

Homeowners In Fire Zones Lose Insurance Coverage

KPIX

OAKLAND KPIX 5) — As fires ravage California each year, more homeowners are at risk of losing their insurance.

The fires across the region in recent weeks caused memories of the 1991 fire in the Oakland hills to come racing back to homeowner Al Fleischman.

“When one loses something that one puts one’s life into, it’s always, always sad,” Fleischman said.

25 people died and nearly 3,500 homes were destroyed in what’s often referred to as one of the most devastating urban wildfires in U.S. history.

“We lost things, my wife lost letters from her dad. Those will never come again,” Fleischman said.

A neighbor knocked on his door, potentially saving his life, but he says he’s never been able to outrun the repercussions of that fire.

“I have a list of 40 insurance companies, of every company licensed to do business, and I’ve called all 40,” he said.

Fleischman lost homeowners insurance five times in recent years from five different insurance companies. The companies say they won’t cover his home because he chose to rebuild in the fire zone.

He’s now insured by Scottsdale, a non-admitted insurance company non-admitted meaning it’s not licensed by the state of California), so the company can raise rates and is not held accountable by the state to make clients whole.

Fleischman's insurance went from \$6,000 to \$16,000 this year.

"I think it's very predatory," he said.

The department of insurance says 350,000 Californians have lost coverage in recent years. For those in the burned areas, non-renewals hit 10%.

Amy Bach is the executive director of United Policyholders, an advocacy group that formed out of the ashes of the 1991 fire. She says California's competitive insurance market is broken.

"If people can't afford to insure their homes, the value of those homes plummets. That's an economic problem that has a big ripple effect," Bach said.

One in four Californians live in what's considered an at-risk fire zone. Many homeowners say they feel held hostage by the insurance industry—they can't buy a home without a loan and they can't qualify for a loan without insurance, and it's not just people living out in the foothills.

"Now people all throughout Sonoma and more populated counties are getting non-renewals, so what was a crunch is now a crisis," Bach said.

A majority of the 15 largest insurance companies lost money in 2018. Insurance companies paid out \$18 billion in claims for the deadly 2017 fires and another \$12.5 billion for the 2018 fires.

When asked if this will lead to a natural progression away from building in so-called fire zones Bach said, "We don't have an exit strategy, an economic exit strategy to offer to say, 'Okay you're going to have to move.' Until we do, how can we tell people to walk away from their biggest asset? We can't do that."

It's a broken system now under fire and every October, another disaster fans the flames.

"People will find a way to not have insurance. That's not healthy for anybody," Bach said.

"Insurance companies should not be allowed to do business in California if they cannot afford coverage to everyone," Fleischman said.

Lawmakers are discussing additional protections for homeowners for the next legislative session.

Governor Gavin Newsom addressed the issue earlier this year, saying he won't block building in fire zones.

He's been quoted saying there's something "truly Californian" about the wilderness and the wild pioneering spirit.