

## [California imposes non-renewal moratorium after wildfire crisis](#)

### Reinsurance News

California has issued a mandatory one-year moratorium on insurance companies non-renewing policyholders in a bid to provide temporary relief to residents hit by recent wildfires. Insurance Commissioner Ricardo Lara believes the moratorium will help at least 800,000 homes in wildfire disaster areas in Northern and Southern California, while helping to stabilise the insurance market.

This will mark the first time the department has invoked this law, which took effect in January as a result of the Senate Bill 824.

However, Commissioner Lara believes that the homeowner insurance crisis extends beyond the wildfire perimeters covered by the law, and has called on insurers to voluntarily cease all non-renewals across the state until December 5, 2020.

“This wildfire insurance crisis has been years in the making, but it is an emergency we must deal with now if we are going to keep the California dream of home ownership from becoming the California nightmare, as an increasing number of homeowners struggle to find coverage,” said Commissioner Lara.

“I am calling on insurance companies to push the pause button on issuing non-renewals for one year to give breathing room to communities and homeowners while they adapt and mitigate risks, give the Legislature time to work on additional lasting solutions, and allow California’s insurance market to stabilize.”

Sonoma County Supervisor James Gore also commented: “As communities across California continue to recover from wildfires and natural disasters, insurance companies are critical partners in helping our communities rise up.”

“The inability to obtain insurance after disaster strikes impacts home values and tax revenues for emergency services that help ensure the integrity of California communities,” he explained. “On behalf of Sonoma County and every county statewide navigating the rebuilding and recovery process, we call on our insurance partners to help us move toward a more resilient future.”

While existing California law prevents non-renewals for policyholders who suffer a total loss, the new law aims to protect those living adjacent to a declared wildfire emergency who did not suffer a total loss.

Governor Gavin Newsom declared a statewide emergency in October in the wake of a major outbreak of wildfires, and Commissioner Lara later issued an emergency notice to all property and casualty insurers in the state requesting the expedite claims settlements for affected policyholders.

The new moratorium comes amid growing concern that homeowner insurance has become more difficult for Californians to obtain from traditional markets, forcing them into more expensive, less comprehensive options such as the FAIR Plan – California’s insurer of last resort.

According to data from the Department of Insurance, the number of non-renewals rose by more than 10% last year in seven counties as a direct response to wildfire losses.

The number of consumers covered by the FAIR Plan has similarly surged in areas with high wildfire risk.

“Home insurance is not a luxury – it’s a necessity,” said Amy Bach, Executive Director of United Policyholders. “Yet for hundreds of thousands of Californians it’s become almost impossible to find and afford. This puts people between a rock and a hard place, and communities up and down the state are hurting.”

“At United Policyholders we are doing all we can to help consumers deal with this situation and we thank Commissioner Lara for authoring the moratorium bill and agreeing to take further action with a statewide voluntary moratorium.”