

[As Fire Season Heats Up, Insurance Companies Drop Long-Time Clients](#)

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Sep. 15—Frances Mann-Craik loves living amid the trees along Highway 35. But her quiet life in the mountains above Silicon Valley is about to get a lot more expensive.

Along with more than a dozen of her neighbors, Mann-Craik recently received a letter from Walnut Creek-based CSAA, a AAA insurer, informing her the company would not be renewing the fire coverage she's had for nearly two decades.

In an Aug. 20 letter sent two months before her coverage expires, the company said it had changed requirements for home insurance policies and that “based on the new requirements, we are no longer able to continue providing insurance coverage for your property.”

CSAA is not the only insurer dropping customers. Across the Bay Area, from the Berkeley hills to the Santa Cruz Mountains, insurance companies are declining to renew policies that include fire coverage — sending families scrambling in the heart of fire season to lock down alternatives that tend to be more costly and less comprehensive.

“I just feel betrayed,” Mann-Craik said.

According to figures published recently by the state's Department of Insurance, companies have dropped nearly 350,000 home insurance policies in the past four years in areas at high risk for wildfires — a figure that's likely to rise as the market continues to react to the deadly Camp Fire that tore through Paradise late last year.

“I have heard from many local communities about how not being able to obtain insurance can create a domino effect for the local economy, affecting home sales and property taxes,” Insurance Commissioner

Ricardo Lara said in a recent statement.

It's hard to know exactly which companies are dropping coverage, where and to what scale. CSAA did not respond to specific questions about how many non-renewal notices it has sent out recently.

"After careful review of our exposure, we are non-renewing a very small percentage of insurance policies with the highest risk," the company said in a statement. "Non-renewals are being handled with great care and with enough advance notice to allow people time to review their options for coverage."

"Information is in relatively short supply," said Amy Bach, executive director of the consumer advocacy group United Policyholders.

Regardless, good fire coverage is getting more difficult to find at a time when California wildfires are increasing in frequency and ferocity.

"Everyone in my neighborhood who has AAA has received a letter," said Kathleen Hart, who lives near Mann-Craik and got one of the dreaded mailers.

Hart is particularly frustrated because, like Mann-Craik, she and her neighbors have painstakingly removed vegetation from their properties that could fuel an inferno. They've created volunteer firefighting teams and made roads accessible for firetrucks.

But insurance companies aren't required to take such measures into account when they're deciding whether to offer coverage, and in some cases, they're moving away from personalized assessments of individual properties and relying on algorithms to analyze neighborhoods.

"We're doing everything we're supposed to be doing for fire prevention and then to not have that acknowledged, it's frustrating," Hart said.

Mann-Craik agrees. The non-renewal letter said her property did not meet at least one of the company's guidelines related to nearby flammable vegetation, wind patterns and poor road accessibility. But Mann-Craik pointed out she has cleared away vegetation and has a long driveway that trucks regularly use to turn around.

“We are already organized up here to take care of each other and our community and to prevent wildfires,” Mann-Craik said. “It counts for zero with the insurance companies.”

According to a recent state report on coverage in wildfire-prone areas, most insurers do not take mitigation efforts by homeowners into account and consumers have little ability to successfully appeal decisions. Mann-Craik appealed her non-renewal and was denied. She has received quotes from multiple other companies for plans that are more expensive than the one she has.

For insurance providers, offering too much coverage to residents in areas with high fire risk can overexpose them. And because the state regulates the rates companies can charge, insurers can't always charge enough to responsibly write policies in fire-prone areas.

Insurance companies have reason to be wary. According to a CoreLogic report analyzing wildfire risk across the country, more acres burned in California in 2018 than in any other state that year. Claims from wildfires in the state in 2017 and 2018 topped \$26 billion, a figure that could rise in the future as wildfire activity increases.

Mark Sektan, with the American Property Casualty Insurance Association, said that while individual mitigation efforts matter greatly for an earthquake, for fire mitigation, unless everyone in a region is on board, the risk of damage remains high.

“I think there needs to be a major change,” he said, but he’s more interested in expanding mitigation efforts than in new regulations, which he worries would prompt companies to scale back in some areas.

Still, Matt Price, who lives south, toward Bear Creek Redwoods Preserve, understands his neighbors’ frustration. He’s been dropped four times by different insurance companies since 2013.

“It seems to happen every couple of years,” Price said.

As non-renewal notices have gone out, the same tight-knit community groups that run informal evacuation drills have mobilized to share insurance information. Across the board, in quotes reviewed by this news organization, residents are seeing annual premiums triple and even quadruple, from less than \$3,000 to more than \$9,000. More people are being directed toward the FAIR Plan, a statewide option that was intended to be a last resort.

“I’m lucky because I’ve got time to dive into this,” said Susan Moling, who lives just west of Highway 17 in the Riva Ridge area and was zeroing in on a new policy when a propane tank that has been on her property for years suddenly became a problem. “It seems like just getting quotes from insurers is a moving target.”

Brendan Williams, a Los Gatos-based broker who works with different carriers, is hearing from 10 to 15 people a month looking for new fire coverage.

“It seems like they’ve heavily been non-renewing people in the last year,” Williams said. “And unfortunately there have been a lot of people who have had to go with the California FAIR Plan.”

Bach said she’s been hearing recently from stressed brokers in the Oakland hills and greater East Bay who want to keep affluent clients but are struggling to find good plans for them.

“Those guys are freaking out,” Bach said. “That’s when you really know something’s awry in the market.”

Her group would like to see the state require companies to factor in what homeowners do to reduce risk, and supports limiting the number of non-renewals a company can hand out annually in any one zip code.

“If something doesn’t happen, we are going to see a significant devaluing of the properties,” Price said, pointing out that moving out of the mountains isn’t always realistic for people who want to stay nearby, given the ultra-competitive housing market. “There’s no way you could leave the mountains and go back to the Valley.”