

California homeowner made costly upgrades to satisfy his insurer. He still got dropped

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Sonoma County homeowner Ed Wong found himself in a rare situation: He knew exactly what he needed to do to avoid getting dropped by his insurer.

The company had even given him a list.

On it were three mandatory upgrades, for gas, plumbing and security systems. Two more upgrades were recommended.

Wong completed all five of those improvements over the course of several months and took one further step to reduce the risk of his home igniting in a wildfire.

The final bill came out to more than \$5,800 — about \$1,700 in mandatory measures, more than \$2,000 for suggested water system upgrades and more than \$2,100 on the wildfire mitigation he did on his own.

But just when the work was finally finished, Wong got an unwelcome surprise: his insurer, Privilege Underwriters Reciprocal Exchange, or PURE, informed him it would not renew his policy in 2025.

“They made me jump through all these hoops. They even kept asking me when I was going to get it done,” Wong said. “I finally got it done, and then they dropped me.”

The insurance industry and the state have been advising homeowners to invest in measures that promise to reduce their level of risk to make insurance both easier to find and more affordable. But many, like Wong, spend thousands of dollars on upgrades only to be told they still aren’t enough.

Wong’s road to nonrenewal started in April, when he received word that PURE Insurance would be

sending an inspector to his home in anticipation of his policy's renewal date in January 2025.

PURE Insurance is one of California's smaller home insurers; it represented just 0.7% of the market in 2023. The company, which is domiciled in Florida, did not respond to multiple requests for comment.

Wong was aware that his home in rural west Sonoma County could be considered a high wildfire risk property. It was the reason he had signed up with PURE: In the past, when fires would creep close to his property, the high-end insurer would send in a team to assess the fire and build a perimeter if needed to protect the home. In 2021, Wong spent more than \$2,000 installing ember-resistant vents to reduce his home's chances of catching fire from airborne sparks — a common cause of fire.

So when the inspector visited his property in April, Wong asked: Should he be concerned about his fire risk?

The inspector "said, 'Surprisingly, this area is not considered a high fire risk.' So he had no requirements or recommendations for the property in terms of addressing the fire risk," Wong said.

Instead, the inspector emailed him a list of measures he would be required to take before his policy renewal date, along with other suggestions for lowering his property's risk. Wong did them all, even installing a burglar alarm system despite the low rate of local crime.

After the inspection, it took some time for Wong to comply with all of PURE's requirements. The burglar alarm system, for example, could not be installed until he was done replacing some windows, and others required work by professionals.

But by Oct. 17, three months before his scheduled renewal date, he sent proof to PURE Insurance that all tasks had been completed.

In a letter dated that same day, PURE let Wong know his property would not be renewed due to wildfire risk.

According to the notice, Wong's property was singled out due to its "distance to brush, fuel type, expanse size, access to the home, community size and topography."

PURE appears to have recently tightened its wildfire risk standards, something it noted in a filing with the California Department of Insurance, making homes with higher risk scores or certain factors such as wood shake roofs (which Wong does not have) ineligible. Though the filing was approved in July, it is unclear when the company's tighter standards actually took effect.

In its filing, PURE wrote it would not be nonrenewing any policies specifically due to the new guidelines but acknowledged that it does drop policies if they don't meet the company's underwriting guidelines, including those on wildfire risk. Wong said PURE never informed him of the new stricter standards or whether they triggered his nonrenewal.

Wong said he understands that insurance companies need to consider wildfire risk when determining whether to offer insurance. But he's also extremely frustrated.

"If they knew they were going to drop me, they shouldn't have had me jump through all those hoops. That's what I'm most disappointed at," he said.

Janet Ruiz, a spokesperson for the Insurance Information Institute industry group, said it has been common practice for decades for insurance companies to offer to renew a customer only if they meet certain conditions. Some insurers offer guaranteed renewals to homeowners who comply with certain strict wildfire mitigation standards.

PURE never explicitly promised to renew Wong. But they did tell him he would not be renewed if he didn't abide by its requests.

"To me, a reasonable consumer would read that as, 'and we will, if you do,'" said Amy Bach, founder of the consumer advocacy group United Policyholders. "A reasonable interpretation of that notice is that they would renew him."

In some cases, homeowners who find themselves in a situation similar to Wong may be able to get their insurer to reverse its decision, according to Michael Soller, a spokesperson for the Department of Insurance.

Soller said in a statement that state regulations require insurance companies' renewal criteria "to be

specific, have objective factors, and have a substantial relationship to an insured's loss exposure."

"If the policyholder mitigated the issues raised by the company prior to the nonrenewal, the Department of Insurance expects the carrier to reverse the nonrenewal," he added.

Soller encouraged homeowners who find themselves in this situation to call the department's consumer hotline or submit a complaint online and see if they might be able to get their insurance company to reverse its decision.

It's never a bad idea to invest in mitigation, according to Ruiz. Installing devices that reduce the risk of a water leak or an electrical fire help achieve a homeowner's ultimate goal: to prevent a claim in the first place. And it should make it easier to find insurance in the future, she said.

Wong is shopping around for another insurer. He hopes that reforms by the Department of Insurance slated to be enacted by the end of the year may entice some insurers to write more policies in his area. If Wong had been able to renew his policy for just one more year to wait for those reforms to take effect, he would feel better, he said. But with his coverage up in January, Wong is on a tight deadline.

"It just blatantly seems unfair," Wong said.

He hasn't submitted a complaint with the department, he said. He already feels resigned to his situation.

"It feels like insurance companies have all the power. They know they're in the driver's seat," Wong said. "Hopefully with the reforms, it'll become more fair because we'll have more choices."