

The Honorable Ricardo Lara
Commissioner, California Department of Insurance
320 Capitol Mall
Sacramento, CA 95814

January xx, 2025

Dear Commissioner Lara,

We, the Napa County Board of Supervisors, write to share our appreciation of your actions since the issuance by Governor Newsom of Executive Order N-13-23 in September, 2023 and to reinforce our continued commitment to working with the State to address the property insurance crisis in California. We are following with great interest the execution of your comprehensive plan to address this crisis. Governor Newsom's call to action and your ongoing response demonstrate that California's leaders understand the gravity of the present situation, particularly in light of the significant demands on the FAIR Plan posed by the fires in Los Angeles County.

The property insurance crisis is particularly acute in Napa County, where the number of FAIR Plan policyholders since 2019 has ballooned by 803%. There were 252 FAIR Plan policyholders in Napa County in 2019, representing just six percent of the residential parcels in high and very high fire hazard severity zones countywide. There are now at least 2,277 FAIR Plan policyholders countywide, representing fifty-three percent of high and very high fire risk residential parcels. This explosive growth, combined with the FAIR Plan's unsustainably high exposure to loss, gives us cause for serious concern. Substantial growth in the admitted market is needed to stabilize the FAIR Plan in the future.

We were therefore gratified to see that you similarly recognized the acuity of the issues with the property insurance market in Napa County by including it on your initial list of distressed counties and by including eleven of the thirteen zip codes in the County on your initial list of undermarketed commercial zip codes.

We understand that other counties have written to Governor Newsom seeking the declaration of a state of emergency for this crisis. We agree with the impetus for their communiques. But it is not clear to us that the suspension of regulations that such a declaration would permit would create the kind of long-term structural changes needed to fix the root causes of this crisis. We are choosing instead to engage directly with you to express our appreciation for your swift action and to convey our understanding that the implementation of these reforms will take time.

While we understand that it will take time for the effects of these reforms to be fully seen, we are using that lead time proactively to mitigate the impact of wildfire throughout Napa County by investing tens of millions of dollars in up-front costs for fire protection services, home hardening efforts, and landscape-scale vegetation management. Our desired return on this investment is to be sufficiently competitive for insurers to bring new business to Napa County that reaches the 85% and 5% growth thresholds for Napa County individually, meaning approximately 3,600 new admitted market policies countywide. We expect that growth to include a significant number of

FAIR Plan policyholders, whose neighborhoods will directly benefit from our investments. For this reason, we were encouraged by the allowance of catastrophe modeling, which will allow insurers to take into account the effects of the mitigation dollars we are investing into their future rate proposals. We will expect insurers to uphold their statewide 85% and 5% growth commitments for residential and commercial properties, respectively, and will do everything in our power to make Napa County an appealing and safe place for this new business.

Thank you for your efforts, and we will remain engaged and in touch as your Sustainable Insurance Strategy progresses.

With regards,

Anne Cottrell
District 3
Chair
Napa County Board of Supervisors

Amber Manfree
District 4
Vice Chair

Joelle Gallagher
District 1

Liz Alessio
District 2

Belia Ramos
District 5