

## Union Calendar No.

118<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 7462

[Report No. 118-]

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

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### IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 26, 2024

Ms. WATERS introduced the following bill; which was referred to the  
Committee on Financial Services

MARCH --, 2024

Reported with an amendment, committed to the Committee of the Whole  
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on February 26, 2024]

# **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 Cov-*  
5 *erage 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 In-*  
10 *surance Office and State insurance regulators, shall conduct*  
11 *a study to analyze and determine the following:*

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

14 *(A) identifying trends in declarations for*  
15 *wildfires under the Fire Management Assistance*  
16 *grant program under section 420 of the Robert*  
17 *T. Stafford Disaster Relief and Emergency As-*  
18 *sistance Act (42 U.S.C. 5187), with respect to ge-*  
19 *ography, costs, probability, and frequency of*  
20 *wildfire disasters;*

21 *(B) identifying mitigation practices that*  
22 *would assist in reducing costs and risks for in-*  
23 *surance policies covering damages from wildfires;*

24 *(C) identifying existing programs of the*  
25 *Federal Government and State governments that*

1           *measure wildfire risk and assess their effective-*  
2           *ness in forecasting wildfire events and informing*  
3           *wildfire response; and*

4                     *(D) analyzing and assessing the need for a*  
5           *national map for measuring and quantifying*  
6           *wildfire risk.*

7           (2) *EXISTING STATE OF COVERAGE.*—*With re-*  
8           *spect to the existing state of homeowners insurance*  
9           *coverage and commercial property insurance coverage*  
10          *for damage from wildfires in the United States—*

11                     *(A) the extent to which private insurers*  
12           *have, during the 10-year period ending on the*  
13           *date of the enactment of this Act, adjusted rates,*  
14           *policyholder cost-sharing provisions, or both for*  
15           *such coverage (after adjusting for inflation) and*  
16           *the geographic areas in which adjusted rates,*  
17           *policyholder cost-sharing, or both have increased;*

18                     *(B) the extent to which private insurers*  
19           *have, during the 10-year period ending on the*  
20           *date of the enactment of this Act, declined to*  
21           *renew policies for such coverages and the geo-*  
22           *graphic areas to which such declinations ap-*  
23           *plied;*

1           (C) *the events and economic factors that*  
2           *have contributed to any such increased rates and*  
3           *declinations to renew policies;*

4           (D) *in cases in which private insurers have*  
5           *curtailed their overall wildfire exposure, the ex-*  
6           *tent to which homeowners insurance coverage*  
7           *and commercial property coverage were termi-*  
8           *nated altogether and the extent to which such*  
9           *coverages are still offered but with coverage for*  
10          *damage from wildfires excluded; and*

11          (E) *the extent to which, and circumstances*  
12          *under which, private insurers are continuing to*  
13          *provide coverage for damage from wildfires—*

14                 (i) *in general;*

15                 (ii) *subject to a condition that mitiga-*  
16                 *tion activities are taken, such as hardening*  
17                 *of properties and landscaping against*  
18                 *wildfires, by property owners, State or local*  
19                 *governments, park or forest authorities, or*  
20                 *other land management authorities; and*

21                 (iii) *subject to any other conditions.*

22          (3) *REGULATORY RESPONSES.—With respect to*  
23          *actions taken by State insurance regulatory agencies*  
24          *in response to increased premium rates, policyholder*  
25          *cost-sharing, or both for coverage for damage from*

1        *wildfires or exclusion of such coverage from home-*  
2        *owners insurance policies—*

3                *(A) the extent to which States have lever-*  
4                *aged their respective authorities to regulate rate*  
5                *increases;*

6                *(B) the extent to which States have enacted*  
7                *any moratoria on such rate and policyholder*  
8                *cost-sharing increases or exclusions and on non-*  
9                *renewals;*

10               *(C) the extent to which States require home-*  
11               *owners insurance coverage to include coverage*  
12               *for damage from wildfires or make sales of home-*  
13               *owners insurance coverage contingent on the sale,*  
14               *underwriting, or financing of separate wildfire*  
15               *coverage in the State;*

16               *(D) the extent to which States have estab-*  
17               *lished State residual market insurance entities,*  
18               *reinsurance programs, or similar mechanisms*  
19               *for coverage of damages from wildfires;*

20               *(E) any other actions States or localities*  
21               *have taken in response to increased premium*  
22               *rates, policyholder cost-sharing, or both for cov-*  
23               *erage for damage from wildfires or exclusion of*  
24               *such coverage from homeowners policies, includ-*  
25               *ing forestry and wildfire management policies*

1           *and subsidies for premiums and cost-sharing for*  
2           *wildfire coverage;*

3           *(F) the effects of actions taken by States on*  
4           *the availability, coverage level, and affordability*  
5           *of homeowners insurance coverage; and*

6           *(G) the effectiveness and sustainability of*  
7           *such actions taken by States.*

8           *(4) CHALLENGES IN UNDERWRITING WILDFIRE*  
9           *RISK.—With respect to the challenges faced by private*  
10          *insurers underwriting wildfire risk, what is or are—*

11          *(A) the correlated risks and the extent of*  
12          *such risks;*

13          *(B) the factors affecting the extent of private*  
14          *insurers' ability to estimate magnitude of future*  
15          *likelihood of wildfires and of expected damages*  
16          *from wildfires;*

17          *(C) the effects of the need to increase more*  
18          *affordable housing options, which may contribute*  
19          *to increased homebuilding in more remote, heav-*  
20          *ily-wooded areas with higher wildfire risk;*

21          *(D) the potential for wildfire losses suffi-*  
22          *ciently large to jeopardize insurers' solvency;*

23          *(E) the extent to which, and areas in which,*  
24          *risk-adjusted market premiums for wildfire risk*

1           *limit affordability or availability of coverage for*  
2           *consumers;*

3                   *(F) the effects of various existing and poten-*  
4           *tial State and Federal Government responses to*  
5           *help address these challenges and mitigate wild-*  
6           *fire risk, including actions such as—*

7                           *(i) improved forest management poli-*  
8                           *cies;*

9                           *(ii) improved data to estimate risk;*

10                           *(iii) relocating homeowners from wild-*  
11           *fire zones;*

12                           *(iv) offsetting a portion of insurers'*  
13           *charged risk-adjusted premiums with*  
14           *means-tested government affordability pro-*  
15           *grams for lower income homeowners;*

16                           *(v) encouraging the increased use of*  
17           *private reinsurance and other risk-sharing*  
18           *mechanisms by insurers to better diversify*  
19           *wildfire risk; and*

20                           *(vi) developing programs that offset the*  
21           *costs of wildfire risk for consumers and in-*  
22           *dustry;*

23                           *(G) the available policy responses if private*  
24           *insurers exit the wildfire coverage market and*



1           *the potential advantages and disadvantages of*  
2           *each such response;*

3                   *(H) the effects of the availability and af-*  
4           *fordability of wildfire coverage, policyholder cost-*  
5           *sharing, or both, on—*

6                           *(i) local communities that are dis-*  
7                           *proportionately vulnerable to wildfires, in-*  
8                           *cluding on low- or moderate-income prop-*  
9                           *erty owners and small businesses;*

10                           *(ii) rebuilding in communities pre-*  
11                           *viously damaged by wildfires;*

12                           *(iii) the availability and affordability*  
13                           *of housing supply; and*

14                           *(iv) the demand for wildfire insurance*  
15                           *coverage by property owners;*

16                           *(I) the effects of potential State prohibitions*  
17                           *on termination of policies due to wildfire claims*  
18                           *on insurer solvency; and*

19                           *(J) the manner in which private insurers*  
20                           *are modeling or estimating future wildfire risk.*

21           *(b) REPORT.—Not later than the expiration of the 12-*  
22           *month period beginning on the date of the enactment of this*  
23           *Act, the Comptroller General shall submit to the Congress*  
24           *a report identifying the findings and conclusions of the*  
25           *study conducted pursuant to subsection (a).*