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Julie Patterson Hunter,  
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January 14, 2020

Honorable Ricardo Lara  
Insurance Commissioner  
300 Capitol Mall, Suite 1700  
Sacramento, CA 95814

**RE: Letter of Concern regarding the availability and affordability of commercial insurance in Wildland Urban Interface Areas**

Dear Insurance Commissioner Lara,

On behalf of the Nevada County Board of Supervisors, I am writing to express the County's urgent concern over the availability and affordability of commercial insurance in Wildland Urban Interface (WUI) areas and the need for increased transparency and regulation on risk modeling. On October 9, 2019, Timothy DeMartini received a Commercial Auto Policy Non-Renewal Notice for his commercial business, DBA DeMartini RV Sales, from Sentry Select Insurance Company. After researching other options, including the California FAIR Plan, Mr. DeMartini met with the County on December 24, 2019 as well as filed a complaint with the California Department of Insurance. Specifically, the Non-Renewal Notice notified Mr. DeMartini that his policy was not being renewed based on "unacceptable exposure due to wildfire risk" that included risk analysis backup documentation generated by Corelogic, Inc. RiskMeter.

The RiskMeter analysis identified a risk threat of 71 out of 100 for the DeMartini RV business located at 625 Idaho Maryland Road and 76 out of 100 for another DeMartini RV business location at 1305 East Main Street in Grass Valley, CA. RiskMeter documentation identified the properties in 61-80 and 81-100 wildfire risk areas, respectively. However, when cross-compared to California Public Utilities Commission (CPUC) State-wide Fire Map neither properties are located in Tier 2 Elevated Wildfire Threat or Tier 3 Extreme Wildfire Threat areas, but instead are located in Tier 1 Non-Fuel areas. Additionally, the RiskMeter maps show the properties rated as 81-100 Wildfire Risk areas are immediately surrounded by less severe areas, which raises questions on the legitimacy of the risk evaluation.

On December 30, 2019 the City of Grass Valley Fire Chief Mark Buttron conducted an exterior defensible space fire safety inspection of the two DeMartini RV business locations and found both are in compliance with California Fire Code. Grass Valley's fire safety inspection showed that Mr. DeMartini has reinforced his defensible space at 625 Idaho Maryland Road by providing 100' or more clearance with his neighbors and installing noncombustible driving surfaces throughout the property. There is no vegetation at the 1305 East Main Street location and both properties have an Insurance Services Office (ISO) Public Protection Classification (PPC) rating of 3, according to the Grass Valley Fire Department. Chief Buttron also submitted a Letter of Concern to the California Department of Insurance after the fire

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safety inspection reporting his findings and further noting that there are fire hydrants near both properties and that the City of Grass Valley's Fire Department response includes Cal Fire and use of Cal Fire aircraft from the Grass Valley Air Attack Base approximately ½ mile from both properties.

While wildfire is a new normal in California and in WUI areas, the loss of commercial insurance creates a dramatic impact on our community and economy. The County recognizes that private insurance carriers have a fiduciary responsibility to balance risk exposure with policy coverages to ensure profitability and solvency. However, the risk modeling used to justify the non-renewal of Mr. DeMartini's commercial policy raises significant concerns that the risk of wildfire exposure may be less than determined because the evaluation did not adequately account for other relevant facts. Uniform risk modeling standards that incorporate fire mitigation efforts, local certification programs, and regional fire mitigation programs should be standard across industry insurance providers.

DeMartini RV Sales is a large employer for our rural community with 35-40 employees. The loss of commercial insurance has both a direct impact on Mr. DeMartini's ability to do business in the community and an indirect impact throughout the local economy. Therefore, I strongly urge you to identify workable solutions that address this ever-growing crisis by working with industry stakeholders and members of the legislature and elevate this emerging issue throughout the State.

Please feel free to contact me with any questions.

Sincerely,



Heidi Hall  
Chair, Board of Supervisors

CC:

California Governor Gavin Newsom

Assemblywomen Megan Dahle

Senator Brian Dahle

Congressman Doug LaMalfa

Senator Diane Feinstein

Senator Kamala Harris

Assemblywomen Susan Rubio, Chair of Senate Insurance Committee

Assemblyman Tom Daly, Chair of the Assembly Insurance Committee

Sentry Select Insurance

Councilmember Lisa Swarthout, Mayor of the City of Grass Valley

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