[State Farm zigzags on California home policy non-renewals](https://uphelp.org/state-farm-zigzags-on-california-home-policy-non-renewals/)

North Bay Business Journal

State Farm has changed its policy on non-renewals, taking a page out of other carriers' playbooks.

The largest carrier in California announced in March it would not renew more than 70,000 policies in the state — 30,000 of them home insurance policies. Much of the reason centered on the increasing risk of wildfires in the state.

Now according to a statement from the insurer's California spokesman, Sevag Sarkissian, it will renew those policies — but with a hitch.

State Farm clients will have to specifically secure fire coverage from the California FAIR Plan, the state's insurance program of last resort that's less comprehensive and costs more. It covers fire as a peril but not other coverages such as liability. Those policies dated for renewal after July 3 will need a "FAIR Plan Policy Perils Exclusion," Sarkissian's email read.

Lisa Frazee of Santa Rosa said she "just laughed" when her agent told her what State Farm agreed to do after informing her it wouldn't renew her in August.

"It's ridiculous," she said.

The Frazees spent about $300,000 on fire mitigation after they rebuilt following their house burning down in the 2017 Tubbs Fire.

"It's just frustrating because State Farm even knew about this," she said.

She would prefer to use one carrier and believes it's more cost effective, instead of paying more to multiple carriers.

When asked whether this is where the industry is headed, Jeff Okrepkie, a broker with the George Petersen Insurance Agency in Santa Rosa, said the industry has been “pushing for” this type of coverage for a few years.

“The question becomes is it going to be cost effective for consumers,” he said, listing different scenarios of priorities policyholders will need to weigh.

United Policyholders Executive Director Amy Bach pledged Thursday “to hold the line” on the whittling away of insurance benefits in the face of increasing disasters.

“This is not what we want the market to look like,” Bach said. “We already have problems with consumers facing challenges of having nothing for flood or earthquake. It’s inefficient, wasteful and expensive.”

Jonny Karpuk, CEO of First American Title Company out of Napa, said he was surprised by the latest declaration from State Farm.

Still, from the outside looking in, Karpuk is concerned the impacts appear to reach far beyond whether a homeowner has a policy.

“One way or the other, there’s gotta be a solution. At the end of the day, I don’t think State Farm wants to stop writing insurance in California,” Karpuk said.

To the title insurance broker with a decade of experience in the industry, the real estate market and the state’s overall economy are at stake due to the insurance crisis.

“It’s a double whammy on top of high interest rates. It makes it difficult to sell property if a buyer can’t get insurance,” he said. “California represents the largest insurance market and the fifth largest economy in the world. I would have thought the regulators would have had more power.”

Apparently, so do state and federal lawmakers — one of whom is a former state insurance commissioner, Rep. John Garamendi, D-Vallejo.

More than 30 signed a letter dated Nov. 6, 2023, to current California Insurance Commissioner Ricardo

Lara regarding the state Department of Insurance's Sustainable Insurance Strategy that allows rate increases as a way to stabilize the market by keeping carriers here.

"In short, California's present insurance market is in chaos," it reads, continuing: "It would greatly benefit our constituents across California for you to use that power to immediately and quickly review the proposed rate increases under any new risk modeling to determine if they are necessary, adequate and not excessive for consumers."

In turn, half of the 20 rate increase requests, including State Farm's, made with the department in the last six months has been approved.

Across the North Bay and beyond, stories abound from both industry experts and policyholders over the impacts of the insurance crisis.

The quasi a la carte approach to insurance represents a harsh reality for Lake County's Nancy Perrin.

Despite losing and rebuilding her Cobb Mountain home from the 2015 Valley Fire, Perrin looked forward to full retirement from working as a respiratory therapist in her rebuilt house in 2017.

Like her home when Perrin had to "run for her life," that idea fell into ruins when the expenses in the 73-year-old's household budget started to mount. The latest setback came last year when MetLife, which was bought by Farmers Insurance in 2021 for almost $4 billion, dropped her.

She quickly called on a Sacramento broker who found her another Farmers policy with the FAIR Plan to cover against fire — but at a high cost.

"It's at least $2,000 more a year, and the coverage isn't as good. I probably could rebuild if I have to, but it wouldn't be as nice," she said, echoing results of a recent survey by the San Francisco-based consumer advocacy group, United Policyholders. Two-thirds of those impacted by natural disasters said they didn't have enough insurance to rebuild.

"But I know many people paying more, and at least I have coverage," Perrin said.

And that could be what the insurance carriers are banking on and moving to, according to industry insiders.

When asked how she balances a budget that surged in expenses, Perrin said she works part time as a therapist. She also replied: “I shop less.”