Close to Home: Weighing a mandate to insure fire-safe homes – The Press Democrat

The Press Democrat

As a region that's been impacted by past wildfires, North Bay communities know firsthand that insurance matters — a lot. Today's insurance marketplace is more complicated and challenging for property owners than ever before, and there's a lot of work and thought going into solutions.

With a few exceptions, insurance is sold and administered by private sector, for-profit companies. Insurance is woven into the fabric of our economy, and our financial strength is tied to it. You can't drive a car, run a business or borrow to buy a home without it. It's a critical system that requires checks and balances. For those reasons, and because insurers have split (and sometimes conflicting) loyalties to shareholders, profit goals and their customers, the forces of competition can only go so far to ensure that consumers get treated fairly.

Insurance companies are regulated and must comply with consumer protection statutes, case law and administrative rules. Yet in California today an insurance company is free to pick and choose the homes and businesses they will and won't insure. We regulate how much they charge, what risks they must cover, and how they handle claims, but we don't force them to take customers they don't want. A pending legislative proposal to require insurers to offer policies to homes that are in compliance with wildfire risk reduction standards would change that.

When the Affordable Care Act barred health insurance companies from rejecting applicants with preexisting conditions, our country took a major step forward to restore the pooling and risk spreading mechanism that makes policies affordable and available.

Insurance works best for the largest number of people when diverse risks get spread across a wide pool, rates get smoothed, and everyone can access coverage.

The information presented in this publication is for general informational purposes and is not a substitute for legal advice. If you have a specific legal issue or problem, United Policyholders recommends that you consult with an attorney. Guidance on hiring professional help can be found in the "Find Help" section of www.uphelp.org. United Policyholders does not sell insurance or certify, endorse or warrant any of the insurance products, vendors, or professionals identified on our website.
Source: https://uphelp.org/close-to-home-weighing-a-mandate-to-insure-fire-safe-homes-the-press-democrat/ Date: September 8, 2026

What led to the pre-Affordable Care Act risk segmentation that left chronically ill people out of the system? Technology allowed insurers to gather data predicting which policyholders were more likely to file claims (higher risks) and which were less likely, (lower, more profitable risks). This technology was leading insurers to make the obvious choice for a for-profit entity and price out or reject the higher risks.

Given that risk scores, aerial surveillance and data mining are causing private insurers to stop insuring many older homes and businesses today, especially in wildfire-prone regions, and given the predictions about climate change/extreme weather-related events, is it time to enact a “no preexisting condition” exclusion in the property insurance context? And could that be done here in California, or does it need to be done at the federal level so our residents don’t get hurt when insurers shift to a state that doesn’t have a similar rule?

As the North Bay knows only too well, wildfires are a fact of life here. But what this region also knows is that where local governments adopt and enforce building codes and households and communities proactively reduce wildfire risk through home improvements and regular brush clearing, some insurers are stepping up with renewal rewards and discounts.

Sonoma, Napa and Marin counties are leaders in establishing Firewise communities, county-supported mitigation grant programs and advancing wide-scale risk reduction programs. When Butte County adopted a stronger building code, insurance offers followed.

After many years of hard work by Cal Fire, local fire departments and public officials, the California Department of Insurance, fire researchers, United Policyholders and community volunteers, we now have official wildfire risk reduction standards and mandatory insurance discounts in place.

Funding for mitigation work remains a pressing challenge, but although the Trump administration cut critical federal mitigation funding, North Bay counties and stakeholders are continuing to push forward to facilitate wildfire risk reduction and restore insurers’ confidence and engagement.

For many homeowners and businesses, the sharply increased cost of insurance is a very heavy burden, the FAIR Plan is not where they want to be, and they’re skeptical that investing in costly risk reduction property improvements will yield them enough of a reward to justify the expense. So do we need to make it mandatory for insurers to offer a policy for a property that meets official wildfire risk standards?

The information presented in this publication is for general informational purposes and is not a substitute for legal advice. If you have a specific legal issue or problem, United Policyholders recommends that you consult with an attorney. Guidance on hiring professional help can be found in the “Find Help” section of www.uphelp.org. United Policyholders does not sell insurance or certify, endorse or warrant any of the insurance products, vendors, or professionals identified on our website.
Source: https://uphelp.org/close-to-home-weighing-a-mandate-to-insure-fire-safe-homes-the-press-democrat/ Date: September 8, 2026

When State Farm hit pause on issuing new policies in 2023, it became clear that insurers were very serious about their claim that they have not been allowed to charge adequate rates in California. Commissioner Ricardo Lara launched the Sustainable Insurance Strategy, their claims have been largely addressed, insurance availability is starting to improve, and policyholders have new rights related to risk score disclosure and mitigation discounts.

Our imperative now is to get more homes and neighborhoods into compliance with those standards. Would a mandate that insurers offer policies to homes that are wildfire prepared be the incentive we need to reach that goal? Or would such a mandate be more of a deterrent to insurers than a benefit to policyholders?

Amy Bach is executive director and cofounder of United Policyholders, a nonprofit that informs and advocates for insurance consumers and helps improve disaster preparedness and recovery. She is also an appointed member of the Federal Advisory Committee on Insurance to the U.S. Treasury, an official consumer representative to the National Association of Insurance Commissioners and an associate board member of the Redwood Credit Union Services Group.

The information presented in this publication is for general informational purposes and is not a substitute for legal advice. If you have a specific legal issue or problem, United Policyholders recommends that you consult with an attorney. Guidance on hiring professional help can be found in the “Find Help” section of www.uphelp.org. United Policyholders does not sell insurance or certify, endorse or warrant any of the insurance products, vendors, or professionals identified on our website.
Source: https://uphelp.org/close-to-home-weighing-a-mandate-to-insure-fire-safe-homes-the-press-democrat/ Date: September 8, 2026