

# Costs of Wild Fires, Extreme Heat and Floods: California Department of Insurance Report Examines Climate Insurance



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The California Department of Insurance (“CDI”) issued a report titled:

*Protecting Communities, Preserving Nature and Building Resiliency – How First-of-its-Kind Climate Insurance Will Help Combat the Cost of Wildfires, Extreme Heat and Floods (“Report”)*

The recommendations in the Report were developed by the CDI Climate Insurance Working Group (“Climate Working Group”).

The Climate Working Group had been established by Section 12922.5 of the California Insurance Code in 2019. The California Insurance Commissioner was required to establish a working group to examine issues related to:

- Climate change
- Resilience
- Insurance

The Climate Working Group states in the Report that the initial first step in its mission is best described as follows:

... to identify, assess, and recommend risk transfer approaches to reduce the risk of climate change impacts including, but not limited to, insurance incentives that promote nature-based solutions.

The Climate Working Group stated that it chose to focus on climate impacts from wildfire, extreme heat and flooding because they are three of the largest threats facing the State of California.

Summary recommendations in the Report include

- Risk Assessment and Communication: Early Warning Systems, Hazard Mapping, and Disclosure
- Risk Reduction: Land-use and Building Practices
- Risk Reduction: Nature-based Solutions
- Risk Transfer Solutions: Closing the Protection Gap
- Innovation with Mitigation

Specific recommendations are also provided for individual climate treats which include:

- Wildfire
- Extreme heat

- Flooding

A link to the Report can be found [here](#).