

Homeowners insurance cancellation problems get worse

Fox 2 KTVU

Homeowners insurance cancellations are becoming all too common, and the competition is dwindling as well.

Joe Pochron says he never had made a claim with GEICO, which sold him a bundle of policies including auto.

GEICO farmed his homeowners policy out to an insurer named Stillwater. "I was notified by Stillwater that this would not be renewed, and I received a letter from GEICO that it will not be renewed as well," said Pochron.

The reasons: branches overhanging his home and inability to access his backyard. "I was never notified that anybody was stopping by to access the backyard," said Pochron,

He's willing to abate any hazard, even recently having trees encroaching his property cut back. In his neighborhood, the power lines – a key cause of wildfires – are buried underground.

Nonetheless, he's scrambling to find a new policy if he can.

"Insurance companies do have to give you a discount if you can establish you have reduced your wildfire risk and you meet certain standards," said consumer advocate Amy Bach with United Policyholders.

Harvey Rosenfield is the father of 1988's Proposition 103, which mandates that insurers justify and get state approval for home and auto insurance rate increases as well as treat consumers across the board fairly. "It's unlawful for insurance companies just to decide on a whim they're gonna pull out of selling to new customers or pull out of non-renewing existing customers," said Rosenfield.

That could be tough because mega insurers, State Farm and Allstate, have announced they will not sell new California policies but will keep existing ones. “We’re in the middle of an insurance company insurrection in California. And they have to wait for the Commissioner’s review and approval, and they’re not doing it. When insurance companies decide that they don’t want to take the risk anymore, they just basically flush the state down the toilet. That’s not allowed under Proposition 103,” Rosenfield said.

So, if the state won’t enforce the law, what are we left with? “Insurance companies are free to non-renew and refuse to write as long as they are being consistent with their underwriting; as long as they’re not discriminating,” Bach said.

KTVU could not reach neither GEICO not Stillwater for a statement.