



East Bay Wildfire Coalition Home Insurance Update

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at El Cerrito City Hall

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- A professional insurance consumer advocate since 1984, Co-founder, United Policyholders
- Contributing author: NOLO Press Guide to Buying Your First Home, Wise UP; The Savvy Consumer's Guide to Buying Insurance: Home, Rental, Auto & Umbrella Edition
- Appointed Member, Federal Advisory Committee on Insurance (US Treasury)
- Official Consumer Representative, Nat'l Ass'n of Insurance Commissioners
- Associate Board Member, Redwood Credit Union Services Group

A national property insurance crisis is impacting CA residents

- In many zip codes across the state, name brand insurers are dropping longtime customers and not selling new policies. Prices are high, availability is low.
- Many households are finding their only option is the CA Fair Plan or a “surplus lines” (non-admitted) insurance company they’ve never heard of.
- Surplus lines insurers don’t participate in CIGA or the CA Fair Plan, their forms and rates are not regulated
- The Fair Plan is overwhelmed and problematic but a critical safety valve
- United Policyholders’ guidance has shifted from helping people avoid being underinsured to helping desperate households find **any** option
- The Commissioner’s Sustainable Ins Strategy is focused on regulatory reforms to restore *availability*
- Older homes, roofs in disrepair, homes with galvanized pipes, knob and tube wiring and multiple claims are on the “no” list

Underlying causes

- Risk scoring systems, aerial images, AI and data mining have magnified risks and scared insurers/investors
- Inflation, a hard reinsurance market, insurer discontent with regulatory process
- Increasingly severe weather events associated with climate change

How UP is helping:

- Helping consumers navigate the crisis and keep their assets protected
- Working to increase risk reduction by hosting monthly meetings with partners across CA who are helping people and communities qualify for insurance. Hosting an online mitigation help center www.uphelp.org/WRAP
- Exploring and advancing ideas for restoring affordable, reliable property insurance
 - Publicly supported/non-profit insurance and reinsurance concepts
 - Risk pool, captives innovation
 - Increased support, incentives and rewards for community-wide risk reduction
- Working with the CA Dept. of Insurance, agent/broker volunteers, firefighting agencies, Fire Safe/Firewise, IBHS, scientists, insurers.
- Dialoguing with insurers, encouraging them to recognize the value of wildfire risk reduction and resume insuring condos and homes in WUI and suburban regions.
- Advocating for renewal rewards – not just discounts

The current landscape

- Property insurance today is a sellers market - options are fewer, prices are higher
- Insurers are being much pickier about the homes they'll insure
- Older homes, roofs in disrepair, homes with galvanized pipes, knob and tube wiring and multiple claims are on the "no" list

Dropped by your Insurer?

- Start shopping right away
- Ask about your Risk Score, appeal errors
- Get help from an experienced, pro-active insurance agent
- Ask good questions, keep good notes
- If the Fair Plan is your only option, aim for add-ons if affordable, **keep shopping** even after your Fair Plan policy is in place
- Be prepared to make risk reduction home improvements

United Policyholders
Roadmap to Preparedness Program

LISTOS CALIFORNIA

Dropped by your home insurer? Steps to take in California

Act Promptly
Read the paperwork from your insurer. Contact them and ask if there are home improvements you can make that will get them to reverse their decision to drop you. Note: The non-renewal notice must be sent to you **75 days before** the policy expires. www.uphelp.org/droppedca

Know Your Rights & Get Help
If you believe that you are being non-renewed in violation of the law, file a "Consumer Complaint" with the California Department of Insurance www.insurance.ca.gov/01-consumers

Shop for Options
Work with a good agent to find all options including "non-admitted" insurers. Watch UP shopping help videos and use CDI tools: www.uphelp.org/cainsurancehelp

Be Prepared to Pay More, Avoid Cutting Coverage
Aim to insure your home for what it would cost to rebuild it and the risks you face in your area. Keep good notes of your conversations. Avoid being in the 1/3 of homes in the US that are underinsured. www.uphelp.org/checkup

Last Resort
The California FAIR Plan (CFP) offers basic fire protection if you can't find a "regular" company to insure you. Consider pairing a CFP policy with a "difference in conditions" policy to fill gaps in what CFP policies don't cover. www.uphelp.org/CFP

For more information and guidance, visit:
www.uphelp.org/droppedCA

What are the current rules?

- Insurance companies are free to pick and choose their customers as long as they adhere to their own underwriting guidelines and give existing customers 75 days notice before non-renewing/dropping them.
- Non-renewal moratoriums are in place in wildfire-impacted counties.
- Insurers must adjust their rating plans to give discounts for risk-reduced homes.
- The CA Fair Plan (an “involuntary” association of private insurers) is a last resort option that offers up to \$3M in coverage (but no liability, water or wind protection)
- The California Insurance Commissioner’s “Sustainable Insurance Strategy” is in process. It includes updating the rate review/approval process, allowing insurers to use CAT models for setting rates and pass along a portion of their reinsurance costs in return for insuring more homes in “distressed” areas, and revising the Fair Plan’s assessment formula for funding shortfalls after catastrophic events.
- There are s two sets of standards for what qualifies as a risk-reduced home.

What lies ahead

- Now that insurers are getting the regulatory changes and rate increases they want, *availability* should improve in 2025
- *Affordability* will only improve through
 - Risk reduction
 - Competition
 - Continued regulatory oversight of rate filings to ensure fairness/prevent overcharging

Risk Scores are a big deal

- Numerical label on the household
- Replacing human judgement
- Early stages of transparency/consumer access and appeal process
- Very impactful re: availability and affordability
- DOI instituted disclosure reg and appeal process

Know your risk, know your rights

Insurance companies must provide a detailed **wildfire risk score** for your property

- When you apply for a policy
- Before a renewal or non-renewal of your policy
- Anytime you have completed a mitigation measure on your property and request the score
- Including how you can lower that score

You have a **right to appeal** the score if you believe it is inaccurate

If the appeal is denied, the Department of Insurance can help at **800-927-4357** or **insurance.ca.gov**

Non-renewals moratoriums are tied to disasters, counties and zip codes

July 2024 – July 2025

- Butte County
- Plumas County
- Kern County

Sept. 2024-Sept. 2025

- San Bernardino County
- Orange County
- Riverside County

Visit [insurance.ca.gov](https://www.insurance.ca.gov) to check if your zip code is included in the non-renewal moratorium

California Department of Insurance
Insurance questions? Call 800-927-4357

Mandatory One Year Moratorium on Non-Renewals

This online service allows you to find if your ZIP Code was included under any mandatory moratorium.

ZIP Code

Fire Name

Disclaimer: If you live in a zip code subject to the moratorium, your insurance company cannot issue a cancellation or non-renewal for wildfire risk for one year from the date of the Governor's emergency declaration.

Reasons an insurer may say no

- Losses/claims w/in the past 3-5 years (you or previous owner of home)
- Age of home
- Age of roof
- Galvanized pipes
- Knob and Tube wiring
- Pool
- Trampoline
- Value of home
- Monthly quota imposed on the agency you buy through
- The insurers business objectives/# of homes in the area they're currently insuring

4 main types of ins. co

- Admitted/licensed
- Non-admitted/Surplus/Excess
- Gov't created (CA Fair Plan, CEA)
- Forced/Lender-placed (loan amount only)

@ www.uphelp.org : Understanding different types of insurance companies

Admitted/licensed

- Participate in the CA Insolvency Guaranty Fund so if they run out of funds, you're protected up to \$1M
- Rates and policy forms are regulated by CDI

Examples: CA Fair Plan, Farmers, Travelers, Safeco, The Hartford, USAA, CSAA, AAA, American Modern, American Family, Nationwide, Mercury, Progressive, Aegis, State Farm, Bamboo (Sutton)

DOI's Home Insurance Finder:

https://interactive.web.insurance.ca.gov/apex_extprd/f?p=400:50

Surplus/Excess/Non-Admitted

- An alternative to a known brand, including CFP
- Pricing, limited availability wildfire deductible
- Not covered by the CA Insolvency Guaranty Fund so if they run out of funds, get in line w/all creditors
- Rates and policy forms are NOT regulated by CDI

Lloyds of London affiliates, KW Specialty, Homesite, Steadily (rentals), SES (Chubb), Sure Sage, Northlight (Allstate), Sutton Specialty, Pure, Cincinnati

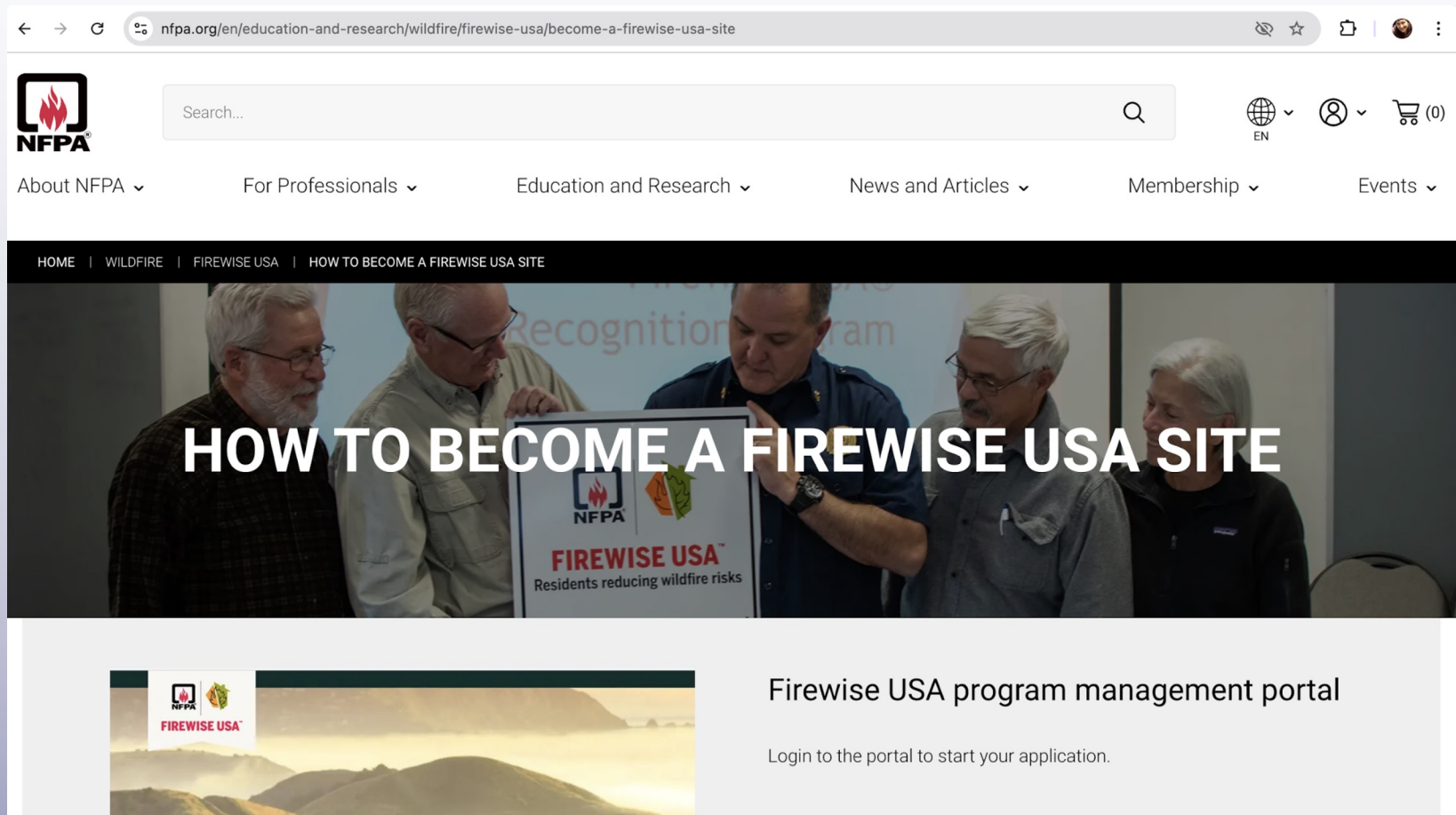
Checking on the financial strength of an insurer you've never heard of

- An experienced surplus lines broker/agent
- A.M. Best Ratings <https://tinyurl.com/56fx9xf6>
- B+ or better
- List of Approved Surplus Line Insurers (LASLI)
<https://www.insurance.ca.gov/01-consumers/120-company/07-lasli/lasli.cfm> (not completely up to date)

Positives

- Some insurers are agreeing to renew homes with an IBHS Wildfire Prepared Home Base or Plus certification
- The Fair Plan is supposed to be giving a discount to homes in Firewise communities that meet the Safer From Wildfires standards

Insurers are starting to reward *some* property owners in Firewise Communities and w/IBHS WPH certifications



The screenshot shows the NFPA website's navigation and main content area. The browser address bar displays the URL: nfpa.org/en/education-and-research/wildfire/firewise-usa/become-a-firewise-usa-site. The website header includes the NFPA logo, a search bar, and navigation links for About NFPA, For Professionals, Education and Research, News and Articles, Membership, and Events. A secondary navigation bar lists: HOME | WILDFIRE | FIREWISE USA | HOW TO BECOME A FIREWISE USA SITE. The main banner features a group of people gathered around a sign that reads "HOW TO BECOME A FIREWISE USA SITE" and "FIREWISE USA Residents reducing wildfire risks". Below the banner, there is a section for the "Firewise USA program management portal" with a login link.

nfpa.org/en/education-and-research/wildfire/firewise-usa/become-a-firewise-usa-site

Search...

EN

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HOME | WILDFIRE | FIREWISE USA | HOW TO BECOME A FIREWISE USA SITE

HOW TO BECOME A FIREWISE USA SITE

FIREWISE USA
Residents reducing wildfire risks

FIREWISE USA

Firewise USA program management portal

Login to the portal to start your application.

The NHPA-Firewise database and Verisk

The NFPA-Firewise database sends updates to Verisk's Location data every 6 months, but while they work on doing that more often, the Fair Plan has agreed to:

Exception process for recently approved Firewise communities

Properties that can provide documentation that their community has been recently approved as a Firewise community but has not yet been added to Verisk's Location data, the Fair Plan will allow the following exception:

The discount will be manually added with:

- 1. The Firewise certificate reflecting the community name (example attached)*
- 2. An NFPA-Firewise map reflecting the name of the community on the certificate and with the property location clearly within the boundaries on the map (example attached).*

The discount will remain on the policy until the policy renews and when the renewal is processed the property location will need to be included in the Location data from Verisk. If it is not included in Location the discount will be removed effective the policy's renewal.

The Safer from Wildfires Framework

- Collaboration between Insurance Commissioner and the emergency response and readiness agencies
- Homeowners take specific steps to protect their home from wildfires
- Neighborhoods in compliance can form a Firewise USA community
- Cities, counties, and local districts can become certified as a Fire Risk Reduction Community
- In exchange for risk reduction work by consumers, insurance companies offer discounts

Being Safer from Wildfires Can Help With Your Insurance



Safer from Wildfires is a ground-up approach to wildfire resilience with three layers of protection — for the structure, the immediate surroundings, and the community. Following these achievable steps can help you save money on your insurance.



Safer from Wildfires was created by an interagency partnership between Insurance Commissioner Ricardo Lara and the emergency response and readiness agencies in Governor Gavin Newsom's administration. Learn more at insurance.ca.gov

Learn the 10 steps to being Safer from Wildfires

Every action under Safer from Wildfires will qualify you for an insurance discount. By doing more, you can save more. [Read the full text of the new Safer from Wildfires insurance regulation.](#)

- ❖ **Class-A fire rated roof** – Most roofs qualify including asphalt shingles, concrete, brick, or masonry tiles, and metal shingles or sheets. Wood shake shingles are not Class A fire-resistant rated. [The Office of the State Fire Marshal maintains a list of tested and approved materials.](#)
- ❖ **5 foot ember resistant zone, including fencing** – Removing greenery and replacing wood chips with stone or decomposed granite 5 feet around your home prevents fire from getting a foot in the door. Replacing wood fencing connecting to your home with metal is critical because it can act like a candle wick leading fire straight to your home.
- ❖ **Ember- and fire-resistant vents** – Installing 1/16 to 1/8 inch noncombustible, corrosion-resistant metal mesh screens over exterior vents can keep wind-blown embers out of your house.
- ❖ **Non-combustible 6 inches at the bottom of exterior walls** – Having a minimum of 6 vertical inches measured from the ground up and from any attached horizontal surface like a deck can stop embers from accumulating and igniting your walls. Noncombustible materials include brick, stone, fiber-cement siding or concrete.
- ❖ **Enclosed eaves** – Installing soffits under your eaves can prevent heat and embers from getting trapped and igniting. When enclosing eaves, non-combustible or ignition resistant materials are recommended.
- ❖ **Upgraded windows** – Multi-paned windows are more resistant to breaking during a wildfire, which helps keep flames from entering. Multi-paned glass or added shutters all qualify.
- ❖ **Cleared vegetation, weeds and debris from under decks** – Noncombustible materials like concrete, gravel, or bare soil are permitted.
- ❖ **Removal of combustible sheds and other outbuildings to at least a distance of 30 feet** – These include sheds, gazebos, accessory dwelling units (ADUs), open covered structures with a solid roof, dog houses and playhouses.
- ❖ **Defensible space compliance** – following state and local laws requiring defensible space including trimming trees and removal of brush and debris from yard. See [CAL FIRE's defensible space page](#) and your local city or county for details.
- ❖ **Being safer together** – Safer from Wildfires recognizes two community-wide programs, Firewise USA and Fire Risk Reduction Communities as small as 8 dwelling units or as big as 2,500 can create an action plan and start being safer together. Firewise USA is a nationally recognized program with proven results, sponsored by the National Fire Prevention Association.

Prop MM

uphelp.org/preparedness/wrap-resource-center/wrap-alameda-county/



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ALAMEDA COUNTY



Below you will find local wildfire preparedness programs, grants and resources to help you make home / property improvements and reduce wildfire risk in your community. Scroll down to access grants and resources for **Alameda County**.

Fair Plan discount for compliance w/ Safer From Wildfires (in theory...)

California Department of Insurance


RICARDO LARA
Insurance Commissioner

File a Complaint Consumers Seniors Agents & Brokers In

[Consumers](#) / [Wildfire Response and Readiness](#) / Safer from Wildfires

Safer from Wildfires

Being Safer from Wildfires can help with your insurance



Protect your home or business

Protect the immediate surroundings

Protect the whole community

Safer from Wildfires is a ground-up approach to wildfire resilience with three layers of protection — for the structure, the immediate surroundings, and the community. Following these achievable steps can help you save money on your insurance. Safer from Wildfires was created by an interagency partnership between Insurance Commissioner Ricardo Lara and the emergency response and readiness agencies in Governor Gavin Newsom's administration.

- [Download a summary of Safer from Wildfires](#) (English, PDF)
- [Download a summary of Safer from Wildfires](#) (Spanish, PDF)
- [Download a summary of Safer from Wildfires](#) (Mandarin, PDF)

Experts are in general agreement

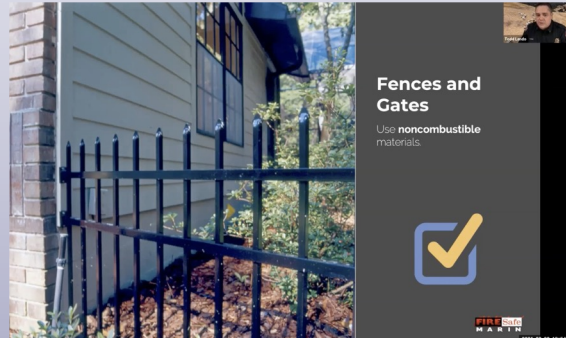
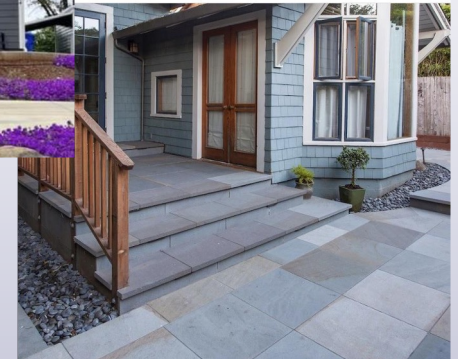


Improve Your Home's Chances of Surviving a Wildfire

- Have a Class A fire rated roof
- Install screens to keep embers out
- Gutters should be kept clear of leaves and needles
- Clear plants so there's 5 feet of space around your home
- Remove all combustible materials from under and near decks
- Prune branches near the home
- If wood fencing touches your home, replace at least 5 ft. of it with metal
- To get help with the above, visit the WRAP Resource Center: www.uphelp.org/wrap



firesafe_marin



Institute for Business and Home Safety Wildfire Prepared Home program



Are Insurance Companies Honoring the Safer from Wildfires Framework?

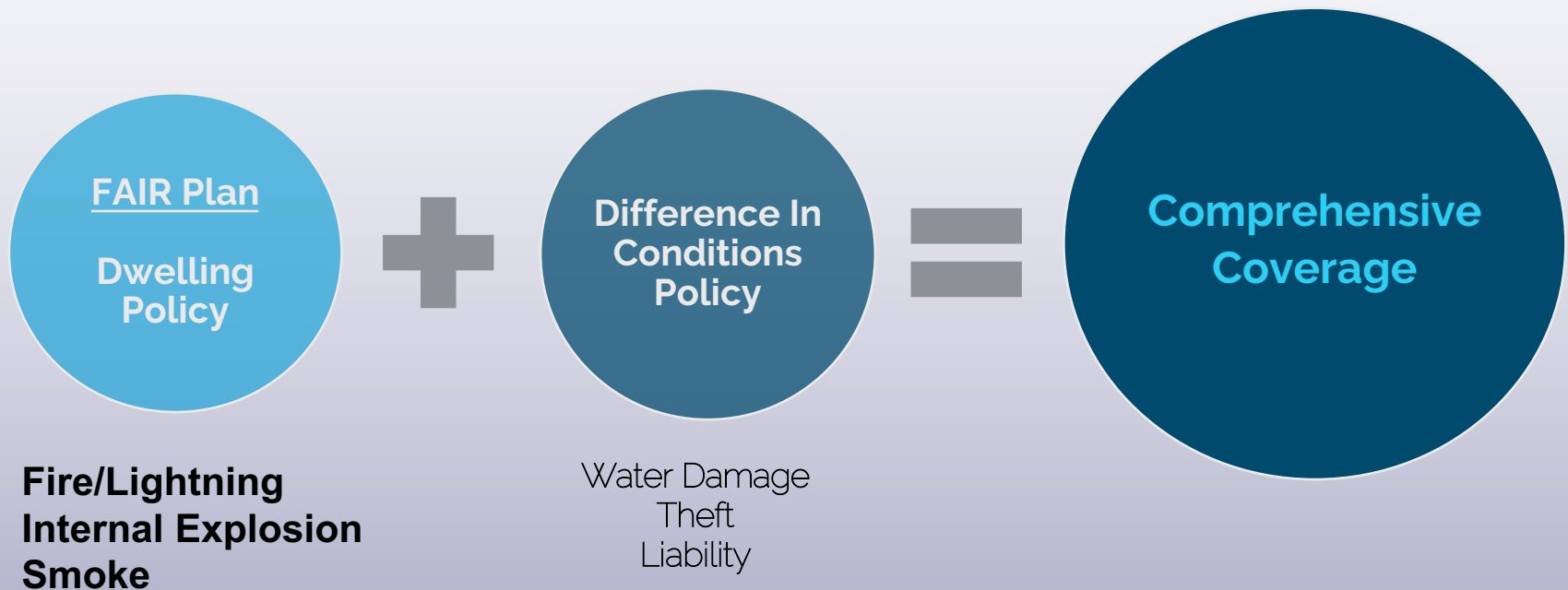
Some are...

CA Fair Plan

CSAA

Mercury

FAIR Plan coverage is very basic –
can be enhanced. \$3M max on dwelling



CA Fair Plan Add-On Options

- Extended coverage for windstorm or hail, explosion, riot, vehicles
- Vandalism
- Extended dwelling coverage
- **Replacement Cost Coverage: (Dwelling and Contents)**
- Optional increase of **Fair Rental Value** (up to 20%)
- Optional Increase **Code Upgrade Coverage** (up to 10%)
- Optional - add 5% for **Debris Removal** coverage
- Optional increase of **Other Structures** coverage

A “Difference in Conditions” (DIC) policy supplements what the CA Fair Plan doesn’t cover

- What’s covered?
- What’s excluded?
- Is it a Replacement Cost or Actual Cash Value Policy?
- Go over scenarios
- Get a few quotes on DIC policies, compare what is covered
- Will you get a bundling discount?

How insurance agents/brokers can help:

- Access to options you can't find on your own
- Explaining CA Fair Plan and DIC options
- Advising you on essential/non-essential coverage, endorsements, deductibles

Affordability strategies

- Find out what discounts are available, ask for those you qualify for
- Bundle home, auto, umbrella policies with one insurer if possible
- Work with a *pro-active* insurance agent/broker
- Raise your deductible
 - While shopping ask for a quote with different levels of deductible: \$2,500, \$5,000, \$10,000, \$20,000
 - A higher deductible will reduce your premium and you will be less likely to file a small claim
- Look into how reducing/eliminating coverage you can live without (High limits on contents, Other Structures) will impact premium
- Mitigate: Harden your home, create defensible space and give your insurer proof (invoices, photos, documentation)
- Don't file small claims, do what you can to improve your risk profile (install a moisture sensor, alarm...)

Yes it's worth it...

(even if a lender isn't requiring it)

- Insurance money -- not charitable or government aid -- is the #1 source of money that helps people rebuild and recover after a disaster.
- FEMA money is *needs-based* and the maximum grant is \$42k. Average ~ \$5k.
- SBA loans are low interest but must be repaid.
- Charitable aid generally covers basic needs – not the cost of rebuilding a home.

Help us continue to monitor and contribute
to solving CA's property insurance crisis

Please take and encourage your neighbors
to take our...

www.uphelp.org/CAHomeSurvey

The data collected will help us help you.

THANK YOU!!!



We've got your back when insurance matters

United Policyholders (UP) is a non-profit 501(c)(3) whose mission is to be a trustworthy and useful information resource and a respected voice for consumers of all types of insurance in all 50 states. We don't take money from insurance companies. We give you the straight scoop. Guide you on buying insurance and navigating claims. Fight for your rights.

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