

Fires' cost is higher for poorer Californians

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Victims of wildfires are at risk of losing not only their homes, but their insurance plans as well. Wildfires have ravaged California over the past few weeks. Fire erupted in Jurupa Valley Thursday and already spread across 300 acres. The Kincade Fire in Northern California burned over 76,000 acres, and the Getty Fire in Southern California burned 745 acres as of Thursday.

Governor Gavin Newsom declared a statewide emergency due to the dangerous weather conditions that have resulted in fires and evacuations across California. He also announced a \$75 million plan to mitigate impacts of power shutoffs, and secured FEMA assistance for the Kincade, Tick, Getty and Easy fires, according to press releases from his office and the FEMA website.

The recent fires have damaged hundreds of homes and forced thousands of families to evacuate. Evacuees range from LeBron James — who earns \$37 million a year — to residents in Riverside County, where the median household income in 2017 was \$60,000 a year.

Even with government aid, some Californians may struggle to keep their homes. According to a 2017 study by the Substance Abuse and Mental Health Services Administration, people in poverty live in homes more vulnerable to natural disasters because they are generally less prepared and their houses aren't fortified.

Disaster relief response can also be dictated by the type of insurance a fire victim can afford. Insurance company AIG provides private firefighting teams for their Private Client Group policyholders through their Wildfire Protection Unit. These policyholders have properties mainly located in high income neighborhoods such as Beverly Hills, Malibu, Pacific Palisades, and Calabasas.

Emily Rogan, Chief Operating Officer of United Policyholders, a non-profit which aims to be an effective voice for American insurance policyholders, said increased wildfires can cause insurance companies to raise their rates or refuse to renew fire insurance premiums for lower-income citizens and those living in

at-risk areas. She explained that technological advances have allowed insurance companies to easily identify at-risk areas.

“They essentially pull out of some areas and refuse to renew the customers in that area — no matter how long they have been with the company,” Rogan said.

Homeowners who have lost their insurance are generally relegated to obtaining a plan from California Fair Access to Insurance Requirements, also known as FAIR plans. FAIR offers basic property insurance as a last resort for Californians unable to obtain it elsewhere.

FAIR policy plans have limited coverage, mainly protecting against fire, smoke and explosions. Other natural disasters are excluded, or require an additional premium. In the midst of increased wildfires across California, the need for FAIR plans has increased.

“Our policy count has grown by about 32,000 in the past 12 months,” Executive Assistant to the President of the California Fair Plan Association, Mindy Richmond said.

While fire victims are focused on survival right now, recovery could pose a new set of challenges in the near future.

The best way policyholders can protect themselves from raised rates and losing their insurance is by fortifying their homes against fires to prevent losses, Rogan said.