

[2 insurance firms agree to collaborate to write California home policies](#)

Press Democrat

Tokio Marine America and Mercury Insurance announced Thursday the former's home policies would transition to the Los Angeles-based firm.

As firms continue to pull out of the California market, a Los Angeles insurance company is teaming up with a Texas-based insurer to write homeowners insurance policies in the state.

Mercury Insurance announced Thursday it plans to pick up policies underwritten by Tokio Marine America of Houston, which focuses on commercial policies.

Without a deal, Tokio Marine America insurance may have added more nonrenewals to the growing list of insurance policies in California. Tokio Marine is still determining that number, executives say.

State Farm, California's largest insurer, announced in March it was planning not to renew about 72,000 policies in the state. The Illinois-based company joined others ranging from Allstate to USAA.

The industry is seeking the green light from the California Department of Insurance on a sustainability plan that aims to address three concerns in establishing policies in the state:

- Imposes the cost of "reinsuring" in the rate-making process
- Allows the use of a catastrophic risk model
- Enables insurers to charge adequate rates

"If (the state) makes the changes as they've spelled out by the end of 2024, then insurance companies will be willing to sell more insurance in California. The end result is having more admitted carriers in the state," said Janet Ruiz, the western chapter director of the Insurance Information Institute, a trade

advocacy group.

Amy Bach, executive director of United Policyholders of San Francisco, cautioned insureds seeking coverage under this new collaborative plan may want to hold their former policy side by side with a new one.

“Availability and affordability are two different things. While this may be helpful, and we appreciate Mercury still insuring in California and not making a panic-stricken announcement, this is no panacea,” the consumer advocate said. “It remains important for policyholders to compare the policy quality and coverage.”

Mercury Insurance views the arrangement as a win-win.

“Innovative solutions surface during challenging times,” Mercury CEO Gabriel Tirador said in a statement.

Tokio Marine America executives expressed their appreciation.

“We are pleased to have reached an agreement with Mercury Insurance Group to support our personal lines agents and customers during this transition period,” stated Daisuke Ugaeri, Tokio Marine America CEO.

Tokio Marine filed with the Department of Insurance to withdraw from the home insurance market in April.

State officials did not immediately return requests for comment.

The perplexing issue has drawn attention from the federal government, with U.S. Rep. Mike Thompson, D-St. Helena, co-authoring a bill with U.S. Rep. Doug LaMalfa, R-Chico, to provide tax credits and grants for home hardening in fire-prone areas.