RAPID RESPONSE

JUST FACTS.

WILDFIRE VICTIMS FIRST

California's Broken Wildfire Recovery System Hurts All Californians

SETTING THE RECORD STRAIGHT

CLAIM VS. FACT

Rumors are spreading false claims about California's wildfire recovery reforms. Here's what's actually true.

"This proposed deal is only about wildfires that IOUs start, which is most catastrophic wildfires."

THE FACTS Wildfire victims are currently treated differently based on the cause of the wildfire that affected them, which can lead to uneven timing and compensation for recovery. Wildfires have many causes and many contributing factors that make them catastrophic — more than 90% of all wildfires are not caused by utilities, so it is important to have a fast, and fair, system to compensate all wildfire victims.

"Wildfire victims should only get a dedicated recovery path if a utility caused their fire."

THE FACTS **FALSE.** Only 10% of California wildfires are caused by investor-owned utilities, leaving 90% of wildfire risk with no dedicated recovery system at all. Victim recovery shouldn't depend on the source or cause of the fire — every survivor deserves the same fast, fair path to rebuilding, no matter what started the blaze.

"The proposed deal is just another way for utilities to escape accountability and not pay out victims of previous fires."

THE FACTS **FALSE.** Any proposed deal would not address past wildfire victims' recovery.

"The Utilities' proposal would create a taxpayer-backed insurance pool requiring substantial new revenue to cover wildfire losses — with a single major fire triggering assessments of roughly $2,000 per policyholder."

THE FACTS **FALSE.** Independent experts have found that reforming insurance practices would not increase ratepayers' rates and could be funded by reducing payouts to financial middlemen. Today, ratepayers already bear significant costs from the wildfire recovery system: wildfire settlement costs are recovered through electricity rates. Meanwhile, our broken system has pushed millions onto the inadequate FAIR Plan, whose policyholders face premium increases in October averaging almost 30% statewide — and as high as 80% in more fire-prone areas. The current system is regressive: it penalizes low-income ratepayers while hedge funds and insurance companies reap the rewards.

"A General Fund bailout will put tens of billions of dollars for critical programs at risk."

THE FACTS **FALSE.** Financial middlemen like hedge funds and insurance companies want to preserve the status quo they benefit from — that's why they're making these claims. Reforming the state's wildfire recovery system would add layers of protection that prevent taxpayers, ratepayers, and insurance customers from disproportionately bearing the brunt of an inadequate system.

"Utilities want less accountability."

THE FACTS **FALSE.** No one is proposing changes to the state's rules for determining fault when a wildfire happens. The Governor's framework, as described by POLITICO, focuses entirely on how costs are distributed after liability is found — prioritizing victims, insurance customers, and California ratepayers over financial middlemen. The proposal would add more utility accountability measures and fire prevention requirements, with no changes to the state's independent review of safety and performance audits. Today, survivors wait years for compensation while as much as one-third of wildfire settlement value is diverted to insurance companies and hedge funds that purchase victim claims at a discount.

"Sweeping liability changes would reduce recoveries for public agencies and restrict insurers' ability to recover wildfire costs from the responsible utility."

THE FACTS **FALSE.** The Governor's framework, as described by POLITICO, targets excessive payments to hedge funds while prioritizing wildfire victims. The state's own independent analysis found that payments to these financial middlemen account for around 35% of wildfire settlement costs, and hedge funds have purchased insurance claims — some for just 35 cents on the dollar — to profit off them. After the 2018 Camp Fire, one hedge fund stood to make $1 billion off purchased claims. Low-income utility customers end up footing the bill for these inflated hedge fund paydays. The goal is to put victims first: maximize the dollars that go to survivors' recovery and rebuilding communities.

"This is a utility shareholder bailout — shifting billions of dollars in costs onto wildfire victims, policyholders and taxpayers."

THE FACTS **FALSE.** Financial middlemen like insurance companies and hedge funds are spreading this attack because they benefit from the status quo. The Governor's proposed reform puts everyday Californians first — prioritizing wildfire victims, the millions of home and rental insurance customers in the state, and anyone who pays a utility bill — and reportedly includes increased accountability requirements for utilities. The status quo isn't an option: the state's own study concluded the current system "is unsustainable and not working for fire survivors, utility customers or insurance policyholders." Every year without reform means less insurance coverage, higher housing and energy costs, and slower, unequal recovery for victims.

Learn more at wildfirevictimsfirst.com