

**TESTIMONY OF MIKE PETERSON FOR CALIFORNIA DEPARTMENT  
OF INSURANCE BEFORE SENATE COMMITTEE ON INSURANCE  
“WILDFIRE RESILIENCE: INNOVATION IN MITIGATION”  
INFORMATIONAL HEARING ON THURSDAY, MARCH 17, 2022  
UPON ADJOURNMENT OF SENATE FLOOR SESSION  
IN SENATE CHAMBER, STATE CAPITOL AND VIRTUAL ONLINE**

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Hello, my name is Mike Peterson, Deputy Commissioner on Climate and Sustainability at the California Department of Insurance. Thank you for inviting me to speak to the Senate Insurance Committee today.

Wildfire risks have always been part of California’s history, but in the last few years we have tragically seen new records for loss of life, acres burned, and losses of homes and buildings. The severity, costs and losses from wildfires in the last three years have been widely reported by researchers, the press, and government agencies.

Today I was asked by the Committee to focus my comments on the path we have charted at the Department of Insurance to reduce wildfire risks and how that plan compliments the existing programs at our state emergency management and wildfire responses agencies.

Both home and community hardening are crucial to reducing losses and saving lives.

But, what actions should each homeowner take and how should they bind together with their community to reduce wildfire risks?

Insurance Commissioner Ricardo Lara has held meetings with thousands of Californians across 36 counties. He heard from homeowners and businesses that desperately wanted to protect themselves and their communities

For new homes, California has important building codes related to wildfire safety, known as the Chapter 7A Building codes. However, for existing homes that were not built to these standards, we need a consistent and clear approach to reducing risk.

Three years ago, less than 7 percent of the homeowners insurance market had access to insurance incentives, namely premium discounts, for having taken home hardening actions.

It is difficult to incentivize broad-scale wildfire mitigation measures without consistent and achievable guidance to homeowners and communities.

To clarify the incentives to adapt our communities to more intense, higher severity wildfires, Commissioner Lara held the first Investigatory Hearing on Wildfires in October 2020 and then a Virtual Public Meeting on Wildfire Risk Reduction in December 2020, including experts from CAL FIRE, insurance actuaries, the University of California, and

from the Institute for Business and Home Safety and the National Association of Insurance Commissioners.

In February, 2021, [Commissioner Lara announced](#) the Wildfire Partnership between the California Department of Insurance and Governor Gavin Newsom's Administration, including the Governor's Office of Emergency Services (Cal OES), the California Department of Forestry and Fire Protection (CAL FIRE), the Governor's Office of Planning and Research (OPR), and the California Public Utilities Commission (CPUC) to establish consistent, statewide home and community hardening actions that are applicable to insurance incentives.

The Wildfire Mitigation Partnership had intra-agency meetings to identify alignment of programs and then met with consumer groups, wildfire experts, and insurance trade associations to inform our discussions.

One year later, on February 14, 2022 the [Wildfire Mitigation Partnership announced](#) Safer from Wildfires – [a new framework](#) for wildfire safety that will help save lives and protect existing homes and businesses.

The contributions from all agencies have been essential – and from consumers and researchers outside government as well.

United Policyholders, whose Wildfire Risk and Asset Protection proposal was a tremendous asset to our process, and Amy Bach from United Policyholders will testify later on this panel. And also the work of the Insurance Institute for Business and Home Safety (IBHS) who developed the Wildfire Prepared Home program, which aligns with the Safer from Wildfires Framework.

I am now going to walk through the Safer from Wildfires framework.

We established three layers of protection –

- for the structure
- for the immediate surroundings
- for the community as a whole

For Protection the structure, the Safer from Wildfires Framework focuses on:

- Class-A Fire rated roof
- Maintain a 5 foot ember-resistant zone around a home (including fencing within 5 feet)
- Noncombustible 6 inches at the bottom of exterior walls
- Ember and fire-resistant vents
- Upgraded windows (Double paned or added shutters)
- Enclosed eaves

To reduce wildfire risk in the immediate surroundings, the Safer from Wildfire Framework identifies:

- Cleared vegetation and debris from under decks
- Removal of combustible sheds and other outbuildings from the immediate surroundings of the home, to at least a distance of 30 feet
- Defensible space compliance (including trimming trees, removal of brush and debris from yard, and compliance with state law or local ordinances)

For working together as a community, the Wildfire Mitigation Partnership recognized several important community mitigation elements:

A clearly defined boundary and a local risk assessment in consultation with the local fire district or state fire agency, an identified evacuation route and plan, and clear funding sources to implement community mitigation activities and meet risk reduction goals.

One such example of a community designation is a [Firewise USA community](#) in good standing (recognized by the National Fire Protection Association), with an updated risk assessment and updated community action plan.

Looking forward, the Wildfire Mitigation Partnership also identified the Fire Risk Reduction Community designation as established in Public Resources Code 4290.1, which is currently under development by the Board of Forestry and Fire Protection.

**In closing, I have three points I would like to underscore:**

First, making communities safer saves lives and reduces losses.

Second, because risk drives the price and availability of insurance, when we reduce risks will see an improvement on both price and access to insurance for people who have wildfire risk.

Third, as a result of work over the past three years, we have 17 homeowners insurance companies today – and counting – offering discounts for home-hardening actions. These companies represent 40 percent of the market, up from 7% just three years ago.

The Safer from Wildfires framework provides additional clarity and a consistent approach to strengthen incentives further, making communities safer and more resilient.

Having identified these points of consensus, we are focusing on putting this framework into action through public engagement and education, including during Wildfire Preparedness Month in May.

Thank you.