

Insurance company declines to renew homeowners coverage due to Menlo Park house's age

CBS Bay Area

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MENLO PARK — For years now, California residents have been losing their insurance because of fire risk, but new reasons are starting to emerge as the market has been shaken by several major providers limiting business in the state.

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It was 1995 when Ann and Robert Wendel found their way into the home in which they would raise their family. After 28 years of living in the house, they recently got a shock in the mail.

“It definitely caught me by surprise,” Robert laughed.

It was a notice of non-renewal for their homeowners insurance because the home is too old.

“The age of the home,” Wendel quoted from the letter. “This property is no longer within the underwriters guidelines.”

The home is not considered to be at high fire risk. The Wendels have upgraded the doors, the windows, the landscaping and the roof. And this is one of the younger homes in this neighborhood, built in the mid 60s.

“It’s 58 years old,” Wendel said. “You can go down the street here, and just about three or four houses, you can look on the left-hand side, you can see some old houses.”

He’s not aware of any neighbors getting the same notice so he asked his provider what is considered “old.”

"Any house built before 1970 they're rejecting just outright," he said was their response.

"I think what we're seeing is insurance companies reacting to a lot of different forces," said Amy Bach with United Policyholders. "They are reacting to climate change. They are reacting to all the technology that's giving them a much more vivid view of the homes that they have been ensuring."

United Policyholders is an information source for consumers. Bach says the industry is getting more cautious about which homes to insure, and letters like this are becoming more common.

"You know before the last year or so I would've said to that homeowner don't worry about it you'll find another insurance company that's gonna take you," Bach said of the changing market. "But today, you know, the options just keep shrinking and shrinking, so it's tough out there."

"Just shopping around," Wendel added. "Just getting a bunch of quotes right now."

Wendel says he is finding some options but still can't understand how his perfectly normal home, in the heart of the Bay Area, would suddenly lose coverage.

"Well, this is a surprise, because we don't have a fire hazard," he said.

Having a policy dropped because the home is too old is not unheard of, but it is more commonly associated with places like San Francisco where a home may be over 100 years old, not 58.

Under California law, insurers can non renew for just about any reason, as long as they're not discriminating on the basis of something like gender or ethnicity. The only real requirement is that they provide the policy holder with 75 days notice.