

[Are insurance rates going up for people on the fire line? and other FAQ about fire insurance\)](#)

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As of midday Friday, the Soberanes Fire in Monterey County had destroyed at least 41 homes and put at least 2,000 homes and other buildings at risk. Meanwhile, the Sand Fire, which has burned more than 38,800 acres in the Santa Clarita hillsides, is 85 percent contained. It destroyed 18 homes.

These fires are certainly not the first, nor will they be the last of this fire season. So, we wanted to help answer some commonly-asked questions about fire insurance. If you have other questions we didn't answer please ask them in the comments field or send a tweet to @thebenbergman)

Q. Are insurance rates going up for people living on the fire line?

"That's not a cut and dry question, but in general, rates have been pretty steady," said Janet Ruiz, the California representative for the Insurance Information Institute. "Some areas have seen increases while some areas have seen decreases."

Some residents in high-risk areas have reported increases of 30 percent or more, but Ruiz points out that insurance companies can't just arbitrarily raise rates; They have to prove to the insurance commissioner that the rates are based on what kind of risk homeowners actually face.

Amy Bach, executive director of United Policyholders, a nonprofit group that assists consumers with insurance issues, said she has been getting more complaints lately about steep increases in rates and people being dropped by their insurance companies. But she's not ready to say there's a widespread problem.

"The California marketplace has been extremely healthy," said Bach. "It's been very competitive. There have been lots of companies selling fire insurance. Even with the wildfires, statistically that's a small number of homes insurers have to pay out."

Again, consider that the Sand Fire only destroyed 18 homes.

The difference in how many homes are affected in a wildfire versus an earthquake, hurricane or flood helps explain why most insurance companies will still offer fire coverage - even in high-risk areas - while coverage for those other types of natural disaster often are administrated through the government.

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Source: <https://uphelp.org/are-insurance-rates-going-up-for-people-on-the-fire-line-and-other-faq-about-fire-insurance/> Date:

January 17, 2025

Q. How do insurance companies determine risk?

Cal Fire has maps of high-risk areas in every county in the state.

For a long time, insurance companies used a ten-point rating system, which rated a community's fire risk from one (best) to 10 (worst). The score is determined by four factors:

Quality of the community's fire department (50 points)

Water Resources (40 points)

Emergency Communications (10 points)

How much the community does to reduce the risk of fires (5.5 points)

Increasingly, insurance companies are relying more on Fireline scores, which measure the risk of individual homes, which is based on three factors:

Fuel — Grass, trees, or dense brush feed a wildfire.

Slope — Steeper slopes can increase the speed and intensity of wildfire.

Access — Limited access and dead-end roads can impede firefighting equipment.

Bach said she's concerned about FireLine scores because they come from a private company rather than the government, and they use complex algorithms that can seem arbitrary to homeowners.

"We don't know enough about it," said Bach.

She said she's gotten reports of homeowners who live on the same block who have very similar homes, but have very different scores. She's worried insurance companies will use FireLine scores to justify dropping more customers in high-risk zones.

"I've very worried we might be facing some rough waters for some homeowners in areas insurers see as high risk," she said.

Q. What kind of insurance can I buy to protect me from a wildfire?

Most people buy insurance through a traditional broker. You can compare insurance rates here. If you are considered too high risk to get that kind of coverage you can buy FAIR Plan coverage, which was established by the California legislature in 1968.

"The FAIR Plan policy is what we would call a bare-bones policy," said Ruiz.

To qualify, you have to show you've made a "diligent" effort to get coverage through other insurance carriers. Under FAIR Plan policies, there's a maximum combined limit of \$1.5 million at any one location. Earlier this year, California Insurance Commissioner Dave Jones ordered changes to the FAIR Plan to make it easier for people to obtain that coverage.

Ruiz says the number of people who are covered by the FAIR Plan has stayed flat in recent years, which she said is proof that people are, for the most part, getting what they need from private insurers.

“They’ve stayed flat because there’s a very healthy insurance market,” she said.

However, some homeowners aren’t familiar with their policies and don’t know what kind of coverage they have, according to Narbeh Shirvanian, a lawyer who represents homeowners when they sue insurance companies.

“Most people may not be aware there are benefits out there that can help that,” Shirvanian. “Rather than pay out-of-pocket to re-do their homes their policies can help them ease the pain.”

But on the other hand, many policies can limit coverage for damage from smoke, which Shirvanian said has been a common issue with victims of the Sand Fire.

Q. What should I do if my insurance company drops my coverage?

First, shop around for other coverage right away. If you can’t find it, you can file a complaint with the state’s insurance commissioner or even take legal action.

“Historically there have been insurance companies who have been engaging in what is commonly known as bad faith,” said Shirvanian.

If you can’t find private insurance, there’s always the California FAIR Plan.

Q. What should I do if my home is damaged or destroyed by a fire?

There are some useful tips on the United Policyholder’s website.

One common question is whether homeowners can trust their insurance adjuster.

“Trust but verify,” the group says. “Insurance companies are profit-making businesses, and their employees are not social workers. Your adjuster may be friendly, but he or she is not your friend. Remember, settling a large insurance claim is a business negotiation.