Farmers Insurance says they'll write more policies as homeowners' market improves

Fox 2 KTVU

Farmers is California's second-largest home insurer and the largest business insurer. It now says California's "improved insurance marketplace" allows it to expand the number of policies it writes each month. But, does that mean California's insurance drought is ending? With a total 8.4 million homes insured in California, owners constantly worry about losing their insurance at an insurer's whim.

Effective Saturday, Farmers is kind of, sort of coming back into the California market. It had capped policy sales to 7,000 per month but now has upped that to 9,000 policies per month.

Amy Bach is the executive director of the United Policyholders consumer group who says, "It's a modest step in the right direction."

Michael Stoller is deputy California insurance commissioner. He says, "It's a sign, in many ways, that the dam is beginning to break here for California's insurance crisis."

Carmen Balber is executive director of Consumer Watchdog. "Consumers should be wary," she says.

"When the markets starts to move, it's good for everybody," said Karl Susman, an independent multi-company insurance agent.

As of Saturday, Farmers will sell condominium insurance to owner-occupied and for-rent condos as well as renter insurance. Other coverage will follow in the next four months.

Our panel of experts has differing views.

"The Insurance Commissioner has given a lot of concessions to insurers. They made their case to him.

He's given them the main items on their wish list and now it's time for them to step up and do their part and start writing again," said consumer advocate Bach.

"Under the reforms we're putting in place, insurance companies, in order to utilize these tools like modeling, they have to write more policies, That's the change and we'll enforce that through our rate authority," said California Deputy Insurance Commissioner Stoller.

Two other panel members said this. "None of the changes that the Insurance Commissioner announced have actually changed the market yet. In fact, most of them are not even final," said consumer advocate Balber.

"Since the guidelines have not actually gone into place, this is really a good faith gesture that they're showing saying: look, we're behind this, we understand that the environment is changing and we can start competing again in California and my expectation is they will not be the only ones doing that," said insurance agent Susman.

Only competition can return some semblance of availability and affordability to California's broken market. "Farmers is a significant player in the market. They are a leader in the market. Other carriers, we hope will follow suit," said Bach.

Always, money is at the center of insurance controversies. "Californians pay, on average, less for their insurance for their homes than in many big states that have the same, similar kinds of climate risk," said Stoller.

"The home insurance market in California is more profitable than the average nationwide," said Balber.

Final regulations, whatever they turn out to be, are due out before New Year's Day. "The Department has to approve everything. So, we still have the full force and protection of the Department of Insurance," said agent Susman.