

[Californians risk losing insurance, face steep premium increase as wildfires worsen](#)

KSBY

Wildfires in California have burned a record 1 million acres this year.

As wildfires continue to rage across the state, Californians face an increased risk of losing homeowners insurance or a steep premium increase.

CALIFORNIA'S INSURANCE CRISIS

Tucked away in an oak forest off Highway 41, former firefighter Maria Goldman and her husband call their 5.3-acre property in Atascadero they're forever home.

"It would be very, very hard for me to match something like this, somewhere else," said Goldman.

Living in rural Atascadero comes with risks the Goldmans know all too well. The 1994 Highway 41 fire burned a portion of their property. Maria remembers it just like it was yesterday. "It just exploded and I'm like oh my god!"

They are among hundreds of thousands of Californians who were dropped by their insurance company – their policies not renewed as western wildfires got bigger, longer, and more frequent since the 1980s. They've been dropped three times. "Your heart sinks and you feel, oh gosh, the home that I worked hard for I can't even insure."

In 2019 alone, insurance companies declined to renew more than 235,250 policies. The most recent report from California's Department of Insurance shows between 2018 and 2019 – non-renewals

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increased by 31%.

Premiums have also skyrocketed after insurance losses hit a record high following the 2017-2018 wildfires.

THE FACTORS

Amy Bach of United Policyholders or UP – an organization that deals with insurance – points at climate change, destructive wildfires, and technology for creating the insurance crisis. “There will be people who are getting over \$8,000 \$12,000 and higher just to insure their home.”

Homeowners who are not in fire-prone areas are also feeling the heat.

“There has been an explosion in models, tools, AI algorithms that affect how insurers choose which customers they want, which customers they don’t want, and which ones they’re going to charge... Those tools have put too many people in the reject column or too risky column.”

Mark Sektnan of the American Property Casualty Insurance Association argues technology helps insurers understand the risk better. “Insurers in some cases paid out more than 4 dollars for every dollar that they took in... We don’t wanna end up in a situation where we’re not adequately charging the folks who have the highest risk because that could mean they’re being subsidized by people with lower risk.”

FIRE MITIGATION

There is one option that’s being considered to ease the burden of premium price hikes.

“UP is working to get every insurer not just to give a discount, but also to agree to keep customers who take steps to reduce the wildfire risk,” said Bach.

Right now, only eight insurers offer premium discounts to consumers who fortify their homes against wildfires or live in a community with mitigation efforts. These companies represent approximately 13% of the state residential market: Mercury Insurance Group, USAA Group, Falls Lake Fire and Casualty Company, American Modern Home Insurance Company, ASI Select Insurance Corporation, The Cincinnati Insurance Company, Wawanesa General Insurance Company, and Occidental Fire & Casualty Company of

North Carolina.

Sektnan emphasized the importance of community-wide fire mitigation efforts. “Wildfires are very dependent on the entire community because if you get a home that suddenly starts to spark in the neighborhood because it’s not mitigated... That in essence negates what the individual is doing.”

The Goldmans take fire mitigation seriously and even got their own fire hydrant. “We got the first tank after the 41 Fire. We just got the second 3,500-gallon tank just last week.”

They made their driveway accessible for fire trucks – providing a turn-around area. The spot where the Highway 41 fire burned a vineyard and a greenhouse in their property has been kept clear. “It’s just another place for a fire engine that could stage.”

These extra steps help the Goldmans sleep better at night. “You need to be aware of what things are at your disposal when it comes to a fire. Insurance is something that now we know is not something to be taken lightly.”

If you do get dropped by your insurance company — experts say shop around. If you can’t get coverage, there is a last resort. The California FAIR Plan does provide some coverage. For more information head to cfpnet.com.