

September 22, 2022

The Honorable Emanuel Cleaver
Chair
House Financial Services Subcommittee on
Housing, Community Development, and
Insurance
2335 Rayburn HOB
Washington, D.C. 20515

The Honorable French Hill
Ranking Member
House Financial Services Subcommittee on
Housing, Community Development, and
Insurance
1533 Longworth HOB
Washington, D.C. 20515

Dear Chair Cleaver and Ranking Member Hill:

SmarterSafer is a national [coalition](#) made up of a diverse chorus of voices who champion a united front for environmentally responsible and fiscally sound approaches to natural catastrophe mitigation and the promotion of public safety. SmarterSafer commends the House Financial Services Subcommittee on Housing, Community Development, and Insurance for holding this hearing to examine the risk wildfire poses to communities, taxpayers, and insurance markets.

Warmer, drier conditions across the globe, and particularly in the Western United States, have led to longer and more severe fire seasons. This new reality has exacerbated the consequences of wildfires on both properties and human life, leaving many homeowners and broader communities unprepared. According to Verisk's 2019 Wildfire Risk Analysis, nearly 4.5 million homes in the U.S. are at high or extreme risk of wildfires, 2 million of which are in California.¹ Wildfire risk is also increasing throughout the country as newer homes are built near wildlands. The "wildland-urban interface" (WUI)—the transition areas between unoccupied land and human development—is growing in size and putting communities at greater risk for wildfire. From 1990 to 2010, the WUI increased from 30.8 to 43.4 million homes and expanded in surface area from 143,568,227 acres to 190,271,144 acres.²

Wildfires cause widespread physical damage and pose public health and environmental risks. The smoke from these fires contains very fine particles, and when inhaled, can cause serious chronic respiratory problems.³ Additionally, climate change has contributed to the rise of megadroughts; droughts that last for decades. These megadroughts have become especially common in the Southwest region of the U.S., where normal weather conditions had already included high temperatures and low precipitation.⁴ These megadroughts create the perfect conditions for wildfires to form. During the summer of 2021, roughly 100 percent of the western

¹ <https://www.verisk.com/insurance/visualize/verisk-2019-wildfire-risk-analysis-highlights-evolving-peril/>

² <https://www.nrs.fs.fed.us/news/release/wui-increase>

³ <https://www.epa.gov/pm-pollution/how-smoke-fires-can-affect-your-health>

⁴ <https://www.nytimes.com/article/what-is-a-megadrought.html>

U.S. was in a drought⁵, the region's worst since 800 A.C.E.⁶ These droughts make the region even more sensitive to the emergence of wildfires and cause the dangers that wildfires impose on people and property to intensify.

It must be emphasized that the effects of wildfires are not only felt by the areas that they immediately impact. WGLA 8, a local Pennsylvania news station, recently posted a video showing hazy skies in the Keystone State. "The haze was picked up in the jet stream and transported all the way here to the Susquehanna Valley," WGAL meteorologist Christine Ferreira said.⁷ An instance such as this demonstrates that mitigation measures are vital to not only shielding Americans who are near the wildfires, but also to protect citizens who could be affected by the smoke that stems from thousands of miles away.

Beyond physical destruction and dramatic health effects, the financial costs of these devastating events to homeowners, renters, and taxpayers are significant. For example, last year El Dorado County, California lost an estimated \$50.3 million as a result of the damage caused by the Caldor Fire.⁸ The National Fire Protection Association published an estimate from the National Interagency Fire Center that stated that "Federal wildfire suppression costs in the United States have spiked from an annual average of about \$425 million from 1985 to 1999 to \$1.6 billion from 2000 to 2019".⁹ In 2017, \$86 billion of the estimated \$100 billion wildfire season costs for California was directly linked to indirect costs associated with environmental cleanup, lost business and tax revenue, and property and infrastructure repairs.¹⁰ In 2021, President Biden authorized \$1.36 billion in disaster relief funds for the USDA Forest Service to support post-disaster recovery and restoration in states across the country, including nearly \$600 million for recovery efforts in California following the devastating 2020 and 2021 fire years.¹¹ These numbers are only going to increase as climate change worsens. SmarterSafer advocates for increased funding for pre-disaster mitigation and resiliency efforts; these changes will significantly reduce the financial burden that American taxpayers face.

Given that climate change and its impacts are spreading quickly across the country, it is almost impossible to predict where the next disaster will strike and how much that disaster will cost. For this reason, SmarterSafer advocates for a variety of taxpayer-saving and effective solutions that can better protect American homeowners from the devastating consequences of these natural catastrophes.

First, SmarterSafer fully encourages policymakers to collaborate with and allow for private sector innovation and participation. To ease the financial risk of wildfires to taxpayers and homeowners, private companies can implement weather-risk transfer contracts in sectors and

⁵ <https://www.discovermagazine.com/environment/how-the-u-s-megadrought-will-affect-2022-and-beyond>

⁶ <https://www.nbcnews.com/science/environment/us-megadrought-worst-least-1200-years-researchers-say-rcna16202>

⁷ <https://www.wgal.com/article/hazy-skies-over-pennsylvania-from-western-wildfires/41244011#>

⁸ <https://calmatters.org/economy/2021/10/california-wildfires-economic-impact/>

⁹ <https://www.nfpa.org/News-and-Research/Publications-and-media/NFPA-Journal/2020/November-December-2020/Features/Wildfire>

¹⁰ Ibid.

¹¹ <https://www.usda.gov/media/press-releases/2022/01/21/biden-harris-administration-announces-over-1-billion-disaster>

locations vulnerable to wildfire risk. Such a move will help mitigate costs of weather sensitivities across various industries. Improved data sharing among federal, state, and local government agencies and with the private sector is essential to understanding and offsetting risk through government initiatives and public/private partnerships.

The knowledge that comes from improved data will also assist homeowners and renters to better understand the risks associated with specific properties. As such, it is essential that insurers have the ability to underwrite based on forward-looking metrological data in order to set rates that reflect actual risk. SmarterSafer also believes that policymakers should, as wildfire data is shared and becomes more readily available, require enhanced disclosures on real estate transactions so that homebuyers and renters better understand the catastrophic risks associated with properties. Supporting buyer education will create a more informed purchasing decision that energizes homeowners to implement pre-disaster mitigation strategies, such as installing drought-tolerant and fire-resistant landscaping around their property.¹² Beyond education, tax holidays and tax-preferred savings accounts for disaster supplies, bipartisan and bicameral legislation to exempt from federal taxation state mitigation funds for home improvements to protect against natural hazards such as a wildfire¹³, can serve as incentives to promote disaster preparedness.

Further, the methods employed in building new and modernizing existing residential and commercial structures also merit reconsideration. Climate-resilient buildings and investment in natural mitigation elements are preventative tools that can save structures and, as a result, crucial taxpayer dollars. Adapting construction practices to meet the demands of a changing climate and incentivizing projects that increase the resilience of existing structures are logical steps that better protect our communities and will prove to be cost-effective over time.

We appreciate the Subcommittee's focus on this important topic and consideration of the aforementioned policy suggestions. SmarterSafer stands ready to serve as a resource as Congress continues to grapple with the devastating effects of wildfires and other natural catastrophes. We are confident that, with your dedication and leadership, we will continue to see tangible change.

Respectfully,

SmarterSafer Coalition

¹² <https://ucanr.edu/sites/Wildfire/Surroundings/Plants/>

¹³ <https://www.congress.gov/bill/117th-congress/house-bill/4675>; <https://www.congress.gov/bill/117th-congress/senate-bill/2432?q=%7B%22search%22%3A%5B%22%22%5D%7D&r=3&s=1>

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