

Officials offer tips to Portola Valley residents struggling to maintain home insurance

The Almanac

Portola Valley hosted an event to inform local residents about home insurance options and policies, an important topic for a community at risk for wildfires. On Nov. 11, over 60 residents joined a presentation and Q&A with the California Department of Insurance and United Policyholders, a nonprofit dedicated to providing impartial information about insurance options.

In the last few years, Portola Valley residents have struggled with their home insurance policies being canceled and home insurance premiums going up, according to Vice Mayor Judith Hasko, who put the event together with San Mateo County District 3 Supervisor Ray Mueller.

Frequent wildfires and natural disasters have led insurance companies to be wary of offering coverage to homes in high-risk areas.

“In our [wildland-urban interface] community, the availability of insurance is a constant concern. It impacts every household,” Hasko said. “Some state initiatives are being implemented and further developed that will impact home insurance so we need to keep informed on these matters.”

Since 2022, seven of the top 12 insurance companies including State Farm, Farmers Insurance, CSAA, Liberty Mutual and Allstate have been pausing or restricting new business and implementing new policies, according to Mary Beth Bykowsky, outreach specialist at the state department of insurance.

Common reasons for nonrenewal are wildfire risk, age of home, age of roof, galvanized pipes, pools, certain electrical systems and the value of homes. United Policyholder Program Specialist Joel Laucher explained that fire loss and water damage are the most common and expensive claims.

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As residents face nonrenewal and increases in premiums, many have resorted to the California FAIR Plan. In August 2023, it began offering insurance discounts for protecting building structures and the immediate surroundings of homes for residents that take actions toward mitigating fires under the CDI's Safer from Wildfires programs.

Mitigation measures include clearing vegetation and debris, removing combustibles within five feet of the home, using noncombustible materials for fences and gates, and clearing any combustible structures such as sheds and outhouses within 30 feet of the home.

Additionally, homeowners can receive an existing 10% discount on policies if they live in a recognized Firewise community. Firewise, led by the National Fire Protection Association, promotes collaborative efforts among residents, local fire departments and others to bolster the fire resistance in their neighborhoods, according to Cal Fire.

The FAIR plan also expanded to offer \$20 million coverage per structure for commercial policies, such as HOAs and affordable housing. Homeowners can also receive a wildfire risk score from insurers when mitigation efforts are taken.

In September, Insurance Commissioner Ricardo Lara introduced the California Sustainable Insurance Strategy to increase availability in high-risk areas. It ensures that insurance companies will accept no less than 85% of homes and businesses in wildfire distressed areas, according to Bykowsky.

CDI is also exploring California-only reinsurance costs to ensure state residents do not bear the costs of hurricanes and floods across the nation and only the costs incurred within the state.

The FAIR plan however only offers basic coverage and is often the last resort for those who can't obtain a plan from a traditional insurer, said Laucher. "If you end up in the FAIR plan, you want to try and get out of there," he added.

Tips for finding the best home insurance

Laucher advises homeowners to seek out proactive insurance agents, do as much mitigation as possible and to ask agents about all available discounts. He emphasizes that raising deductibles will also help reduce premium costs.

When shopping for an insurance carrier, look for policies that provide adequate “Coverage A” dwelling limits to prevent being underinsured. Also known as dwelling coverage, “Coverage A” offers homeowners with a coverage limit that often amounts to less than \$300 per square foot to rebuild — nowhere enough to cover a typical Bay Area home.

“There’s a reason you buy insurance. It’s to avoid being in a situation where you cannot rebuild your home or even come close to it because you are significantly underinsured,” said Laucher, who advises homeowners to get a realistic understanding of the cost per square foot to rebuild a home.

Insurers are obligated by state regulators to send homeowners an estimated cost to rebuild their homes every other year, even with detailed costs of demolition, labor and architecture plans.

While receiving an insurance checkup, homeowners can also take the time to inventory their personal items as well. Laucher recommends taking photos or a video of belongings by doing a walkthrough of the home. The photos and videos can be uploaded to the cloud for safekeeping in the event of a catastrophe.

The United Policyholders offers tools to guide community members in choosing the best home insurance plan. Visit uphelp.org/cainsurancehelp for more information. For tips from the CDI, visit insurance.ca.gov.