

[Searching for solution to California's insurance crisis before property values plunge | Call Kurtis Investigates](#)

CBS News

As insurance companies drop more California homeowners over the state's fire risk, some are predicting the next crisis is a drop in home values.

Bill Kinyon said his insurance company decided not to renew his policy over the fire risk to his family's modest 700-square-foot cabin in the forest of Tuolumne County. He was forced to the FAIR Plan, California's insurance of last resort. It's a co-op of insurance companies that share in the profits and losses.

Kinyon said the amount he pays to insure it has quadrupled to \$2,887 annually.

The cabin is surrounded by towering Pine trees, and Kinyon said his family's annual cleanup of pine needles in the spring to lower the fire risk was delayed this year after such a wet winter. He finds it ironic.

"I don't get it," he said. "There is virtually no fire danger. We've had two of the wettest winters on record."

The Little Hoover Commission, an independent oversight agency, is now looking at ways to solve California's insurance crisis. During a hearing, the head of the FAIR Plan warned that major fires could wipe them out.

"The FAIR Plan continues to grow in size as consumers find themselves without coverage. As a result, we have doubled in size in the last three years," said FAIR Plan President Victoria Roach. "As those numbers

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climb, our financial stability comes more into question.”

From September 2019 to December 2023, the FAIR Plan’s total exposure nearly tripled from \$112.75 billion to \$311.64 billion. In the same period, total policies increased 113% from 154,494 to 339,044.

Roach warned of more rate hikes.

Former Insurance Commissioner Dave Jones blames climate change and unmanaged forests for the crisis.

“I believe we’re marching steadily towards an uninsurable future,” Jones said.

Some say that without affordable insurance, California property values could plummet. Amy Bach with United Policyholders said it’s already impacting home sales.

“We’re seeing deals fall through because of the insurance price tag scaring buyers,” Bach said.

She thinks the solution is in a government-private insurer partnership under the existing FAIR Plan. If the government finds money for the program to cover potential catastrophic losses, Bach said that could lower premiums. She’s optimistic that the people working on a solution will find one.

“You’ve got consumer groups, business groups—everybody is the elected officials. There’s a lot of lenders, realtors—all these stakeholders that need this problem to get fixed are working on it,” Bach said. “And I believe we’re going to get there with or without a radical overhaul.

For now, she suspects some homeowners may be on the FAIR Plan because their insurance agent sent them there. She suggested aggressively searching for a more affordable private policy.

“So, you really want to dial in with an agent that’s hustling in this challenging market,” Bach said.

The state has a tool to find possible insurers by address.

Kinyon searched the site but still couldn’t find a policy. He owns his family’s cabin outright and doesn’t have to have insurance. With sky-high insurance, he has considered going without coverage.

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“If there is ever a devastating forest fire at our age, I doubt if we’d rebuild,” Kinyon said. “But obviously, our intent is to hand this down, and I’ve told my kids, ‘Don’t ever sell this after we’ve left. You hand this down to your kids.’ ”

The Little Hoover Commission is holding its next virtual roundtable discussion on Thursday at 10 a.m. Members of the public can view and/or listen to the hearing by joining Zoom online or by phone. To join via phone, call toll-free from the U.S. by dialing (888) 788-0099. The webinar ID is 973 3147 7804. The passcode is 486870. You can also attend in person at 925 L Street, Room 175, Sacramento.

Public comments will be heard at the end of the meeting and will be limited to three minutes per speaker and a total of 30 minutes. Attendees may indicate to staff that they wish to make public comments by using the “raise” hand feature in Zoom or sending an email to littlehoover@lhc.ca.gov with your question and the phone number from which you have joined the hearing.

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