

**[DISCUSSION DRAFT]**118TH CONGRESS  
1ST SESSION**H. R.** \_\_\_\_\_

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

Ms. WATERS introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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**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  
5 Coverage Study Act of 2023”.

1 **SEC. 2. GAO STUDY REGARDING INSURANCE FOR WILDFIRE**  
2 **DAMAGE.**

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

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

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

16 (B) identifying mitigation practices that  
17 would assist in reducing premiums for insur-  
18 ance policies covering damages from wildfires;

19 (C) identifying existing programs of the  
20 Federal Government and State governments  
21 that measure wildfire risk and assess their ef-  
22 fectiveness in forecasting wildfire events and in-  
23 forming wildfire response; and

24 (D) analyzing and assessing the need for a  
25 national map for measuring and quantifying  
26 wildfire risk.

1           (2) EXISTING STATE OF COVERAGE.—With re-  
2           spect to the existing state of homeowners insurance  
3           coverage and commercial property insurance cov-  
4           erage for damage from wildfires in the United  
5           States—

6                   (A) the extent to which private insurers  
7                   have, during the 10-year period ending on the  
8                   date of the enactment of this Act, increased  
9                   rates, cost-sharing provisions, or both for such  
10                  coverage (after adjusting for inflation) and the  
11                  geographic areas in which such increased rates,  
12                  cost-sharing, or both applied;

13                   (B) the extent to which private insurers  
14                   have, during the 10-year period ending on the  
15                   date of the enactment of this Act, refused to  
16                   renew policies for such coverages and the geo-  
17                  graphic areas to which such refusals applied;

18                   (C) the events that have triggered such in-  
19                   creased rates and refusals to renew policies;

20                   (D) in cases in which private insurers cur-  
21                   tail coverage, the extent to which homeowners  
22                   coverage and commercial property coverage are  
23                   terminated altogether and the extent to which  
24                   such coverages are offered but with coverage for  
25                   damage from wildfires excluded; and

1 (E) the extent to which, and circumstances  
2 under which, private insurers are continuing to  
3 provide coverage for damage from wildfires—

4 (i) in general;

5 (ii) subject to a condition that mitiga-  
6 tion activities are taken, such as hardening  
7 of properties and landscaping against  
8 wildfires, by property owners, State or  
9 local governments, park or forest authori-  
10 ties, or other land management authorities;  
11 and

12 (iii) subject to any other conditions.

13 (3) REGULATORY RESPONSES.—With respect to  
14 actions taken by State insurance regulatory agencies  
15 in response to increased premium rates, cost-shar-  
16 ing, or both for coverage for damage from wildfires  
17 and exclusion of such coverage from homeowners  
18 policies—

19 (A) the extent of rate regulation;

20 (B) the extent of moratoria on such rate  
21 and cost-sharing increases and exclusions and  
22 on non-renewals;

23 (C) the extent to which States require  
24 homeowners coverage to include coverage for  
25 damage from wildfires or make sales of home-

1 owners coverage contingent on the sale, under-  
2 writing, or financing of separate wildfire cov-  
3 erage in the State;

4 (D) the extent to which States have estab-  
5 lished State residual market insurance entities,  
6 reinsurance programs, or similar mechanisms  
7 for coverage of damages from wildfires;

8 (E) any other actions States or localities  
9 have taken in response to increased premium  
10 rates, cost-sharing, or both for coverage for  
11 damage from wildfires and exclusion of such  
12 coverage from homeowners policies, including  
13 forestry and wildfire management policies and  
14 subsidies for premiums and cost-sharing for  
15 wildfire coverage;

16 (F) the effects on the homeownership cov-  
17 erage market of such actions taken by States;  
18 and

19 (G) the effectiveness and sustainability of  
20 such actions taken by States.

21 (4) IMPEDIMENTS IN UNDERWRITING WILDFIRE  
22 RISK.—With respect to impediments faced by private  
23 insurers underwriting wildfire risk, what is or are—

24 (A) the correlated risks and the extent of  
25 such risks;

1 (B) the extent of private insurers' inability  
2 to estimate magnitude of future likelihood of  
3 wildfires and of expected damages from  
4 wildfires;

5 (C) the extent to which need for affordable  
6 housing contributes to people relocating to more  
7 remote, heavily wooded areas with higher wild-  
8 fire risk;

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

11 (E) the extent to which, and areas in  
12 which, risk-adjusted market premiums for wild-  
13 fire risk are so high as to be unaffordable;

14 (F) the manners in which the Federal Gov-  
15 ernment and State governments can alleviate  
16 any of these impediments, including through—

17 (i) improved forest management poli-  
18 cies to reduce wildfire risk;

19 (ii) improved data to estimate risk;

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

22 (iv) allowing insurers to charge risk-  
23 adjusted premiums for wildfire risk, com-  
24 bined with subsidized premiums for lower-  
25 income homeowners; and

1 (v) taking a last-loss position in rein-  
2 suring wildfire risk;

3 (G) the available policy responses if private  
4 insurers exit the wildfire coverage market and  
5 the advantages and disadvantages of each such  
6 response;

7 (H) the effects of lack of wildfire coverage  
8 or more expensive wildfire coverage rates, cost-  
9 sharing, or both—

10 (i) on local communities, including on  
11 low- or moderate-income property owners  
12 and small businesses;

13 (ii) by race and ethnicity;

14 (iii) on rebuilding in communities pre-  
15 viously damaged by wildfires; and

16 (iv) on the demand for wildfire cov-  
17 erage by property owners;

18 (I) the effects of potential State prohibi-  
19 tions on termination of policies due to wildfire  
20 claims on insurer solvency; and

21 (J) the manner in which private insurers  
22 are modeling or estimating future wildfire risk.

23 (b) REPORT.—Not later than the expiration of the  
24 24-month period beginning on the date of the enactment  
25 of this Act, the Comptroller General shall submit to the

- 1 Congress a report identifying the findings and conclusions
- 2 of the study conducted pursuant to subsection (a).