[California to expand last-resort fire insurance plan for homeowners](https://uphelp.org/california-to-expand-last-resort-fire-insurance-plan-for-homeowners/)

The Mercury News

With more destructive wildfires burning California, insurance companies are increasingly declining coverage to homeowners
As more companies refuse to provide fire insurance to homeowners in a state plagued by increasingly destructive blazes, California's insurance commissioner said Thursday that a plan once meant to be a last resort will be expanded.
"I am taking this action after meeting with thousands of California homeowners across the state who are struggling to find coverage to protect their homes," Commissioner Ricardo Lara said in a statement announcing the change.
Funded by insurance companies, the FAIR Plan was created to provide bare-bones fire insurance to those turned down by traditional providers. Right now, the plan covers up to $1.5 million in losses related to fire damage. By next spring, the plan will cover up to $3 million and include water damage and personal liability coverage, as well. Homeowners will also be able to choose a monthly payment plan and pay by credit card without extra fees.
In the past, homeowners have often been forced to cobble together complicated bundles, with companies like AAA canceling fire coverage but offering to continue long-standing auto policies.
"People forced to use the FAIR Plan as temporary insurance deserve the same coverage provided by traditional insurers," Lara said. "This crisis requires the FAIR Plan to provide a comprehensive option for Californians who have no other option for homeowners insurance."
Department of Insurance figures suggest that insurance companies have dropped almost 350,000 home insurance policies in the last four years in areas at high risk for wildfires. Experts expect cancellations to rise as the market continues to respond to the fires that have ravaged the state.
Just last month, the towns of Windsor and Healdsburg were threatened by flames. The Camp Fire killed more than 80 people in Butte County last year, becoming the state's most deadly and destructive wildfire. And in 2017, flames consumed large swaths of California's Wine Country. Claims from 2017 and

2018 soared above $26 billion. But the lost coverage has left people scared and scrambling for alternatives that are often more costly and less comprehensive, when they exist at all.

In September, this news organization interviewed a number of residents in the Santa Cruz Mountains and elsewhere whose plans had been canceled, reviewing quotes for coverage that soared to $9,000 from less than $3,000.

“I just feel betrayed,” one homeowner, Frances Mann-Craik, said at the time.

On Thursday, Mann-Craik said the expansion was “nice,” but she was also concerned costs for consumers would increase. Instead, she’d like to see outdated PG&E infrastructure, which has been blamed for a number of recent fires, improved and lines moved underground.

Amy Bach, the executive director of the consumer advocacy group United Policyholders, hailed the new expanded plan.

“United Policyholders is hearing from panicked consumers daily,” Bach said in a statement.

“Homeowners throughout the state are between a rock and a hard place and desperate for help finding affordable insurance. Commissioner Lara has heard their pleas and is taking decisive action.”

But Mark Sektnan, vice president of the American Property Casualty Insurance Association, which represents insurance companies, said in a statement he was concerned about Lara’s decision.

“The FAIR Plan was never intended to replace the private insurance market,” Sektnan said, adding that Lara’s move to expand the FAIR Plan “could have unintended consequences, potentially contributing to a further compacting of the market and fewer choices for consumers.”

Anneliese Jivan, president of the California FAIR Plan Association, also called the shift misguided.

“Implementing such a fundamental change in our mission and operations would involve a massive scale-up of personnel with expertise in different types of insurance,” Jivan said in a statement. “Not only would this take significant time and divert resources from core activities focused on improving service to existing and new FAIR Plan policyholders, but it will also result in increased operating costs that will be passed along in the form of higher rates for all policyholders.”

Lara acknowledged expanding the plan is not enough.

“Restoring stability to the homeowners and fire insurance marketplace will take everyone working together to find solutions,” Lara said. “By involving homeowners, advocates, local and state government, and insurance companies, I am confident we will find common-sense solutions.”

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