

November 3, 2025

Re: Questions regarding Responding to Natural Catastrophes – New Models and Approaches

Environmental Defense Fund (EDF) respectfully submits the following comments to the California Earthquake Authority (CEA) regarding the Call for Contributions in Support of Study on New Models and Approaches to Complement or Replace the Wildfire Fund to gather opinions and recommendations from stakeholders in California's natural catastrophe resiliency, as well as the stability and efficient functioning of California's energy utility and insurance markets, to contribute to the Study.

Climate change has resulted in more intense and frequent events like wildfires, hurricanes, and floods, increasing the risk of property damage from natural hazards for households across the country. In California, wildfire risk has destabilized the homeowners' insurance market, resulting in the withdrawal of insurers from high-risk areas, increasing costs, and an increase in the number of homeowners unable to find coverage on the private market. Our work [at EDF](#) continues to highlight that the only long-term solution to stabilizing insurance in areas of high and growing risk is significant investment in risk reduction, such as forest management, hardening homes, and implementing community-scale projects to reduce future wildfire losses.

EDF commends the California Department of Insurance on the measures taken as part of its [Sustainable Insurance Strategy](#), as well as the recent [package of bills](#) signed into law by Governor Newsom to strengthen the state's homeowner's insurance market. Both of these efforts reflect critical steps to improving the state's resilience to future climate-driven wildfires and addressing the growing insurance crisis. With SB 254 tasking CEA to develop a comprehensive assessment to analyze and develop long-term reforms including those that protect access to insurance; and support wildfire and natural catastrophe mitigation, safety, and community resilience, EDF offers the following considerations to future support the state's long-term resilience and insurance goals based on our research and expertise in this space:

1. Fund and support risk reduction across the natural and built environment

California communities should be built and managed so that ignition is less likely, and when it does happen, the fire won't easily spread to neighboring properties. Nearby natural landscapes should be managed to moderate fire behavior, with prescribed fire as one of the most effective tools for this. Both the natural and the built environment should contain features that support fire management operations. Bringing these together is how we will change the experience of wildfire from a catastrophe to a more mundane occurrence, making California safer and more insurable. Adequate funding options that support risk reduction across both the natural and built environments are critical.. For example, the recent passage of the [California Safe Homes grant program](#) is an important step to drive investments solutions that can reduce wildfire risk for Californians, by offering grants to low-income homeowners to support the installation of fire-safe roofs and the costs associated with necessary vegetation clearing. Additionally, California is already leading the way with the California Wildfire Mitigation Program (CWMP), a pilot grant program for home retrofitting that applies the best available science for stopping community spread. Programs that target home hardening should follow CWMP's

approach in considering property-to-property spread in neighborhoods, not just individual property features, as this is a very important facet of how conflagrations happen.

The state must continue to invest in best-in-class risk reduction solutions that can make households and communities safer. Recent research from [the U.S. Chamber of Commerce](#) found that every \$1 not invested in disaster resilience today can cost communities up to \$33 in lost future economic activity. Additionally, analysis by [Headwaters Economics and Insurance for Good](#) found that every \$1 spent on rebuilding resiliently following a wildfire could save \$210 in future losses. Securing these benefits requires continued funding of grant and loan programs for households and communities to undertake best-in-class wildfire resilience strategies.

Coupling direct investment with strong building code provisions that account for current and future climate risk is also vital. Strong codes can ensure that new buildings are built to reflect the climate risks in and around their location, making them safe for residents today and in the future. Strong codes and standards can also ensure that when disaster strikes properties are more likely to be rebuilt to reduce the likelihood of damages from similar impacts into the future.

2. Establish a climate-ready insurance endorsement to support more resilient post-disaster rebuilding

The rebuilding process after a natural disaster can be an opportunity to build back stronger and greener. Unfortunately, too often post-disaster rebuilding proceeds without critical resilience improvements that can reduce the risk of future losses. Many households lack the funds and resources to undertake the necessary improvements. For example, the costs of upgrading to wildfire-resistant materials and approaches during rebuilding can cost on average anywhere from a few thousand dollars more to almost \$30,000. Homes that are safer can translate into more available and affordable property insurance because they are less likely to experience future losses.

Climate endorsements, as discussed in recent [EDF research](#), can reduce the need for out-of-pocket costs or additional debt for post-disaster upgrades, increasing a household's likelihood of adopting climate-ready retrofits. Endorsements are a commonly used tool by insurers to provide additional coverage not included under a standard insurance policy. Our recent research points to the opportunities for endorsements to drive climate-ready rebuilding post-disaster by offering additional assistance during the claims process for upgrades that improve resilience and support energy efficient upgrades.

California has already shown leadership in this space already providing building code upgrade coverage for homes to comply with Chapter 7a of the wildfire codes. However, the areas covered by Chapter 7a are inadequate, as many defined "high risk" don't take into account fire behavior in the built environment where rapid spread is likely. The 2025 Los Angeles Fires are an example of this, with thousands of structures lost outside of the Chapter 7a area. California should consider how to expand the number of homes that can access the funds available for Chapter 7a compliance post-wildfire.

In addition to the building upgrade endorsement, California can also build on lessons from work happening in the Southeast to address wind risk from hurricanes. Three states residual insurance programs in the Southeast (Alabama, Mississippi, and North Carolina) have already adopted free endorsements for all eligible policyholders that provide extra funding at the time of the claim to support the installation of a [FORTIFIED roof](#), as developed by the Insurance Institute for Business & Home Safety (IBHS), to help dramatically reduce damages and future losses from high wind events like hurricanes. Additionally, Alabama and Louisiana now require all private insurers to offer these types of endorsements. California could build on these efforts, both by exploring opportunities to establish a wildfire resilience endorsement that leverages the IBHS wildfire standards for homes and/or their new wildfire certification focused on neighborhoods. Such an endorsement could be offered through the CA FAIR plan or required through regulation to be offered by private insurers to help further catalyze wildfire resilient rebuilding post-disaster.

3. Better integration of wildfire risk reduction into models used for underwriting and pricing.

Safer homes and communities also mean more insurable homes and communities. Insurance should be more available and less expensive when risks are lower. Unfortunately, too often the models used for insurance underwriting and pricing often do not account for all wildfire risk reduction measures taken by households or communities. A lack of recognition for community and household investments in resilience measures — especially when insurance remains unaffordable or unavailable — can discourage continued investment in these critical upgrades.

The CA Department of Insurance has taken important steps to ensure greater transparency and recognition of wildfire mitigation, by [requiring insurers to account for mitigation](#) in rate-setting. As documented in some of [EDF's recent research on residual insurance programs](#), several of state-created insurers offer premium discounts for certain risk reduction activities. The CA FAIR Plan, for example began offering discounts of 5% for policyholders who maintain defensible space around their property and 10% for policyholders whose properties meet a series of structural hardening measures.

Additionally, a new pilot in [the Tahoe Donner](#) community has showcased the possibilities of better accounting for improved forest management within insurance underwriting, which led to an almost 40% reduction in premium for the community. Ensuring these forestry measures and services are considered as it relates to wildfire resilience is essential.

The state should continue to build on this progress by promoting greater transparency around mitigation discounts; engaging with modelers to ensure mitigation is integrated in a timely and impactful way; establishing practices for the timely incorporation of risk reduction; conducting studies to better quantify the benefits and avoided losses from various mitigation measures; and updating underwriting and pricing requirements as more is learned about the effectiveness of different approaches, including nature-based risk reduction. As highlighted in our [Insurance for Nature & Nature for Insurance](#) report, these actions can help strengthen the link between mitigation and insurance outcomes.



Thank you for allowing us to contribute to this important dialogue.

Talley Burley, Senior Manager Climate Risk & Insurance, Environmental Defense Fund

Jenna Knobloch, Senior Manager Markets & Tech, Wildfire Resilience, Environmental Defense Fund