

## Union Calendar No. 489

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

# H. R. 7462

[Report No. 118-589]

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

JULY 18, 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).*

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