

## **New proposal could help Californians in high-risk fire areas get their insurance back**

ABC7 News

California's wildfire risk has sent premiums skyrocketing and insurance companies fleeing the state. But this week, the state insurance commission released a new proposal to help homeowners, especially in higher fire risk areas.

As part of the proposal, the state released new maps showing the most distressed or at-risk areas including Marin, Sonoma, Lake, and Santa Cruz counties.

The new proposal may help a lot of people get their insurance back.

Michelle Green has lived in Grizzly Peak in the Berkeley Hills for the past eight years. Travelers Insurance has opted not to renew her home insurance.

"My policy has been canceled. I have one more week of coverage," said Green. "I was told I lost my policy because I was in high fire danger with wood siding."

A lot of homeowners and business owners in California have struggled to find coverage because insurance companies have stopped writing new policies.

California Insurance Commissioner Ricardo Lara just announced a new proposal. It would allow insurers to use new catastrophe modeling to write more policies for people who live in high-risk fire areas.

Insurers would use computer programs to estimate future risks when seeking price increases.

In return, the state wants larger insurance companies to cover more properties in high fire-risk areas —

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at least 85% of properties in distressed areas.

Amy Bach is an insurance consumer advocate.

“The commissioner’s most recent announcement is part of his sustainable insurance strategy. He’s taking a carrot-and-stick approach. He’s saying insurers, you can have something you want, but you’ve got to give something back to consumers. The hope is that this measure will lead to less challenges for consumers. More affordable, more available options,” said Bach.

Critics say that the catastrophe models are based on guesses about what might happen in the future.

“We know ‘Cat’ models can drive premiums up. Premiums are already going up,” said Bach.

Commissioner Lara says he’s trying to move forward and bring insurers back.

He issued this statement saying:

“We are enacting a major reform that will result in insurance companies writing more policies, so if you are stuck on the fair plan because of your unique wildfire risk, there will be help for you.”

As for Michelle Green, she says she’ll take any help she can get.

“I’m hopeful that this proposal that the insurance commissioner is putting forward will give us opportunities to make changes to our home so we can actually get another policy,” said Green.

The proposal from the Department of Insurance will be discussed at a virtual hearing on June 26 and is being closely evaluated by insurance companies and consumer groups.

It needs to go through a regulatory review and would not be implemented until next year, at the earliest.