



County of Monterey

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May 13, 2024

Honorable Josh Becker
California State Senate
1021 O Street, Room 7250
Sacramento, CA 95814

Re: SB 1060 (Becker) Property insurance underwriting: risk models. – SUPPORT

Dear Senator Becker,

The County of Monterey is proud to support your measure Senate Bill (SB) 1060. This measure places new requirements on risk models employed by insurers for the purposes of underwriting property insurance. Specifically, a property insurer that uses to risk models for underwriting purposes to ensure that those models account for wildfire risk reduction associated with hazardous fuel reduction, home hardening, defensible space, and fire prevention activities for properties, communities, and landscape.

In the past decade, counties have a disproportionate percentage of residents who have had their residential property insurance nonrenewed due to wildfire risk. A large majority of California communities are in high or very high hazard severity zones and have seen both dramatic premium increases and drastic spikes in non-renewals. While many residents understand that higher costs for coverage will be the new standard under higher wildfire threats, many of them have had to resort to the FAIR Plan for fire insurance coverage and have been effectively priced out of California's whole-home coverage market.

In recent months, California residents are finding that even after bringing their properties to the highest wildfire mitigation standards, many are still finding it difficult and even impossible to find coverage in the admitted market due to how insurers are calculating risk under current modeling practices. Regardless of their fire safety status, we are hearing from residents who are being told they cannot be insured simply because of the ZIP code in which they live, or other arbitrary factors that have nothing to do with the actual mitigation efforts by the policy holder or the community in which they live.

The County of Monterey supports transparency and increased oversight of the modeling practices used by insurers to issue and rate policies for homeowners across California. SB 1060 would aid residents looking to keep or obtain insurance policies in high wildfire risk areas by requiring insurers to employ risk models for underwriting purposes that account for wildfire risk reduction associated with hazardous fuel reduction, home hardening, defensible space, and fire prevention activities at both the parcel level as well as community-wide. By utilizing models that more correctly account for community and parcel-level mitigation efforts, insurers will have a more complete picture of the actual wildfire risk of each property owner, which will enable them to make more informed decision about renewals, rate-setting and market saturation.



For these reasons, the County of Monterey supports SB 1060. Should you have any questions, please feel free to contact Monterey County's Public Policy Advisor, Ashley Walker of Nossaman LLP at 916-442-8888.

Sincerely,

DRAFT

Glenn Church, Chair
Board of Supervisors

cc: The Honorable Anna Caballero, 14th Senate District
The Honorable John Laird, 17th Senate District
The Honorable Robert Rivas, 29th Assembly District
The Honorable Dawn Addis, 30th Assembly District
California State Association of Counties (CSAC)
Rural County Representatives of California (RCRC)