
SENATE COMMITTEE ON INSURANCE

Senator Susan Rubio, Chair

2021 - 2022 Regular

Bill No:	AB 2238	Hearing Date:	June 22, 2022
Author:	Luz Rivas		
Version:	June 13, 2022 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Brian Flemmer		

SUBJECT: Extreme Heat: statewide extreme heat ranking system

DIGEST: Requires the California Environmental Protection Agency (CalEPA), in coordination with the Integrated Climate Adaptation and Resiliency Program (ICARP), the State Department of Public Health (DPH), and the California Department of Insurance (CDI), to develop a statewide extreme heat ranking system.

ANALYSIS:

Existing law:

- 1) Requires the Natural Resources Agency (Agency) to update its climate adaptation strategy, the Safeguarding California Plan, by July 1, 2017, and every three years thereafter, by coordinating adaptation activities among lead state agencies in each sector.
- 2) Requires the Office of Planning and Research (OPR) to establish a technical advisory group to help state agencies incorporate climate change impacts into planning and investment decisions.
- 3) Establishes ICARP within OPR to coordinate regional, local and state efforts to adapt to climate change. Requires ICARP to:
 - a) Pursue an emphasis on climate equity across sectors and strategies that benefit both greenhouse gas emissions reductions and adaptation efforts;
 - b) Require program efforts including, but not limited to, working with and coordinating local and regional efforts for climate adaptation and resilience; and
 - c) Maintain a data clearinghouse on climate change and climate adaptation for the purposes of facilitating state and local policy decisions.
- 4) Pursuant to the Governor's Proclamation of a State of Emergency on July 30, 2021, related to record-breaking and extreme heat events in the state, suspends certain permitting requirements to allow increased energy production during extreme heat events. Requires the Air Resources Board (ARB) to develop and implement a plan to mitigate the effects of additional emissions allowed under the Proclamation. The Climate Heat Impact Response Program (CHIRP) establishes reporting requirements for utilities and power plants and provides a framework for mitigating emission increases during extreme heat events.

- 5) Requires the Insurance Commissioner (IC) to convene a working group on catastrophic risks associated with climate change and to recommend market mechanisms to invest in natural infrastructure that can reduce the risk of climate change related to catastrophes. (SB 30, Chapter 614, Statutes of 2018)

This bill:

- 1) On or before January 1, 2024, requires CalEPA, in coordination with ICARP, the DPH, and CDI, to develop the extreme heat ranking system based on:
 - a) Available meteorological data from government and academic sources, including maximum temperature, minimum temperature, and duration of extreme heat events;
 - b) Information and data on health impacts of heat established through best available science or data from past heat and extreme heat events, including available mortality and morbidity information;
 - c) Measures of extreme heat severity, including on human health; and,
 - d) Locally relevant information.
- 2) Requires the heat ranking system to include:
 - a) Recommendations on thresholds or triggers for public policies that reduce the risk of extreme heat impacts;
 - b) Recommendations for metrics to measure short term and long term impacts of extreme heat on human health; and
 - c) Consideration information reported by CDI, as specified.
- 3) After the system is finalized, requires ICARP to:
 - a) Develop a public communication plan for the system in consultation with the Office of Emergency Services (OES), DPH, and with input from local governments, tribal organizations, labor organizations, environmental organizations, and community groups, including from vulnerable communities;
 - b) Recommend partnerships with local and tribal governments and develop statewide guidance for local and tribal governments in the preparation and planning for extreme heat events; and,
 - c) Review the heat ranking system and recommend specific heat adaptation measures that could be linked to the statewide extreme heat ranking system and identify how the statewide extreme heat ranking system aligns with additional extreme heat adaptation policies established by ICARP.
- 4) On or before July 1, 2024, requires CDI to post on its website and deliver a study to the Agency, ICARP, and legislative policy committees with jurisdiction over natural resources, environmental quality, insurance, and the budget that:

- a) Identifies past extreme heat events with different duration, maximum temperature, humidity, and measurable health impacts.
 - b) Analyzes the past extreme heat events identified pursuant to paragraph (a) above to determine the effectiveness of insurance coverages, including types of insurance policies and their costs and payouts, and that evaluates insurance gaps among racial and socioeconomic groups that face disproportionate impacts from extreme heat, to prevent losses or help communities plan public health initiatives related to combating the effects of extreme heat.
 - c) Identifies insurance options that will support the specific adaptation, preparedness, and resilience measures developed pursuant to the plan.
 - d) Draws information from local and regional heat mitigation plans and initiatives.
 - e) Incorporates local input to identify local heat risks that are or have historically been uninsured and determine the barriers encountered by local governments that are trying to use insurance or other financing tools, including, but not limited to, heat-index-triggered parametric insurance, catastrophe bonds, and resilience bonds, to fund or support heat risk mitigation or adaptation strategies.
 - f) Includes recommendations for overcoming the barriers identified and details key elements of potential model local heat risk transfer mechanisms.
- 5) Defines “extreme heat” as increasing temperatures and other meteorological conditions that could result in extreme heat waves, heat health events, heat watches or warnings, advisory from the National Weather Service, OES, a county health officer, or proclamation of state of emergency by the Governor.

Background

According to the Author:

California’s most vulnerable communities disproportionately suffer from the impacts of climate change, and extreme heat events. To better help local governments and residents prepare for these life-threatening weather events, early and advanced warning is needed. Much like the ranking of severe storms, a ranking system for extreme heat waves would provide a clear communication tool for warning vulnerable communities of impending and dangerous heat events. A heat wave ranking system would help local and state governments better target resources and prepare their response efforts.

Advance warnings provide local governments the opportunity to properly deploy their response efforts and provide a window of opportunity for protecting property, avoiding harm, and ultimately saving lives. For example, early warning of an approaching hurricane often prompts boarding up windows and placing sandbags. California’s “red flag” warnings for wildfire conditions and the National Oceanic and Atmospheric Association’s tropical storm and hurricane naming system could serve as templates for the state to rank heat waves.

California is uniquely positioned to lead the nation in establishing the first ever-ranking system for heat waves, a system that will be used to proactively protect people's lives and property.

CDI Climate Insurance Working Group. CDI released a report in July of 2021 focused on the climate change exacerbated perils of wildfire, extreme heat, and flood, titled, "Protecting Communities, Preserving Nature, and Building Resiliency: How First-of-its-Kind Climate Insurance Will Help Combat the Costs of Wildfires, Extreme Heat, and Floods." The report emphasizes that 65% of economic losses caused by natural catastrophes in the last decade have been uninsured, and highlights that improving the financial resiliency necessary for coping with the impacts of climate change requires California make closing the disaster insurance gap a priority.

The report notes that the overall well-being of a community, measured in social and economic recovery after a disaster, is greatly increased by the uptake of insurance. The report mentions that community level insurance pools, including the use of parametric insurance, which pays out based on set parameters whether or not there is a loss, could be one tool to provide funds for unexpected disaster costs.

For instance, the report mentions nature based solutions such as identifying a communal asset that has insurable value, this could include a nature park or a community's forested land, or anything that attracts tourism, and then protecting that asset through parametric insurance. In this way, a community could use the insurance policy to secure the revenue a communal asset brings in strengthening the local economy by ensuring funds to promote resilience or repair the community asset are available.

Parametric policies can pay out based on almost any parameter, such as the number of red flag warnings, or if a fire perimeter enters a designated area. Similarly, communities could structure parametric insurance to pay out based on the number of days a certain temperature is reached, and use that funding to offset the costs of extreme heat such as by offsetting their budget for deploying emergency cooling centers.

2021 Climate Adaptation Strategy.

Released by the California Natural Resources Agency, the 2021 climate adaptation strategy includes an Extreme Heat Action Plan, which serves as an update to the 2013 report. The Plan includes "strategic and comprehensive" state actions that can be taken to address extreme heat, including:

- Implementing a statewide public health monitoring system to identify heat illness events early, monitor trends, and track illnesses and deaths;
- Cooling schools in heat-vulnerable communities and support climate smart planning;
- Accelerating heat readiness and protection of low-income households and expanding tree canopy in communities most impacted by extreme heat;
- Protecting vulnerable populations through increased heat risk-reduction strategies and codes, standards, and regulations;
- Building a climate smart workforce through training partnerships and apprenticeships in jobs and careers that address extreme heat;
- Increasing public awareness to reduce risks posed by extreme heat;

- Supporting local and regional extreme heat action; and
- Protecting natural systems, including fish and wildlife, from the impacts of extreme heat.

The state adopted a \$15 billion climate package in 2021 to combat the climate crisis, including \$800 million over three years to address the impacts of extreme heat and \$300 million over two years to support the implementation of the Plan. Programs to address the impacts of extreme heat include urban greening, energy assistance for low-income families, community resilience centers, and low-income weatherization. The Governor's proposed 2022-23 budget includes approximately \$175 million in the second year of investments for extreme heat programs.

Related/Prior Legislation

AB 2076 (L. Rivas, 2022) would establish the Extreme Heat and Community Resilience Program to coordinate state efforts and support local and regional efforts to prevent or mitigate the impact of and public health risks of heat. Would require the Department of Public Health to establish and maintain an Extreme Heat Hospitalization and Death Reporting System for the purpose of assisting local interventions and identifying and protecting heat-vulnerable or other at-risk populations.

AB 585 (L. Rivas, 2021) would have established the Extreme Heat and Community Resilience Program through the ICARP to coordinate the state's efforts to address extreme heat and the urban heat island effect and to provide financial and technical assistance to local or regional entities for improving resilience to extreme heat and urban heat island effects.

SB 30 (Lara, Chapter 614, Statutes of 2018) required the Commissioner to establish a working group to examine issues related to climate change, resilience, and insurance (The Climate Insurance Working Group).

ARGUMENTS IN SUPPORT:

The Labor Federation writes in support:

In 2016, the California Labor Federation co-sponsored legislation establishing an indoor heat standard to better protect workers from this growing hazard. Prior to that effort, we also participated in the process of updating the outdoor heat standard. We and other groups successfully petitioned the Occupational Safety and Health Standards Board (OSHSB) to better protect workers from wildfire smoke, another hazard that gets worse every year as the effects of climate change worsen. Through these and other campaigns, we have worked to refocus the labor movement on the severe risks all workers face as temperatures climb and extreme heat events grow more severe and more frequent.

...AB 2238 (L. Rivas) directs Cal/EPA to coordinate with the Integrated Climate Adaptation and Resiliency Program (ICARP) and the Department of Insurance (CDI) to create a statewide extreme heat ranking system. The bill then requires ICARP to conduct further work on informing the public

about this system and recommending specific heat adaption measures to mitigate the harm caused by extreme heat. In doing so, this bill will produce better outcomes and improved working conditions for those workers affected by extreme heat.

CDI, the sponsor of this measure, writes in support:

Many communities in California are experiencing the impacts of extreme heat. In 2020, Los Angeles reached temperatures as high as 121 degrees -- the highest temperature ever recorded in Los Angeles County -- causing an increase of ten times the normal number of emergency room visits. And in 2021, the Coachella Valley had its hottest year ever recorded with temperatures reaching 123 degrees. Looking forward, California's latest Climate Assessment projects hotter, longer, and more frequent heat events. In Los Angeles, from 1980 to 2000, there were an average of 6 extreme heat days; by 2050, that number is predicted to be 22 days per year. An early warning system would promote advance preparation and avoid some future heat impacts, reducing state costs over time, promoting public health, and saving lives.

SUPPORT:

California Department of Insurance (Sponsor)
AARP
Adrienne Arsht - Rockefeller Foundation Resilience Center
Audubon California
California Council of the American Society of Landscape Architects
California Environmental Voters
California Labor Federation, Afl-cio
CivicWell
Clean Power Alliance of Southern California
Climate Resolve
Environmental Defense Fund
Los Angeles City Councilmember, Paul Krekorian
Los Angeles Urban Cooling Collaborative
Neighborhood Legal Services of Los Angeles County
Nextgen California
Treepeople
USC Schwarznegger Institute
20 Individuals

OPPOSITION:

None on file.

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