

# [California Insurance Commissioner Says Renew California Bill Would Create an Insurance Guarantee to Harden Homes Against Wildfire](#)

Sierra Sun Times

## **Requiring insurance companies to write and renew homeowner insurance policies for hardened homes and communities that meet statewide standard.**

February 19, 2020 - SACRAMENTO, Calif. — Yesterday, Assemblywoman Lorena Gonzalez D-San Diego), Assemblywoman Monique Limón D-Santa Barbara), Insurance Commissioner Ricardo Lara, and United Policyholders introduced legislation to give insurance companies a greater role in protecting communities from devastating wildfires. Renew California AB 2367) would require insurance companies to write or renew policies for existing homes in communities that meet a new statewide standard for fire-hardening. The bill also would authorize the Insurance Commissioner to require insurance companies to offer financial incentives for homeowners to do the work to make their homes more fire-safe.

The bill focuses on insurance companies that have been writing fewer homeowner policies and sharply increasing non-renewals of homes with wildfire risk across the state—a response to several years of devastating wildfires. Lack of insurance has sparked a wildfire “domino effect” that disrupts real estate markets and threatens the property tax base that local communities rely on to fund emergency services and more. Data released by the California Department of Insurance in August 2019 showed that insurance is becoming harder to find for communities across the state, with six counties from the Sierra to San Diego seeing a greater than 10 percent increase in non-renewals in 2018 alone. This data does not account for the full impact of insurance companies’ non-renewal response to the Camp Fire and

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Woolsey/Hill Fires—catastrophic wildfires that killed 89 people, destroyed 13,000 homes and businesses, and cost more than \$11.4 billion in damages—in addition to all fires in 2019.

“Homeowners who have done all the right things, hardening their homes and mitigating for fire danger, are still seeing their insurance cancelled or non-renewed,” Assemblywoman Gonzalez said. “We can’t allow insurance companies to continue to drop responsible homeowners from San Diego to the Sierras just because they can. Creating the Wildfire Resilience Task Force will bring certainty to consumer homeowners and bring balance back to our insurance markets.”

Under AB 2367, the Insurance Commissioner, the California Governor’s Office of Emergency Services (Cal OES) and the State Fire Marshal will develop statewide standards for home and community hardening, in consultation with the California Department of Forestry and Fire Prevention (CAL FIRE) and the Governor’s Office of Planning and Research. Hardened homes in communities that meet this standard would receive a guaranteed offer or renewal of insurance, contributing to community resilience while ending the cycle of lost home sales, falling prices, and declining property values negatively impacting communities across the state.

“More Californians are hardening their homes against wildfires but not seeing the results of their hard work when it comes time to obtain or renew insurance,” said Commissioner Lara. “If you have a fire-hardened home in a fire-hardened community, you should be able to get insurance and keep it. We need insurance companies to renew their commitment to wildfire safety with incentives that will allow Californians to lower risk while stopping the domino effect of unstable real estate markets and a declining local tax base for vital services.”

This law would apply only to existing homes, whose owners are facing an abrupt change in insurance availability related to wildfire risk. Risk reduction benefits homeowners, insurance companies, local governments, and the state by avoiding or reducing the losses of future wildfires.

“Since the Thomas Fire in 2017, homeowners in my district have been heavily affected by the unprecedented rates of insurance non-renewals even when the community has been working towards reducing the risk,” said Assemblywoman Limón. “I am proud to joint-author this bill that works towards creating a fair structure for insurance companies to follow while protecting homeowners and providing

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them peace of mind.”

Commissioner Lara and Department of Insurance staff have met with more than 2,000 residents and local leaders across 15 counties suffering from an increasing lack of insurance. Many spoke about their frustration at losing insurance, even after decades with the same company and no claims history. Meanwhile, an increasing number of homeowners are turning to the FAIR Plan, California’s insurer of last resort, which offers coverage that is less comprehensive and often more expensive compared to traditional insurance.

“Three years ago when insurers started dropping homeowners in rural counties and hitting them with up to 500% price increases, UP issued a call for California to follow the lead of Florida, Alabama and South Carolina and create a risk reduction and insurance reward program. Now the problem has spread throughout the state and insurers won’t come to the table voluntarily. The Legislature must act,” said Amy Bach, executive director of United Policyholders. “We stand with Commissioner Lara and the many stakeholders that recognize that we must establish risk reduction standards, a certification program and insurance assurance. We must engage Californians in helping reducing their wildfire risk and give them assurance that if they do, they can continue to protect their assets via affordable, available coverage.”

More legislators are calling for action to preserve insurance access and, last year, Governor Gavin Newsom said that “we must do more” to address non-renewals in his signing message for AB 1816 Daly), a bill that Commissioner Lara supported that increased an insurance company’s non-renewal notice requirement to a policyholder from 45 to 70 days. In December, Commissioner Lara implemented a new law, which he authored as a member of the California State Senate in 2018, currently protecting more than 1 million households near recent wildfires from non-renewal due to wildfire risk for one year.

“There is no easy path forward, but by working together we can lower risk and preserve and protect communities that have been in place for generations,” said Commissioner Lara. “We have to renew California.”

AB 2367 has support from the California Professional Firefighters, California State Firefighters’ Association, Consumer Attorneys of California and the Consumer Federation of California.

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