

Proposal for Wildland Fire Mitigation and Response

From:

To: Nevada Insurance Commissioner and Nevada Legislature

Subject: Development of a Nevada FAIR Plan for Wildland Fire Mitigation and Insurance Accessibility

Executive Summary

Wildland fires in Nevada pose an increasing threat to communities, private property, and critical infrastructure. Insurance policy cancellations or denials due to wildfire risk exacerbate this problem, leaving homeowners and communities vulnerable. A proposal for an establishment of a Nevada Wildland Fire Insurance and Mitigation Program, modeled after California's FAIR Plan. This program will ensure insurance coverage for at-risk properties while dedicating a percentage of premiums to prevention and mitigation efforts conducted by local fire departments and districts.

Purpose

1. **Ensure Insurance Availability:** Establish a state-backed insurance program guaranteeing access to insurance for homeowners and businesses in wildfire-prone areas.
2. **Enhance Fire Prevention and Mitigation:** Allocate funds from the program to local fire departments and districts for wildfire prevention, fuel mitigation, and community risk reduction efforts.
3. **Promote Resilience:** Support Nevada's communities in building resilience against wildland fires through proactive measures.

Program Objectives

- **Insurance Accessibility:** Provide a safety net for residents unable to secure private insurance due to wildfire risk.
- **Funding Allocation:** Dedicate a fixed percentage (e.g., 1-15%) of policy premiums to local fire prevention and mitigation efforts.
- **Community Collaboration:** Engage communities in risk reduction activities, including Wildland-Urban Interface (WUI) mitigation, fuel treatment, and secondary access improvements.
- **Public Education:** Raise awareness about wildfire risks and prevention strategies through funded community outreach programs.

Program Structure

1. **State-Backed Insurance Plan:** Create a Nevada FAIR Plan administered under the oversight of the Nevada Insurance Commissioner.
2. **Funding Mechanism:**
 - Require insurers to contribute to a pool ensuring statewide availability of coverage.
 - Allocate a percentage of premiums collected to a dedicated Wildfire Mitigation Fund.
 - Provide an option for insurance companies to contribute directly to local government patrols and up-staffing during high-risk fire seasons in lieu of contracting with private companies for mitigation services.
3. **Local Funding Distribution:** Distribute funds to local fire departments and districts based on risk levels, mitigation needs, and policyholder density.

Funding Use by Fire Departments

Funds allocated to local fire departments and districts will support:

- **Fuel Reduction Projects:** Including mowing, thinning, prescribed burns, and pile burning.
- **Community Risk Reduction:** Enhancing evacuation routes, creating defensible space, and improving access roads.
- **Public Outreach:** Educating residents on fire prevention and mitigation strategies.
- **Equipment and Staffing:** Acquiring tools, hiring personnel, and maintaining readiness for mitigation efforts.
- **Patrols and Up-Staffing:** Supporting local government initiatives to increase patrols and fire department staffing during critical wildfire periods, reducing reliance on private mitigation companies.

Estimated Fund Amount and Policyholder Impact

To ensure the program is effective while remaining feasible for policyholders, the estimated annual mitigation fund requirement is **less than \$20 million statewide**. This fund will:

- Cover high-priority mitigation activities, including fuel treatments and public education.
- Provide consistent resources to fire departments and districts for prevention efforts.
- Minimize the financial impact on policyholders.

Policyholder Contribution Formula

The annual cost per policyholder is calculated using the formula:

$$\text{Cost per Policyholder} = \frac{\text{Total Fund Requirement}}{\text{Number of Policyholders}}$$

Example Calculation:

- **Total Fund Requirement:** \$20,000,000
- **Number of Policyholders (statewide):** 500,000

Monthly Cost per Policyholder: \$40 (annual) / 12 = **\$3.33/month**

- **Adjustments:** If there are 1,000,000 policies, the annual cost per policyholder would decrease to \$20/year or \$1.67/month.

Implementation Steps

1. **Legislative Approval:** Work with the Nevada Legislature to draft and pass enabling legislation.
2. **Program Design:** Collaborate with stakeholders, including insurance companies, fire chiefs, and community representatives, to design the program.
3. **Statewide Rollout:** Expand the program statewide with periodic reviews and adjustments.

Expected Outcomes

1. **Reduced Wildfire Risk:** Increased prevention and mitigation activities will lower the frequency and severity of wildfires.
2. **Insurance Stability:** Homeowners and businesses in wildfire-prone areas will have access to reliable insurance.
3. **Enhanced Community Resilience:** Stronger collaboration between local agencies and residents will foster safer, more resilient communities.

Conclusion

The Nevada Wildland Fire Insurance and Mitigation Program represents a proactive approach to addressing the dual challenges of wildfire risk and insurance accessibility. By combining insurance coverage with robust prevention efforts, this initiative will protect Nevada's communities, reduce economic losses, and promote resilience statewide.

We urge the Nevada Insurance Commissioner and Legislature to support this critical proposal, ensuring a safer and more secure future for Nevada residents.