

Renew California' bill seeks to ease wildfire-fueled homeowners insurance crisis

ABC10

Insurance companies have been dropping coverage for homeowners living in fire-prone areas, leaving them unprotected at best and unable to keep their homes at worst.

SACRAMENTO, Calif. — A wildfire-related crisis facing counties all over the state could have one solution in sight.

As the risk of destructive wildfire grows, tens of thousands of California homeowners are finding insurance companies are dropping their coverage and pulling out of fire-prone communities altogether.

That leaves homeowners unprotected at best — and unable to keep their home, at worst — since people with a mortgage are required to have homeowners insurance.

Last year, the California Department of Insurance held town hall listening sessions in 15 counties throughout the state, and thousands of worried homeowners attended, demanding solutions. The trend is hurting not only homeowners – but entire local economies.

“Falling home values will hurt local taxes that, in turn, supports emergency services of first responders,” California Insurance Commissioner Ricardo Lara said. “We are seeing this wildfire domino play out across the entire state of California.”

On Tuesday, the California Department of Insurance, two Southern California lawmakers and United Policyholders, a non-profit that advocates for insurance customers, unveiled the Renew California Bill, which seeks to help protect those homeowners.

It boils down to new safety standards, coverage guarantees and financial incentives for homeowners.

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First, if passed, the Renew California Bill would require a number of state agencies to work together and create new, statewide standards for protecting homes and communities from wildfires.

Second, the bill would require insurance companies to offer coverage to homeowners in communities that meet that new standard. Currently, there's nothing requiring insurance companies to offer coverage, no matter how much fire safety work a person does on their property.

Assemblywoman Monique Limón, one of the two state lawmakers unveiling the Renew California bill, said "it is unfair and unjust when a person has spent significant time money does all the right things and still cannot obtain homeowners insurance."

Third, the bill would allow the state's insurance commissioner to require insurance companies to offer financial incentives for homeowners to do the work to make their homes more fire-safe.

"These homeowners here, they did nothing wrong," said Assemblywoman Lorena Gonzalez, the other lawmaker presenting the bill. "The world changed around them and now we have to help them adapt to the new reality or the California dream becomes at risk."

"If they take the responsibility to make their homes harder, make their homes less likely to burn, they will be rewarded by not losing their insurance and not having their insurance go on to where they can't afford it," Amy Bach with United Policyholders said.

For its part, the insurance industry wants California to "strike a balance."

Two major insurance trade associations representing most of the property-casualty insurance companies operating in California — the American Property Casualty Insurance Association and the Personal Insurance Federation of California — released a joint statement Tuesday afternoon.

"We look forward to working together on solutions that best address homeowners' concerns about non-renewals, but we need to avoid legislation that limits consumers' choices or results in unintended consequences that harm Californians," the statement says.

"While a relatively low percentage of Californians face non-renewal in high-risk areas, it is little comfort to those who can't find insurance. As we work with the Legislature, Governor and Insurance

Commissioner on long-term solutions, we must strike a balance that ensures the availability of coverage and safeguards insurers' ability to pay homeowners' claims in the face of large-scale disasters," the statement goes continued.

"Claims payments from two consecutive years of devastating wildfires have left California homeowners insurers with an underwriting loss of over \$10 billion. With climate change creating new pressures on homeowners' insurance, any new laws must reflect this 'new normal' in order to protect access to insurance while also providing stability to insurers so they can meet the needs of homeowners devastated by wildfires," the statement concluded.

The Renew California bill still has to make its way through the legislative process, meaning homeowners worried about non-renewals right now will still have to wait.