



## Overview

The increased frequency and intensity of wildfires is putting insurance at risk for [homeowners](#) and industries such as utilities. For utilities, [wildfires can cause](#) damage or destroy power lines, substations, and other critical infrastructure. Utilities are finding it [incredibly difficult and expensive](#) to obtain coverage along with existing insurance [premiums skyrocketing](#). As wildfire risk increases, insurers are pulling out of high-risk states, leaving homeowners without coverage options. In places where insurers have stayed, homeowners are at risk of their [premiums spiking](#) as insurers struggle to cover increasing costs. In some cases, homeowners and utilities might be left to [operate without insurance](#).

## Policy Options

- **California A.B. 1054 (enacted 2019):** Takes steps to enforce utility safety standards, and assess when and how costs arising from utility-caused wildfires can be passed on to ratepayers. It also provides tools for utilities to manage liabilities, including options for debt management and a more substantial catastrophic wildfire fund.
- **Hawaii S.R. 79 (enacted 2024):** Resolution requesting the Insurance Commissioner to research and initiate discussions with stakeholders about establishing a Wildfire Insurance Compact to address the increasing wildfire risks exacerbated by climate change.
- **Oregon S.B.82 (enacted 2023):** Mandated that insurers provide detailed notices to policyholders if a homeowner insurance policy is canceled, not renewed, or if premiums are increased due to wildfire risk. Prohibited the use of state-published wildfire risk maps as a basis for canceling, non-renewing, or increasing premiums on homeowner insurance policies.

## State Highlight: California FAIR Plan - Insurer of Last Resort

The California Fair Access to Insurance Requirements (FAIR) Plan was [established in 1968](#) by the Governor and legislature to ensure that all homeowners can obtain basic home insurance coverage, [regardless of their risk level](#). This plan became the state's insurer of last resort for homeowners unable to obtain it from a traditional insurance carrier due to high wildfire risk. California's FAIR Plan [offers basic coverage](#) through a shared market where licensed insurance companies agree to share the risk of California homeowners who do not qualify for voluntary coverage.

## KEY POINTS

- Financial implications of wildfires [extend beyond direct damage](#) to infrastructure, legal liabilities can run upwards to billions of dollars, further driving up insurance costs and affecting the financial stability of utility companies.
- Wildfires have diminished real estate values anywhere from [\\$67.5 to \\$337.5 billion a year](#).

## Other Resources

- **California FAIR Plan Property Insurance:** [California FAIR Plan](#)
- **Wildfire Fund Administrator:** [California Wildfire Fund](#)

