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Lauren,

BBIS is working closely with Burbank City Council member Cindy Pease and CA State Senators on creating a legislation to Subsidize Insurance Premiums for High Risk Fire Areas in CA. We have been working for the last couple months and are at the point where our bill has been drawn, now we need to create a buzz and drive the legislation to the top of the charts with constituent involvement.

Please send this link and e-mail to any and all homeowners within the community. Have them petition to the state of CA for relief from this issue. We are hoping through our efforts we can receive some subsidy from the state due to the unprecedented situation we find ourselves in. This subsidy could be put towards clearing brush and / or performing other fire preventative measures on the community which in turn could help lower premiums and create the marketplace for increased coverage limit availability.

We are asking for supporters of the “Subsidy for Insurance Premiums for High Fire Risk Areas In California” contact the senators office at the following e-mail address:

CA State Capitol Office

Tara McGee – [Tara.McGee@sen.ca.gov](mailto:Tara.McGee@sen.ca.gov)

Arda Tchakian – [Arda.Tchakian@sen.ca.gov](mailto:Arda.Tchakian@sen.ca.gov)

Please keep in mind, this is a petition for all common interest developments working through this issue. Please provide this e-mail to any and all other associations you are aware of dealing with the spiking in insurance rates and decreased coverage amounts accordingly.

**WE ARE STRONGER, TOGETHER!**

Regards,

Brian P. Berg

BBIS, Inc.

President / CEO

888-791-7069 Ext. 420

949-439-7872 Cellular

877-203-6958 Fax

CA - 25950 Acero, Ste. 345, Mission Viejo, CA 92691

NV - 10161 Park Run Dr., Ste. 150, Las Vegas, NV 89145

[www.bbisinc.com](http://www.bbisinc.com)

A Professional Insurance Associates, Inc. Affiliate

Note: BBIS, Inc. does not accept ACH Payments.

# LEGISLATIVE PROPOSAL REQUEST

**A typical Senate office receives more than 100 requests for legislation each year. Although many of these proposals are meritorious, Senate Rules only allows a Member of the Senate to author no more than 40 bills in a two-year period. To assist Senator Portantino in evaluating legislative proposals, he requests that you respond to each item below. No proposal will be considered unless all of the following information is provided (to the best you can answer).**

1. **PROPOSAL SUMMARY.** Please describe the proposal in one sentence.

I am respectfully proposing that the state of California offer a financial subsidy to qualified applicants living in the highest risk fire zones who currently struggle to obtain and pay for fire insurance coverage that continues to substantially increase in expense for over the past three years.

2. **PROBLEM.** Please describe the problem(s) that the proposal would address (please be specific, with supporting data and sources).

The ongoing three-year drought has resulted in limited ability to water and maintain the original landscape environments in communities in Southern California. The extended record-high temperatures over this time have now dried out the ground water needed to maintain plant life. The dead trees and brush resulting from the drought fuel fires that easily occur from the dry, hot weather conditions. As a result, fire risk zones as mapped by insurance companies have exponentially grown for 11 million Californians.

Current insurance regulations do not cap or mandate the premiums for established coverage and these companies all respond to the theory of supply and demand. Homeowner Associations and other group communities are required by laws to carry such insurance coverages and are at the mercy of brokers and related organizations. Residents within these associations are forced to pay the ever-increasing fees no matter the impact to their daily lives.

Attachments include fire risk maps, lists of insurance denials, water reduction notices and more.

3. **SOLUTION.** Please describe the proposal and how the proposal would address the problem (please be specific, citing existing law if possible)

The basic proposal would be to offer a temporary subsidy for a limited number of years that would allow residents in the highest risk fire areas to obtain fire insurance. Acknowledging that homeowners will still need to meet the challenge of higher premiums, the temporary relief would accomplish the following:

- Ensure that coverage from losses is paid by insurance companies and not the state.

- Associations would be required to use part of the differential received from subsidies to transition from transitional landscaping to desert and drought resistant planting, further reducing fire risk and property damage.
  - Residents and associations with large tracks of land would have to demonstrate compliance with state regulations and provide current proof of brush clearing to mitigate fire risks.
4. **COST.** Please describe the estimated cost of proposal and identify the entity that would pay for the proposal. If state would pay, please identify a source for the funding and where you would recommend cutting state spending to pay for the proposal.

Projection based on an actual budget model

Utilizing the current actual premiums based on a large association of 863 residents, the annual cost per resident for fire insurance is \$1,000 each. A 30% subsidy for a one year would cost the State \$300 per resident. Assuming homeowners associations represent 10% of the 11 million Californians in the highest risk fire areas, the result would be a two year subsidy of \$660 million (\$330m each year). These funds would be provided to associations based on applications, and would require follow up proof of compliance to brush clearance and the installation of more drought resistant landscaping. Funds are to come from the State's general fund reserves.

The justification for this bill is that it would reduce fire damage within then State, resulting in savings incurred by the lower cost of fire-fighting and other emergency activities.

5. **ORGANIZATIONAL SUPPORT.** Please describe the likely organizations that would support the proposal.

This proposal would be supported by individual homeowners and members of the many community associations living in high risk fire areas.

6. **ARGUMENTS IN SUPPORT.** Please identify the top three arguments in support of the proposal.
1. The subsidy would require ongoing maintenance for brush clearance and the transition to desert landscaping. This would reduce fire risk.
  2. This reduced fire risk will allow insurance companies to offer fire insurance coverage at lower premiums and would allow more residents to afford coverage.
  3. The lower fire risk would also reduce the financial outlay from the State for disaster relief and the use of desert drought resistant landscaping would reduce water usage.

7. **ORGANIZATIONAL OPPOSITION.** Please describe the likely organizations that would oppose the proposal.

Groups that oppose government spending beyond the bare minimum to keep the State functioning.

8. **ARGUMENTS IN OPPOSITION.** Please identify the top three arguments in opposition to the proposal.

1. Despite funding coming from the State's general reserve, some will be concerned that the proposal will require an increase in taxes.
2. Despite funding coming from the State's general reserve, some will be concerned that the proposal will require cutbacks in other programs.
3. Some will argue that insurance companies will unduly profit from the program.

9. **BACKGROUND INFORMATION.** Please attach any reports, studies, etc., that support the need for the proposal.

**All studies and risk reports are attached to the email for this request.**

10. **CONTACT.** Please provide the name, title and phone number of the person who will be the contact on this proposal.