

STATEMENT OF PURPOSE

RS32863 / H0619

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 significantly raising rates, reducing risk or withdrawing from communities 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 withdraw, it causes market instability and consolidation risk to those insurers remaining. 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 Fortified Property Fund. It is modeled after similar fortified programs in other states. It will provide grants to assist consumers in hardening their property for the risk of fires. Thereby reducing risk and encouraging carriers to insure that property at a lower rate.

FISCAL NOTE

There is minimal ongoing fiscal impact for the Department of Insurance. There is a small reduction in premium tax diverted to the general fund. There is no negative fiscal impact to any local units of government. There is a positive impact to the state and local units of government as properties are fortified, insurance is accessible and affordable, as wildfire losses are reduced.

Contact:

Dean Cameron, Director
Idaho Department of Insurance
(208) 334-4206

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).