

Fire risk leaves Tuolumne County residents scrambling to find affordable insurance

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Ronda Davish enjoys living in Cedar Ridge, a neighborhood about 15 miles northeast of Sonora. And yet after 19 years spent in the quiet foothills of the Stanislaus National Forest, Davish worries that her skyrocketing homeowner's insurance rates will force her to find a new home.

"I'm frustrated and I'm scared," she said. "This is becoming a financial burden I don't know if we can handle."

Davish, 54, was diagnosed with multiple sclerosis two years ago, and she said the stress makes her condition worse. Three years ago, she was paying \$800 for homeowners insurance; now she pays \$2,300 for her 900-square-foot home.

Affording the bills has become more difficult as only her husband is able to work. Davish receives minimal income from disability payouts, and her mother, who lives under the same roof, receives Social Security.

Davish's story is not unique. Many homeowners in Tuolumne County and other areas are now facing similarly rising homeowners insurance rates or frequent letters of non-renewal from insurers they had been with for years, even decades.

The reason? It boils down to the increased wildfire risk in the area.

Verisk, a risk-assessment company used by many insurance companies to determine a home's potential threat for damage by a natural disaster, puts 80 percent of homes in Tuolumne County in "high and extreme wildfire risk" areas. Nearby Alpine and Mariposa counties have 88 percent and 78 percent of their homes, respectively, in the high-risk areas as well.

"A lot of our admitted carriers are not wanting to write fire coverage in Tuolumne County in the high-brush areas," said Alissa Foster, a licensed agent with Roger L. Stevens Insurance Agency in Sonora. She added that about 15 carriers have non-renewed on their entire book of business.

Here is a side-by-side look at different interpretations of wildfire risks. The map on the left is by the

California Public Utilities Commission, which shows a far lower risk than that of Verisk Analytics, a model used by insurance companies when setting costs of policies.

If they do write any homeowner's insurance policies at all, Foster said, the companies will add in a difference in conditions endorsement to the policy. This allows the homeowner to look for another insurance company for fire coverage.

However, because of the increasingly short list of insurers willing to cover fire, homeowners must turn to non-admitted carriers that are not backed by the state or to the California Fair Access to Insurance Requirements (FAIR) Plan.

Non-admitted carriers and the FAIR Plan tend to only offer fire policies priced at double or triple the homeowners' original rates. Additionally, the FAIR Plan is designed to be a "last resort and should be used only after a diligent effort to obtain coverage in the voluntary market," according to the plan's website.

"For a house valued at around \$350,000, their premiums are going as high as \$5,000 to \$6,000," Foster said. "And with the FAIR Plan, they have to be able to afford a \$500 to \$1,000 down payment."

The issue severely impacts those who have limited budgets.

"Forty percent of our population is 60 and older, they're on a fixed income — this is significant for them," said Liz Peterson, the Office of Emergency Services coordinator for Tuolumne County.

But the older population of the county living on fixed incomes may not be the only residents impacted. Foster, along with two of her colleagues at Roger L. Stevens, are unable to buy a home due to the high cost of insurance in the area.

"When you add a \$2,000 premium and you want to have the margin to build, you can't afford the mortgage anymore, it's too expensive," Foster said.

Judy Austin, president of the Tuolumne County Association of Realtors, said this issue is becoming more common.

"Homeowners can afford one house at first, but looking at insurance prices they get completely bumped out of the market," she said.

In hopes of reducing their insurance costs, homeowners have attempted to take matters into their own hands. With guidance from Cal Fire, residents clear brush and trees from around their house to create a fuel break.

For those living in Firewise USA sites, neighborhoods where residents work together for community-wide fire mitigation efforts, USAA has partnered with the National Fire Protection Agency to offer a discount on

homeowner's insurance.

But for other insurance companies, their efforts are simply not enough.

"The Cal Fire certification means nothing to insurers," said Christina Ramstead, one of Foster's colleagues at Roger L. Stevens. One company, Nationwide Mutual Insurance Company, offered home and business owners the option of complying with their wildfire mitigation requirements as a way to gain fire coverage.

"But those requirements were just unattainable," Ramstead said. "They basically wanted everything gone — just dirt — 100 feet around your home. And people just can't do that or can't afford that."

In response, Nationwide cited a successful example of when their wildfire mitigation requirements had worked on a homeowner who was able to implement them.

Most insurance companies, Foster said, do not send out agents to inspect the ground around the home; they simply look at the house from a satellite image and determine the wildfire risk from there. Other companies turn to wildfire-risk models, such as those done by Verisk.

"The modeling companies can be manipulated by what the insurers want," said Amy Bach, the executive director of United Policyholders, a nonprofit organization that advocates for fair insurance policies. "They would rather err on the side of caution than not, and that often writes a scarlet letter for the property."

A recent report by the Commission on Catastrophic Wildfire Cost and Recovery cited the apparent irony of the issue.

"Many types of community mitigation measures are not considered in the wildfire-risk) models," the report said. "But evidence suggests that adherence to more stringent building codes, the use of firebreaks, and other community-based efforts can help reduce exposure to wildfire loss and indeed, these are many of the measures suggested by the insurance industry itself to reduce risk."

The response to the issue has grown slowly.

"The Rim Fire really started this recent history of catastrophic wildfires in the state of California," Tuolumne County's Liz Peterson said.

Now that Tuolumne has been joined by several other rural counties impacted by soaring insurance rates and non-renewals due to wildfires, the state is beginning to take notice.

The Rural County Representatives of California have brought catastrophic wildfire cost and recovery into the forefront of their advocacy efforts and recently moved to establish a special ad hoc advisory committee on homeowner's insurance.

"There has been a critical mass accumulating," said Sherri Brennan, vice chair of Tuolumne County's Board of Supervisors. "And it takes that united voice to get things done."

There are several ways to address the issue, United Policyholder’s Amy Bach said — from enacting legislation to slow the non-renewal process, to improving the FAIR Plan and even offering financial assurance for those who simply cannot afford the rising premiums.

“None of this is ideal, but neither is climate change,” she said. “The legislature is going to have to do more if it wants people to keep living in California.”