

## STATEMENT OF PURPOSE

RS31831 / H0017

The purpose of this legislation is to address the challenges consumers are facing in obtaining affordable property coverage due to potential wildfire risk.

Insurers across the country are contracting or withdrawing from certain areas due to the risk of wildfire. Some states have seen a significant number of carriers leave the entire state. The issue is driven due to the number of forest fires, the high volume of properties damaged by wildfires in other states, the high cost of reinsurance to mitigate the risk and the inflationary cost to replace structures. As insurers contract, it causes market instability and consolidation risk. Other insurers are forced to reconsider their market share. Insurers who stay in the market face consolidation issues which could create solvency issues.

The proposal aims to improve and stabilize the market through the creation of an Idaho Wildfire Risk Mitigation and Stabilization Pool and board. It is modeled after mitigation pools and programs in other states. It will provide grants to assist consumers in hardening their homes for the risk of fires, and also look for other ways to utilize the non-general fund sources to stabilize the property insurance market in Idaho.

### FISCAL NOTE

There is no negative fiscal impact to the state or any local units of government. There is a positive impact to the economy if rates are stabilized and coverage is more accessible. There is an additional positive impact as homes are hardened and saved from wildfire.

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**DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).**