



CONSENT CALENDAR

April 28, 2026

To: Mayor and Members of the City Council

From: Disaster and Fire Safety Commission

Submitted by: Greg Murphy, Chairperson

Subject: Support Position on SB 1076 (Pérez) - Insurance Coverage for Fire-Safe Homes Act

RECOMMENDATION

Adopt an official Support position on Senate Bill 1076 (Pérez), the Insurance Coverage for Fire-Safe Homes Act, and authorize and direct the Mayor or City Manager or designee to send letters of support to Senator Sasha Renée Pérez, Senator Jesse Arreguín, representing Berkeley in the California State Senate, and Assemblymember Buffy Wicks.

FISCAL IMPACTS OF RECOMMENDATION

No direct fiscal costs to the City of Berkeley. The recommended action is limited to communicating a policy position and transmitting letters of support to state legislators; no City appropriation or expenditure is required.

Substantial potential fiscal benefits to the City. SB 1076 would require admitted insurers to offer and renew residential property insurance for homeowners whose properties meet state-defined wildfire mitigation standards, effective January 1, 2028. Stabilizing the residential insurance market in Berkeley's wildfire-vulnerable neighborhoods would be expected to:

- Protect property values in the Berkeley Hills and other areas affected by insurance non-renewals and market withdrawals, reducing the risk of a destabilized local housing market with downstream consequences for the City's property tax base.
- Reduce pressure on the California FAIR Plan as an insurer of last resort, which currently underwrites significant risk in Berkeley's hillside neighborhoods at inadequately capitalized rates – a dynamic that poses systemic financial risk to all California ratepayers, including Berkeley residents.
- Create a stronger financial incentive for Berkeley homeowners to invest in home hardening and defensible space improvements, since those investments would now carry a guaranteed path to insurance coverage – thereby reducing the City's wildfire risk exposure and potential emergency response costs.
- Complement City investments in wildfire preparedness and mitigation, including the Transfer Tax Rebate program and the Resident Assistance Program, by

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ensuring that residents who complete hardening improvements can secure and maintain insurance coverage.

Because SB 1076 operates through the state insurance regulatory framework – imposing obligations on admitted insurers rather than requiring direct City expenditure – the City of Berkeley would receive these community protection benefits at no direct cost to the City's General Fund.

CURRENT SITUATION AND ITS EFFECTS

Berkeley faces a serious and ongoing home insurance crisis driven by wildfire risk. The Berkeley Hills are designated a Very High Fire Hazard Severity Zone (VHFHSZ) by the California Department of Forestry and Fire Protection, and the area's steep terrain, dense vegetation, older housing stock, and fire-weather conditions make it among the highest-risk urban communities in California.

In recent years, multiple major admitted insurers have paused or ceased offering homeowners insurance in California, including in Berkeley's hillside neighborhoods. Statewide, enrollment in the California FAIR Plan – the insurer of last resort – has doubled in just two years as hundreds of thousands of homeowners have lost their original coverage. Berkeley residents have not been immune to this trend, and the insurance availability crisis now threatens property values, home sales, and the financial stability of existing homeowners throughout the hills.

A central and deeply troubling feature of the current insurance market failure is that homeowners who invest in proven fire mitigation measures – home hardening, ember-resistant construction, defensible space – are receiving no meaningful assurance that those investments will secure or restore their access to coverage. Studies from the National Association of Insurance Commissioners, CAL FIRE, and the University of California, Berkeley document broad scientific consensus that home hardening and defensible space significantly reduce the risk of structural damage in a wildfire. Yet insurers have continued to decline coverage and non-renew policies regardless of a property's mitigation status, removing the market incentive for residents to make these investments.

SB 1076 directly addresses this market failure by establishing that, beginning January 1, 2028, an admitted insurer that offers or sells residential property insurance in California may not refuse to offer, sell, or renew a policy for a property that meets minimum home hardening and wildfire mitigation standards as established by the Insurance Commissioner by regulation. The bill provides a limited exception for geographic overconcentration of risk, subject to a public hearing process and six-month renewal requirements, and maintains insurers' ability to apply non-wildfire underwriting criteria. Insurers that habitually violate the bill's requirements, or that elect to exit the residential property market rather than comply, would face a five-year suspension or

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revocation of their authority to sell both homeowner's and automobile insurance in California.

The bill's enforcement mechanism mirrors a model already operating in California's auto insurance market under Proposition 103, which requires insurers to offer a Good Driver Discount policy to any motorist who meets the state's safe-driving standard. SB 1076 would extend that same principle to homeowners: residents who invest in making their properties fire-safe deserve to know they will be able to insure them.

Action:.

Votes: Ayes: 8

Noe's: 0

Abstain: 0

Absent: 1

BACKGROUND

The DFSC has maintained an active focus on wildfire resiliency in Berkeley for a number of years. The Commission's Wildfire Resiliency Workgroup has examined a range of policy options aimed at increasing the rate of home hardening and defensible space compliance among Berkeley residents, with particular attention to the challenges of affordability and equitable access to improvement resources.

As part of this ongoing work, the DFSC previously reviewed and discussed potential enhancements to the City's Resident Assistance Program, including proposals to expand financial assistance available to lower-income residents for wildfire mitigation improvements. These discussions underscored a recurring concern: that even when residents are willing and able to complete hardening improvements, the absence of a guaranteed path to insurance coverage undermines the motivation to invest.

Most recently, the DFSC recommended – and the Berkeley City Council approved with modifications – a Transfer Tax Rebate program to incentivize wildfire hardening improvements at the point of residential property sale or in the preceding five years. That program reflects the Council's recognition that financial incentives are a necessary component of a comprehensive resiliency strategy. However, its reach is limited to properties at or near the time of sale, and it does not address the insurance availability barrier that discourages broader, proactive investment in home hardening.

Senator Pérez introduced SB 1076 in response to concerns raised by survivors of the January 2025 Eaton Fire in Altadena, who reported that even newly rebuilt homes constructed to the highest fire-resistance standards faced the prospect of insurance denial. The bill is co-sponsored by the Eaton Fire Survivors Network and Consumer

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Watchdog. Polling conducted by Hart Research and FM3 Research found that 85 percent of voters believe home insurers should be required to cover homeowners who meet state fire safety guidelines.

ALTERNATIVE ACTIONS CONSIDERED

- The City of Berkeley could take no position on SB 1076, on the grounds that insurance regulation is primarily a state function outside the City's direct jurisdiction. However, the DFSC finds that the insurance availability crisis in Berkeley's hillside neighborhoods is a direct threat to community safety, housing stability, and the City's wildfire mitigation objectives. SB 1076 directly advances those objectives at no cost to the City, and Berkeley's voice in support of the bill could meaningfully contribute to its prospects for passage.

CITY MANAGER

The City Manager concurs with the content and recommendations of the Commission's Report.

CONTACT PERSON

Keith May, Commission Secretary, Deputy Fire Chief, (510) 510-981-5508

Attachments:

1: Sample Letter of Support

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ATTACHMENT A

Draft Letter of Support from the Mayor of Berkeley

[DATE]

The Honorable Sasha Renée Pérez
California State Senate, District 25
State Capitol, Room [Room Number]
Sacramento, CA 95814

Re: Letter of Support – SB 1076 (Pérez): Insurance Coverage for Fire-Safe Homes Act

Dear Senator Pérez:

On behalf of the City of Berkeley, I am pleased to write in strong support of Senate Bill 1076, the Insurance Coverage for Fire-Safe Homes Act. This legislation addresses one of the most critical and frustrating failures of the current residential insurance market: the denial of coverage to homeowners who have done everything right – who have hardened their homes, created defensible space, and invested in making their properties safer – and who are still being turned away by insurers.

Berkeley is intimately familiar with wildfire risk. The Berkeley Hills are designated a Very High Fire Hazard Severity Zone, and our community has lived with the memory of the 1991 Tunnel Fire – which destroyed more than 3,300 homes and claimed 25 lives – as a constant reminder of what is at stake. In recent years, we have watched the insurance market retreat from our hillside neighborhoods, leaving residents with limited or no options for affordable coverage. FAIR Plan enrollment has doubled statewide in just two years, and Berkeley residents are among those most affected.

The core problem SB 1076 addresses is not merely an inconvenience – it is a fundamental breakdown of the incentive structure that should be driving wildfire risk reduction. When homeowners invest in fire-resistant roofing, ember-resistant vents, and defensible space, they reduce risk not just for themselves but for their neighbors and their entire community. If those investments do not guarantee access to insurance, the incentive to make them is severely undermined. SB 1076 restores that incentive by ensuring that meeting state-defined wildfire safety standards translates into a right to coverage.

The City of Berkeley has worked hard to encourage home hardening through local programs including a Transfer Tax Rebate for wildfire hardening improvements and ongoing resident assistance initiatives. SB 1076 would powerfully reinforce those local efforts. We strongly support the bill's balanced approach: requiring coverage for compliant properties while preserving insurers' ability to apply non-wildfire underwriting criteria and to seek temporary waivers for genuine overconcentration of risk through a transparent, public process.

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The City of Berkeley urges the Legislature to pass SB 1076 and respectfully requests the Governor's signature.

Sincerely,

Mayor, City of Berkeley

cc:

Senator Jesse Arreguín, California State Senate, District 9
Assemblymember Buffy Wicks, California State Assembly, District 14
Berkeley City Council