

# Idaho Wildfire Loss Mitigation Proposal

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**Goal:** To stabilize the property insurance market by reducing risk to carriers.

**Problem:** Wildfires have posed a significant threat to homeowners and to those that insure them. As a result, carriers have been taking the following actions which impact Idahoans.

1. Leaving the state, the property market, or no longer writing new business.
2. Restricting underwriting and reducing their footprint.
3. Utilizing models that are reflective of wildfire but not of actual losses.
4. Non-renewing thousands of Idahoans.
5. Significantly raising premiums.

Additionally, as this happens, a concentration risk is created, forcing the rest of the market to react negatively.

**Solution:** There are several free-market solutions to address the issue. One successful approach utilized in the southeast with hurricanes has been a fortified property program. Those programs help property owners fortify their property, which reduces the risk of loss and makes the property more insurable.

Our proposal creates that program in Idaho, using existing dollars and revenue. Unlike those states, no general fund dollars are used. The funding would come from excess fees (DOI and Surplus Lines) and excess premium taxes. It is revenue collected from carriers, but relief that is paid back to the consumer.

## Common Questions:

1. Doesn't this just help those who are wealthy and live in the wildland interface?
  - a. *No, the wealthy already do mitigation. Data shows the largest increases and the most non-renewals took place in places in Urban and agricultural areas: Canyon County, Gem County, and Payette County.*
  
2. Is this an expansion of government?
  - a. *No, this would be managed with existing resources by the DOI. The fees and taxes are already being collected and are likely to grow. Revenue projections for the state budget are flat due to volatility.*
  
3. Why not just reduce fees and premium taxes?
  - a. *While reduction is always attractive, it would not result in a reduction of premium or a reduction of risk.*
  
4. Is this reallocation of funds from those who pay to those who don't?
  - a. *No, everyone is contributing, and everyone will benefit from a reduction of risk and increased carrier competition.*
  
5. How can I be assured that if I fortify my property, it will result in a reduction in costs?
  - a. *This is a more challenging question. Success will be achieved in several ways.*
    - i. *The perception that Idaho is addressing the problem.*
    - ii. *More carriers in the market that offer property coverage.*
    - iii. *Properties are being hardened, resulting in fewer losses.*
    - iv. *Models considering fortification in communities.*
    - v. *Carriers agree to offer discounts for fortification.*