level being achievable for many homeowners and the plus level setting a standard that is above the current fire code for new construction. To apply, homeowners must pay an application fee of \$125 and pass an inspection. Although the program doesn't address the insurance premium increases, or the reduction in insurance carrier options and insurance cancellations, the discount offers some relief while better safeguarding the home from a wildfire.

In an effort to educate homeowners on the requirements of this program and assist them with the process, we recommend directing the Executive Director of the San Diego County Fire Protection District (SDCFPD) to help facilitate the application and inspection process for the IBHS Wildfire Prepared Home program for SDCFPD residents.

RECOMMENDATION(S)

DIRECTOR JIM DESMOND AND DIRECTOR JOEL ANDERSON

1. Direct the Executive Director of the San Diego County Fire Protection District (SDCFPD) to help facilitate the application and inspection process for county homeowners participating in the Insurance Institute for Business & Home Safety's (IBHS) Wildfire Prepared Home program within SDCFPD.

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EQUITY IMPACT STATEMENT

According to a San Diego Local Agency Formation Commission report, more than 80 percent of the San Diego County Fire Protection District’s (SDCFPD) jurisdictional area qualifies as a disadvantaged unincorporated community. With 79 percent of the unincorporated area also being designated as High or Very High Fire Hazard Severity, many unincorporated area homeowners have experienced significant home insurance policy increases and policy cancellations. These impacts disproportionately affect low-income families, seniors, and those on fixed incomes who may lack the financial resources to pay higher insurance premiums. This can lead to increased economic strain and potential displacement. The recommended actions will encourage cost-effective measures that will better safeguard homes while offering some financial relief from rising insurance policies.

SUSTAINABILITY IMPACT STATEMENT

Effective wildfire risk mitigation helps reduce the frequency and intensity of wildfires, contributing to climate resilience. Furthermore, insurance policy cancellations can undermine sustainable land management practices as homeowners who lack insurance coverage may be less willing or able to invest in sustainable landscaping and land use practices that reduce wildfire risk.

FISCAL IMPACT

There is minimal cost associated with administrative activities related to SDCFPD helping facilitate the application and inspection process for county homeowners participating in the IBHS Wildfire Prepared Home Program which can be absorbed in the current year’s budget. There may be additional fiscal impacts related to future recommendations resulting from the IBHS program. At that time, staff will return to the Board to identify those costs and funding source(s) for consideration and approval and inclusion in future years operational plans for SDCFPD. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

Like homeowners, businesses also face higher insurance premiums and policy cancellations. Businesses without adequate insurance coverage are at greater risk of financial ruin, as insufficient insurance coverage makes it more difficult to recover and re-open after a wildfire. Small businesses may also be affected if their customer base dwindles, further exacerbating economic instability in rural areas.

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

California is currently facing a home insurance crisis. Although homeowners in the high fire risk areas of San Diego County have experienced significant increases and difficulty with maintaining insurance for the last decade, the problem is now impacting homeowners throughout the region and the State of California. Many insurers have reduced coverage in wildfire-prone areas or exited

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the state entirely. Several major insurance companies have stopped writing new policies in California while others have significantly increased premiums, leaving homeowners scrambling to find affordable options.

Before October 2022, there were no regulations requiring insurance companies to incentivize risk reduction efforts. However, the California Department of Insurance (CDI) now requires insurance companies to offer discounts to residential and commercial policyholders under the Safer from Wildfires framework. Under these new regulations, insurance companies must inform policyholders about the wildfire risk factors for their property. The Safer from Wildfires framework outlines the tools and actions that can be taken to reduce risk to help residents maintain or lower their insurance rates.

Every action included in the Safer from Wildfires framework qualifies for an insurance discount. The more actions that policyholders take, the more they can save. These actions include:

- Having a Class A fire-rated roof
- Clearing a 5-foot ember-resistant zone around structures
- Ensuring a noncombustible 6 inch space at the bottom of walls
- Having ember- and fire-resistant vents
- Installing double pane windows or added shutters
- Having enclosed eaves
- Clearing vegetation and debris from under decks
- Moving sheds and outbuildings at least 30 feet away from homes
- Trimming trees and removing brush in compliance with state and local defensible space laws
- Forming a Firewise USA community

Cities, counties, and local districts can become certified as a Fire Risk Reduction Community through the State Board of Forestry & Fire Protection. San Diego County recently applied for this designation and has been included on the 2024 iteration of the list.

CDI has stated that many insurance companies, including the CA FAIR Plan, have already started offering insurance discounts related to these activities, and CDI expects to approve rate filings for more companies by the end of this year.

Although local influence over home insurance costs is limited due to the broader regulatory framework and market dynamics occurring at the state and industry levels, the County can play a role by mitigating risks and enhancing community resilience to fires. These actions are expected to reduce risk factors that insurers consider when assessing premiums.

Wildfire Prepared Home is a wildfire mitigation designation program that aligns with the California Department of Insurance's Safer from Wildfires framework. It is a program of the Insurance Institute for Business & Home Safety (IBHS), which is an independent, nonprofit,

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scientific research and communications organization supported solely by property insurers. The program offers two certificate levels:

- Wildfire Prepared Home Base: Actions include creating a 5-foot home buffer, preparing the home’s exterior, and maintaining the deck/covered porch and yard, typically achieved through retrofits to existing homes.
- Wildfire Prepared Home Plus: These actions build upon Wildfire Prepared Home Base to add an extra layer of home protection, commonly achieved with newer home construction or after exterior home renovations. Examples include covering gutters, enclosing the underside of eaves, and installing metal dryer vents.

Californians owning a 3-story or less, single-family detached house are eligible to apply for one of these designations. There is a \$125 application fee for an evaluator to visit the home, photograph the completed work, and authorize the certificate, if eligible. To receive a designation certificate, the home must meet all requirements listed for the desired certificate level.

The Wildfire Prepared Home program allows for the certificate to be used when determining whether a homeowner is eligible for insurance discounts. As a result of the County’s updates to building codes, newer unincorporated area homes built to those standards likely already meet, or are near meeting, the Wildfire Prepared Home Base designation.

As a homeowner-driven process, homeowners are responsible for ensuring their homes meet the standards, while the Wildfire Prepared Home team is responsible for verifying the work has been completed, and the house qualifies for the program.

Because the San Diego County Fire Protection District (SDCFPD) has a robust fire prevention and inspection program to promote safety in the rural communities, it is in a unique position to assist eligible residents successfully submit their applications. One of the Wildfire Prepared Home program’s biggest hurdles is the ability to schedule the inspections that are necessary to obtain insurance premium relief. If our recommendations are approved, County Fire will identify one existing staff member to support outreach, education, and inspection to facilitate this process in a limited capacity for SDCFPD residents during a two-year trial period. SDCFPD will identify potential applicants through three pools of candidates: new residential building permit customers, California Wildfire Mitigation Program participants, and referrals through the Defensible Space Inspection Program.

ENVIRONMENTAL STATEMENT

N/A

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today’s proposed action to collaborate with the IBHS’ Wildfire Prepared Home program supports the Community, Sustainability and Equity Strategic Initiatives within the County of San Diego’s

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2024-2029 Strategic Plan by working to better safeguard homes to secure more sustainable and affordable property insurance coverage for San Diegans.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jim Desmond".

JIM DESMOND
Director, Fifth District

A handwritten signature in black ink, appearing to read "Joel Anderson".

JOEL ANDERSON
Director, Second District

ATTACHMENT(S)
N/A