

Homeowner insurance dilemma may turn into a full blown crisis

KTVU

SANTA ROSA, CA – Consumer advocates say a homeowners insurance crunch may soon become a homeowners insurance crisis as customers face huge rate increases or out-and-out cancellations.

Experts say the major reasons homeowner policies get giant rate hikes or out-and-out cancellations is that their homes are too close to wild land brush and trees, or too far away from a fire station, or both. Since 2012, half of Lake County's land mass has burned.

Mike Nispuruk's family owns a home in Lake County that's still standing. The family home insurance policy rate just skyrocketed 80%, a hard pill to swallow. He and his wife also want to buy another home there to live in. But, getting insurance is near impossible.

"I have run into a literal brick wall. I have tried companies, numbering in the dozens, and can find no one from any conventional insurance company who will insure property," said Mr. Nispuruk.

The only quote Mr. Nispuruk can get at all is from the California Fair Plan, controlled by a consortium of insurers, as required by state law.

"I've spoken to some agents who have quoted me what a normal policy would be that they would issue: \$1,700 to \$2,800," said Nispuruk.

So, what was the number he got from FAIR? "\$12,000 to \$13,000," said Nispuruk.

This is not unusual in an increasing number of areas in California.

"In the almost 36 years I've run my insurance agency here in California, I've never seen the marketplace for homeowner's insurance as bad as it is today," said East Bay independent insurance agent David

Shaffer who has one client in the Oakland hills who just had a \$6,300 a year policy canceled.

Shaffer could find only one company willing to replace that policy.

“The grand total is \$19,593.48, compared to \$6,343,” said Shaffer.

Consumer advocate Amy Bach is Executive Director of United Policyholders.

“The insurers are completely free to choose their customers, as long as they give you the 45-day notice that they’re not gonna renew,” said Bach.

In Santa Rosa’s burned out but rebuilding Coffey Park, state law guarantees that customers will be renewed for two years.

That means, this fall, before some have moved back in, they could face huge increases or cancellation.

On Corte Madera’s highest point, Christmas Tree Hill, trimming crews are making the roads less confined by vegetation as other crews are carving two fire trails so fire trucks going up the hill will not encounter evacuees coming down.

Even that work may have no effect on rate hikes and cancellations.