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119TH CONGRESS
1ST SESSION

H. R. 550

To require the Government Accountability Office to conduct a study regarding insurance coverage for damages from wildfires, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 16, 2025

Ms. WATERS (for herself and Mr. SHERMAN) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To require the Government Accountability Office to conduct a study regarding insurance coverage for damages from wildfires, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Wildfire Insurance Coverage Study Act of 2025".

SEC. 2. GAO STUDY REGARDING INSURANCE FOR WILDFIRE DAMAGE.

(a) STUDY.—The Comptroller General of the United States, in consultation with the Director of the Federal

Insurance Office and State insurance regulators, shall conduct a study to analyze and determine the following:

(1) RISK ASSESSMENT.—The extent and nature of wildfire risk in the United States, including—

(A) identifying trends in declarations for wildfires under the Fire Management Assistance grant program under section 420 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5187), with respect to geography, costs, probability, and frequency of wildfire disasters;

(B) identifying mitigation practices that would assist in reducing costs and risks for insurance policies covering damages from wildfires;

(C) identifying existing programs of the Federal Government and State governments that measure wildfire risk and assess their effectiveness in forecasting wildfire events and informing wildfire response; and

(D) analyzing and assessing the need for a national map for measuring and quantifying wildfire risk.

(2) EXISTING STATE OF COVERAGE.—With respect to the existing state of homeowners insurance

coverage and commercial property insurance coverage for damage from wildfires in the United States—

(A) the extent to which private insurers have, during the 10-year period ending on the date of the enactment of this Act, adjusted rates, policyholder cost-sharing provisions, or both for such coverage (after adjusting for inflation) and the geographic areas in which adjusted rates, policyholder cost-sharing, or both have increased;

(B) the extent to which private insurers have, during the 10-year period ending on the date of the enactment of this Act, declined to renew policies for such coverages and the geographic areas to which such declinations applied;

(C) the events and economic factors that have contributed to any such increased rates and declinations to renew policies;

(D) in cases in which private insurers have curtailed their overall wildfire exposure, the extent to which homeowners insurance coverage and commercial property coverage were terminated altogether and the extent to which such coverages are still offered but with coverage for damage from wildfires excluded; and

(E) the extent to which, and circumstances under which, private insurers are continuing to provide coverage for damage from wildfires—

(i) in general;

(ii) subject to a condition that mitigation activities are taken, such as hardening of properties and landscaping against wildfires, by property owners, State or local governments, park or forest authorities, or other land management authorities; and

(iii) subject to any other conditions.

(3) REGULATORY RESPONSES.—With respect to actions taken by State insurance regulatory agencies in response to increased premium rates, policyholder cost-sharing, or both for coverage for damage from wildfires or exclusion of such coverage from homeowners insurance policies—

(A) the extent to which States have leveraged their respective authorities to regulate rate increases;

(B) the extent to which States have enacted any moratoria on such rate and policyholder cost-sharing increases or exclusions and on non-renewals;

(C) the extent to which States require homeowners insurance coverage to include coverage for damage from wildfires or make sales of homeowners insurance coverage contingent on the sale, underwriting, or financing of separate wildfire coverage in the State;

(D) the extent to which States have established State residual market insurance entities, reinsurance programs, or similar mechanisms for coverage of damages from wildfires;

(E) any other actions States or localities have taken in response to increased premium rates, policyholder cost-sharing, or both for coverage for damage from wildfires or exclusion of such coverage from homeowners policies, including forestry and wildfire management policies and subsidies for premiums and cost-sharing for wildfire coverage;

(F) the effects of actions taken by States on the availability, coverage level, and affordability of homeowners insurance coverage; and

(G) the effectiveness and sustainability of such actions taken by States.

(4) CHALLENGES IN UNDERWRITING WILDFIRE RISK.—With respect to the challenges faced by private insurers underwriting wildfire risk, what is or are—

(A) the correlated risks and the extent of such risks;

(B) the factors affecting the extent of private insurers' ability to estimate magnitude of future likelihood of wildfires and of expected damages from wildfires;

(C) the effects of the need to increase more affordable housing options, which may contribute to increased homebuilding in more remote, heavily-wooded areas with higher wildfire risk;

(D) the potential for wildfire losses sufficiently large to jeopardize insurers' solvency;

(E) the extent to which, and areas in which, risk-adjusted market premiums for wildfire risk limit affordability or availability of coverage for consumers;

(F) the effects of various existing and potential State and Federal Government responses to help address these challenges and mitigate wildfire risk, including actions such as—

(i) improved forest management policies;

(ii) improved data to estimate risk;

(iii) relocating homeowners from wildfire zones;

(iv) offsetting a portion of insurers' charged risk-adjusted premiums with means-tested government affordability programs for lower income homeowners;

(v) encouraging the increased use of private reinsurance and other risk-sharing mechanisms by insurers to better diversify wildfire risk; and

(vi) developing programs that offset the costs of wildfire risk for consumers and industry;

(G) the available policy responses if private insurers exit the wildfire coverage market and the potential advantages and disadvantages of each such response;

(H) the effects of the availability and affordability of wildfire coverage, policyholder cost-sharing, or both, on—

(i) local communities that are disproportionately vulnerable to wildfires, including on low- or moderate-income property owners and small businesses;

(ii) rebuilding in communities previously damaged by wildfires;

(iii) the availability and affordability of housing supply; and

(iv) the demand for wildfire insurance coverage by property owners;

(I) the effects of potential State prohibitions on termination of policies due to wildfire claims on insurer solvency; and

(J) the manner in which private insurers are modeling or estimating future wildfire risk.

(b) REPORT.—Not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit to the Congress a report identifying the findings and conclusions of the study conducted pursuant to subsection (a).

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