[Marin lawmaker aims to protect home insurance for seniors in fire-prone areas](https://uphelp.org/marin-lawmaker-aims-to-protect-home-insurance-for-seniors-in-fire-prone-areas/)

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A bill introduced by Assemblymember Damon Connolly of San Rafael would prohibit home insurance providers from dropping coverage for seniors living in high fire-risk areas and would cap premium hikes.

The bill, AB 478, would forbid insurance providers from dropping policies for residents 65 and older if the reason is that the residence is located in “high” and “very high” fire risk severity areas identified by the state fire marshal.

Much of Marin County’s rural and unincorporated areas have been classified at these risk levels, Inverness, Bolinas, Lucas Valley, Tamalpais Valley, Lagunitas, Forest Knolls and the Ross Valley, among others.

The California Department of Forestry and Fire Protection has proposed new maps that would increase the total area classified as “high” risk by more than 30%, for a total of 102,200 acres, and increase “very high” risk areas by about 9%, for a total of 26,200 acres.

The bill would also cap insurance premium increases for senior residents at 25%. Premium increases would only be allowed to occur once every five years and the resident would be allowed to pay the premium increase over a three-year period.

Connolly, a Democrat, said on Monday that seniors have been disproportionately impacted by recent wildfires and insurance premium hikes, with some seeing premiums spike by thousands of dollars after recent fires. Many seniors live on fixed incomes, Connolly said, with the resulting premium increases forcing them to have to choose between insuring their homes or spending money on food and medicine.

“Seniors in rural areas are struggling under the brunt of ever-more-deadly and destructive wildfire seasons,” Connolly said. “These insurance policies are lifelines for folks that have to rebuild their lives after suffering through a terrible tragedy. We must ensure our seniors can continue to get the coverage they need to be protected from disaster without causing them to go broke or fall to a lender of last resort.”

The bill would require a two-thirds majority approval in the Legislature because it would modify Proposition 103. The 1988 voter-approved measure requires insurance companies to obtain the California Department of Insurance’s approval before they can implement property and casualty insurance rates.

Rex Frazier, president of the Personal Insurance Federation of California, a Sacramento lobby for insurance companies, said while his organization is still reviewing the legislation, the bill does not appear consistent with Proposition 103. Specifically, he noted the proposition’s language states it is meant to “protect consumers from arbitrary insurance rates and practices” and “to ensure that insurance is fair, available, and affordable for all Californians.”

“AB 478 would set an arbitrary limitation on rate increases for certain policyholders, even if the increases are justified under the Department of Insurance’s rate regulations,” Frazier wrote in an email. “If certain policyholders pay an inadequate amount, then other policyholders would be forced to pay more. How are subsidized rates for some fair for all Californians or anything but arbitrary?”

Frazier also stated the Legislature cannot amend the proposition unless the changes “further its purposes.”

“The bill does not appear to further the purposes of Prop. 103,” Frazier wrote. “In that case, the Legislature lacks the power to make this change.”

Nicole Ganley, a spokesperson for the American Property Casualty Insurance Association, said Monday that while the bill is well-intentioned, it “may have unintended outcomes that could further disrupt the fragile homeowners market in California.” The bill could also mandate unfair discrimination, Ganley said, and lead to rate increases for seniors living outside of high fire-risk areas.

“Insurance premiums are intended to reflect the risk being written to ensure that the policy is not being subsidized by other lower-risk consumers," Ganley wrote in an email. "Insurers writing in California already struggle with obtaining adequate rates to reflect the changing risk we are experiencing due to drought and climate change.

"This attempt to artificially reduce insurance premiums while ignoring the growing risk could force insurers to stop writing policies in these areas," Ganley said. "Insurers are already limited in how they can manage their risk given SB 824 and other legislation limiting non-renewals."

On Monday, Connolly said the bill is in its early stages and that his office will be speaking with the insurance commissioner's office and other stakeholders for feedback. However, Connolly rebutted the insurance providers' concerns about the Legislature overstepping its authority, stating that the bill has been reviewed by legislative counsel and that no legal impediments have been found.

"It's not surprising hearing this given that they traditionally have tried to push back on these kinds of consumer-friendly initiatives based on claims that it's going to increase rates for others or drive insurance companies out of the state," Connolly said. "We're aware of those claims. We would push back again but are open to conversation."

Connolly also noted that larger insurance providers such as Allstate reported tens of billions of dollars in profits in 2021 and raised property liability premiums by 9.5% that year.

Amy Bach, executive director of the United Policyholders nonprofit organization in San Francisco, said Marin County is leading the way in working with residents to reduce wildfire threats by hardening their homes through means like matching grants from the Marin Wildfire Prevention Authority.

She said seniors in high fire-risk areas are particularly vulnerable to insurance premium increases or non-renewals by insurers. Issues can include fixed incomes for some residents and lack of education using technology to shop for other rates, she said.

"It is important to give seniors extra protections here but overall the bill highlights a growing problem across the state," Bach said.

Anne Grey, chief executive officer of the Vivalon senior services organization in Marin, lauded the legislation.

“Older adults are the fastest growing group of people who are homeless or experiencing housing insecurity,” she said. “AB 478 will cap expenses and protect homeowners insurance so older adults can afford to protect their biggest asset and not face housing insecurity.”

Data published by the California Department of Insurance last year showed the number of California homeowners’ policies that insurers did not renew increased from about 165,000 in 2018 to nearly 234,800 in 2019 in response to destructive wildfires that occurred in 2017 and 2018.

Insurance Commissioner Ricardo Lara instituted a one-year moratorium on non-renewals for about 2.4 million residents in 2020 who resided in or near a declared wildfire disaster. The department reported that non-renewals fell to about 186,400 in 2020. The number of non-renewed policies increased again in 2021 to about 241,700, according to the data.

In Marin, the insurance providers did not renew 1,163 policies in 2020 and nearly 1,700 in 2021, according to the data.