

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 7462
OFFERED BY MS. WATERS OF CALIFORNIA**

Strike all after the enacting clause and insert the following:

1 SEC. 1. SHORT TITLE.

2 This Act may be cited as the “Wildfire Insurance
3 Coverage Study Act of 2024”.

**4 SEC. 2. GAO STUDY REGARDING INSURANCE FOR WILDFIRE
5 DAMAGE .**

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

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

12 (A) identifying trends in declarations for
13 wildfires under the Fire Management Assist-
14 ance grant program under section 420 of the
15 Robert T. Stafford Disaster Relief and Emer-
16 gency Assistance Act (42 U.S.C. 5187), with
17 respect to geography, costs, probability, and
18 frequency of wildfire disasters;

1 (B) identifying mitigation practices that
2 would assist in reducing costs and risks for in-
3 surance policies covering damages from
4 wildfires;

5 (C) identifying existing programs of the
6 Federal Government and State governments
7 that measure wildfire risk and assess their ef-
8 fectiveness in forecasting wildfire events and in-
9 forming wildfire response; and

10 (D) analyzing and assessing the need for a
11 national map for measuring and quantifying
12 wildfire risk.

13 (2) EXISTING STATE OF COVERAGE.—With re-
14 spect to the existing state of homeowners insurance
15 coverage and commercial property insurance cov-
16 erage for damage from wildfires in the United
17 States—

18 (A) the extent to which private insurers
19 have, during the 10-year period ending on the
20 date of the enactment of this Act, adjusted
21 rates, policyholder cost-sharing provisions, or
22 both for such coverage (after adjusting for in-
23 flation) and the geographic areas in which ad-
24 justed rates, policyholder cost-sharing, or both
25 have increased;

1 (B) the extent to which private insurers
2 have, during the 10-year period ending on the
3 date of the enactment of this Act, declined to
4 renew policies for such coverages and the geo-
5 graphic areas to which such declinations ap-
6 plied;

7 (C) the events and economic factors that
8 have contributed to any such increased rates
9 and declinations to renew policies;

10 (D) in cases in which private insurers have
11 curtailed their overall wildfire exposure, the ex-
12 tent to which homeowners insurance coverage
13 and commercial property coverage were termi-
14 nated altogether and the extent to which such
15 coverages are still offered but with coverage for
16 damage from wildfires excluded; and

17 (E) the extent to which, and circumstances
18 under which, private insurers are continuing to
19 provide coverage for damage from wildfires—

20 (i) in general;

21 (ii) subject to a condition that mitiga-
22 tion activities are taken, such as hardening
23 of properties and landscaping against
24 wildfires, by property owners, State or
25 local governments, park or forest authori-

1 ties, or other land management authorities;
2 and
3 (iii) subject to any other conditions.

4 (3) REGULATORY RESPONSES.—With respect to
5 actions taken by State insurance regulatory agencies
6 in response to increased premium rates, policyholder
7 cost-sharing, or both for coverage for damage from
8 wildfires or exclusion of such coverage from home-
9 owners insurance policies—

10 (A) the extent to which States have lever-
11 aged their respective authorities to regulate rate
12 increases;

13 (B) the extent to which States have en-
14 acted any moratoria on such rate and policy-
15 holder cost-sharing increases or exclusions and
16 on non-renewals;

17 (C) the extent to which States require
18 homeowners insurance coverage to include cov-
19 erage for damage from wildfires or make sales
20 of homeowners insurance coverage contingent
21 on the sale, underwriting, or financing of sepa-
22 rate wildfire coverage in the State;

23 (D) the extent to which States have estab-
24 lished State residual market insurance entities,

1 reinsurance programs, or similar mechanisms
2 for coverage of damages from wildfires;

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

11 (F) the effects of actions taken by States
12 on the availability, coverage level, and afford-
13 ability of homeowners insurance coverage; and

14 (G) the effectiveness and sustainability of
15 such actions taken by States.

16 (4) CHALLENGES IN UNDERWRITING WILDFIRE
17 RISK.—With respect to the challenges faced by pri-
18 vate insurers underwriting wildfire risk, what is or
19 are—

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

22 (B) the factors affecting the extent of pri-
23 vate insurers' ability to estimate magnitude of
24 future likelihood of wildfires and of expected
25 damages from wildfires;

1 (C) the effects of the need to increase more
2 affordable housing options, which may con-
3 tribute to increased homebuilding in more re-
4 mote, heavily-wooded areas with higher wildfire
5 risk;

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

8 (E) the extent to which, and areas in
9 which, risk-adjusted market premiums for wild-
10 fire risk limit affordability or availability of cov-
11 erage for consumers;

12 (F) the effects of various existing and po-
13 tential State and Federal Government responses
14 to help address these challenges and mitigate
15 wildfire risk, including actions such as—

16 (i) improved forest management poli-
17 cies;

18 (ii) improved data to estimate risk;

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

21 (iv) offsetting a portion of insurers'
22 charged risk-adjusted premiums with
23 means-tested government affordability pro-
24 grams for lower income homeowners;

1 (v) encouraging the increased use of
2 private reinsurance and other risk-sharing
3 mechanisms by insurers to better diversify
4 wildfire risk; and

5 (vi) developing programs that offset
6 the costs of wildfire risk for consumers and
7 industry;

8 (G) the available policy responses if private
9 insurers exit the wildfire coverage market and
10 the potential advantages and disadvantages of
11 each such response;

12 (H) the effects of the availability and af-
13 fordability of wildfire coverage, policyholder
14 cost-sharing, or both, on—

15 (i) local communities that are dis-
16 proportionately vulnerable to wildfires, in-
17 cluding on low- or moderate-income prop-
18 erty owners and small businesses;

19 (ii) rebuilding in communities pre-
20 viously damaged by wildfires;

21 (iii) the availability and affordability
22 of housing supply; and

23 (iv) the demand for wildfire insurance
24 coverage 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 12-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).

