

United States Senate

WASHINGTON, DC 20510

July 17, 2024

Mr. Steven E. Seitz
Director
Federal Insurance Office
United States Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Director Seitz:

I write to express my serious concerns about the decreasing availability of insurance coverage for homeowners in northern Nevada impacted by wildfires and other extreme weather events. Homeowners across the country, and particularly in Nevada, are facing significant threats to their property from more frequent and severe wildfires as a result of persistent drought conditions. At the same time, homeowners' insurance premiums are rising across the nation, and in some areas, providers are dropping out of the marketplace entirely, making it extremely challenging for homeowners to prepare for catastrophic wildfire events. In northern Nevada, which is home to millions of acres of dry forests, the specter of wildfires looms large for far too many homeowners, some of whom can no longer afford insurance. Given the Federal Insurance Office's (FIO) responsibility to monitor the insurance sector and identify gaps in access for underserved communities, it is critical that your office work to address the impact of rising homeowners' insurance costs and decreasing accessibility on Nevada homeowners.

In recent years, the costs associated with wildfires have skyrocketed. According to some estimates, wildfires in the United States cause between \$394 billion and \$893 billion in damage each year, including \$14.8 billion in insurance payouts.¹ To compensate for these expenses, insurers are raising rates on homeowners – in 2023, the average premium rate increase for homeowners' insurance was 11.3 percent – or pulling out of states entirely, dropping tens of thousands of customers from their insurance plans in the process. The cascading effects of an unstable insurance marketplace have the potential to reverberate throughout the entire economy, causing unimaginable financial hardship for hardworking families throughout the country.

As the Senator for a wildfire-prone Western state, I am deeply concerned that my constituents, who are the most vulnerable to these types of natural disasters, are being left behind. Without access to affordable insurance products - or insurance products altogether - the most at-risk homeowners are left with sky-high insurance premiums, insufficient coverage, or no protection at all. As most mortgage lenders require homeowners to maintain insurance, losing coverage could threaten homeowners' ability to stay in their homes. As wildfire seasons become lengthier and more unstable, it is critical that Nevada homeowners have access to the affordable insurance coverage they need to protect their financial future and stay in their communities. While recent initiatives – such as FIO's plan to collect data on climate risks more broadly– are a step in the

¹ <https://www.jec.senate.gov/public/index.cfm/democrats/2023/10/climate-exacerbated-wildfires-cost-the-u-s-between-394-to-893-billion-each-year-in-economic-costs-and-damages>

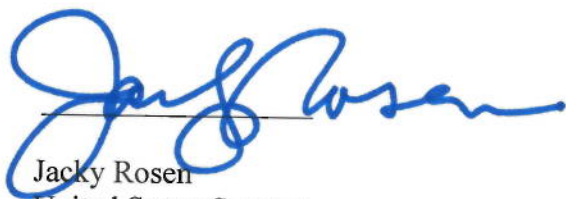
right direction, more must be done to better understand the link between wildfires and rising insurance premiums so that policymakers, agencies, and stakeholders can take action to lower costs and increase coverage options.

For the above reasons, I respectfully request responses to the following questions:

1. Is FIO aware of the decreased availability and affordability of home insurance in wildfire-prone areas? If so, what steps is your office taking to mitigate the impact on affected homeowners?
2. By what process, if any, is FIO notified when insurers cancel home insurance policies or stop providing coverage in an area?
3. By what process, if any, are policyholders notified when insurers cancel home insurance policies or stop providing coverage in an area?
4. What steps, if any, does FIO take to connect homeowners whose policies have been canceled to other operating insurers in their area, including providing information on state-run plans?
5. Given FIO's authority to monitor the insurance sector, what data is FIO collecting related to insurance availability and affordability in wildfire-prone areas, including the frequency of private insurers dropping wildfire coverage and the severity of insurance premium increases?
6. Has the FIO looked into best practices for homeowners in fire prone areas to harden their homes, mitigate risk, and ultimately make their homes more insurable?

I appreciate your consideration of this critically important issue and look forward to your response within the next 30 days.

Sincerely,



Jacky Rosen
United States Senator