

Getting Insured: Tips for finding home insurance in California

NBC Los Angeles

A new court ruling could give homeowners slightly more choices under the California Fair Plan, but experts say that could take time.

If 2024 is the year you can finally buy a new home, the next and maybe even greater challenge could very well be getting home insurance.

Or perhaps you are a current homeowner and have been dropped by your insurance company.

That's what happened to Alison Rosenberg of Marina Del Rey.

"Considering that your home is probably the most important purchase of your entire life, to find out that you can't get it insured is kind of crazy," she said.

Rosenberg finds herself at an insurance crossroads, explaining her long-time insurance company recently dropped her coverage late last year.

"I got an email from them stating that because of previous claims that I'd made, three claims in 10 years, that they could no longer insure me and that they would not renew my policy when it expired in January," Rosenberg said.

So she started contacting other insurance companies and says she hit a wall pretty quickly.

With no takers, Rosenberg is now turning to the California Fair Plan.

Created years back, it is known as the state's "insurer of last resort" and is comprised of all insurers licensed in California.

It provides basic hazard coverage when homeowners are unable to get other policies.

But “last resort” seems to be first and only nowadays.

Data obtained by the NBC4 I-Team from the Fair Plan shows total Fair Plan policies in the state have more than doubled from 2018 to 2022. Total Fair Plan policies in 2018 were 126,709 and increased to 272,846 in 2022. The Fair Plan says it has written 68,399 new policies so far this year and as of October 2023 has 341,245 policies in force.

“It’s a mess. It’s not the way it should be and we’re trying to fix it but it’s tough,” said Amy Bach from the Bay Area-based non-profit group United Policyholders.

“So there’s 40% of consumers right now that have just Fair Plan. Only that’s fire, that’s all they have. The toilet overflows. Sorry. Somebody breaks in, any of that, washer hose comes off, nothing,” said Karl Susman, an insurance agent with decades in the industry.

The NBC4 I-Team spoke with both of these insurance experts to understand where we are and what is happening in the new year.

A court ruling from November supports an order by the Insurance Commissioner, requiring insurers within the Fair Plan to expand what they offer in terms of coverage, but Susman says it’s not that easy.

“Even if they accepted that, we could be talking about years before there’s actually a change. Remember, Fair Plan doesn’t know how to price theft liability. How do they know how to price slip and falls? No idea. They’ve never done it before,” Susman said.

A spokesperson for the California Fair Plan said in an emailed statement, in part:

“...The fair plan will carefully review the court’s ruling and its potential impact on fair plan policyholders and the insurance marketplace in light of the current state of California’s property insurance market...”

In the meantime, they say look at their “home hardening” discounts.

“And there’s two discounts. One has to do with things you can do to your home,” Susman said. “Things like closing the eaves off, things like that. Putting a fire resistive over the chimney. A spark resistor. And

then there's another discount for clearing area around your house. So between the two discounts, you can get 14 and a half percent off of the Fair Plan's price."

Susman adds for the first time, insurers are using technology to predict fire risk and other data to calculate rates.

"You could literally pay one rate for one house and two houses down, the rate, again with the Fair Plan could be different," he said.

The process to get insurance, especially on the Fair Plan, is time consuming. Experts recommend these tips:

Tip 1: Start looking early

"Because so many people are having to go turn to the Fair Plan, the Fair Plan is really drowning in applications and it's taking like sometimes a week or two weeks just to get the policy bound," Bach said.

Tip 2: Know what you can afford and consider cutting non-essential coverages

"We're saying to people if it will make your premium more affordable, to reduce the amount of coverage that you have on your contents, your stuff, not your house, keep that full, but maybe shave off some coverage on your personal property, maybe you know, increase your deductible," Bach added.

Tip 3: Get an experienced insurance broker who can help find options

"So as a consumer, you can purchase the Fair Plan directly from Fair Plan or through a broker. The cost is identical, and brokers are not permitted to charge fees for that," Susman said. "Check with brokers, ask them straight out. Say how many carriers do you have access to? What capacity are the carriers that you're writing with offering you? Do you have any? Because there are some brokers that have capacity with certain carriers and some simply don't."

As for Rosenberg, she is still looking at all of her options before her current insurance lapses at the end of the month.

"I'll take what I can get at this point," Rosenberg said.

Susman says Gov. Gavin Newsom and the California Department of Insurance recently put in place new

guidelines to get insurance carriers to start writing more policies, but he says that will take some time. So for now, if you have an insurance policy hold on to it. Susman advises don't let it lapse and perhaps put your payments on auto pay.

Bach also suggests to avoid making small claims, adding they can impact your risk score and insurance options and costs.