



RURAL COUNTY REPRESENTATIVES
OF CALIFORNIA

August 3, 2020

The Honorable Tom Daly
Member, California State Assembly
State Capitol, Room 3120
Sacramento, CA 95814

**RE: Assembly Bill 2167 – SUPPORT
As Amended July 30, 2020**

Dear Assembly Member Daly:

On behalf of the Rural County Representatives of California (RCRC), I am writing to express our support for your Assembly Bill 2167, which would create the Insurance Market Action Plan (IMAP) program to help alleviate homeowners insurance nonrenewals in high fire risk areas of the state. RCRC is an association of thirty-seven rural California counties, and the RCRC Board of Directors is comprised of elected supervisors from those member counties.

RCRC member counties have a disproportionate percentage of residents who have had their residential property insurance nonrenewed due to wildfire risk in the past five years. A large majority of our communities are in high hazard severity zones and have seen both dramatic premium increases and drastic spikes in nonrenewals. While many rural 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 Access to Insurance Requirements (FAIR) Plan for fire insurance coverage and have been effectively priced out of California's whole-home coverage market.

We also have an acute understanding of the challenges faced by the insurance industry in California, which is suffering unprecedented levels of losses due to the state's "new wildfire normal." RCRC is aware that California's average homeowners insurance policy ranks among the lowest half in the nation, while insurers see some of their highest loss ratios in our state. no concept of how to go about obtaining alternate coverage once their plans are nonrenewed, and sometimes turn to the FAIR Plan before exhausting other options that could be more affordable.

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By establishing the IMAP program, AB 2167 would provide a viable solution for both high nonrenewal rates in rural communities and insurer losses by incentivizing insurers to remain in higher risk areas while allowing insurers to obtain actuarially sound, cost-based rates. This would not only keep affordable, accessible insurance in rural communities, but would also reduce the number of homeowners dependent on the FAIR Plan, which then allows those residents to obtain whole-home insurance policies. We also believe that since the bill retains the authority of the California Insurance Commissioner to approve IMAP rate requests, this will help ensure that rates are maintained at a sound level and below what policyholders would otherwise incur under the FAIR Plan.

For the above reasons, RCRC supports your AB 2167. If you should have any questions, please do not hesitate to contact me at sheaton@rcrcnet.org or (916) 447-4806.

Sincerely,

A handwritten signature in black ink, appearing to read "Staci Heaton", written in a cursive style.

STACI HEATON
Senior Regulatory Affairs Advocate

cc: Members of the Senate Insurance Committee
Consultant, Senate Insurance Committee
Tim Conaghan, Consultant, Senate Republican Caucus
The Honorable Ricardo Lara, California Insurance Commissioner