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May 9, 2022

The Honorable Anthony Rendon
California State Assembly
1021 O Street, Room 8330
Sacramento, CA 95814

The Honorable Toni Atkins
California State Senate
1021 O Street, Room 8518
Sacramento, CA 95814

Dear Speaker Rendon and pro Tempore Atkins:

I am writing to respectfully request that the 2022-23 Budget Act include a one time investment of \$5 billion to incentivize home hardening in high wildfire risk areas and a one time investment of \$5 billion to establish a state Catastrophic Wildfire Reinsurance Fund. These two requests are essential to prepare and respond to the year round wildfire risk that threatens families and homes across California.

The climate crisis has redefined our approach to wildfire prevention and mitigation efforts necessary to stop widespread loss of life and property. We must take advantage of the state's current budget surplus to make lasting investments necessary to prevent future destruction. Homeowners, especially those in rural or suburban communities must take proactive steps to reduce their own risk of wildfire by increasing defensible space around their home.

A homeowner that invests in science-based home hardening stands a higher chance of surviving a wildfire than homes that do not. Large-scale home hardening is an essential tool to reduce wildfire-caused losses now and into the future. This \$5 billion request will incentivize science-based home hardening by offering homeowners grants of up to \$10,000 to reduce their property's wildfire risk and reduce the potential spread of wildfires in high-risk fire zones across California.

As we have seen over the past several years, insurance companies are canceling or non-renewing insurance policies, raising premiums, or threatening insolvency due to increased wildfire risks in California. This additional \$5 billion request would establish the Catastrophic Wildfire Reinsurance Fund, a state administered reinsurance program to provide a stable and ongoing source of reimbursement to insurers for catastrophic wildfire losses. This fund, based on my legislation, AB 1522 (2022) will be the last line of insurance protection and will cover all insured losses over a certain amount occurring during the annual wildfire season. As wildfires become larger and more destructive, no insurer or financial entity in the future will be willing to assume wildfire liability risks unless the State of California can provide a framework and structure to limit exposure and bring stability and predictability to the California property insurance market.

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We have to do more than the bare minimum as California wildfires become hotter, faster and more devastating. We must harness our state's economic health to make lasting investments that will reduce homeowner risk to wildfire loss and help to stabilize the insurance marketplace. This \$10 billion total investment is a necessary down payment as part of our state's broader work to address the climate crisis and the devastating economic impacts of wildfires in California.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "Marc Levine". The signature is written in a cursive, flowing style.

MARC LEVINE

cc: Keely Bosler, Department of Finance