

Wildfire risk: Marin homeowners face increasing insurance woes

Marin homeowners are seeing an increase in insurance policy rates and dropped policies in the pandemic era due to wildfire risk.

Statewide, a new report from the California Department of Insurance released last month found the number of California homeowners whose policies were not renewed by insurance companies fell by 10% in 2020 compared to 2019. The number of new and renewed homeowners' policies issued by the voluntary market increased from 8.62 million to 8.7 million.

The report found a mandatory moratorium instituted by Insurance Commissioner Ricardo Lara made up more than 80% of the statewide drop in non-renewals, the majority in areas at greatest risk of wildfire.

In Marin, the number of dropped policies rose 10% in 2020, jumping to 5,110 compared to 2019. The number of dropped policies has been on the rise in the county since 2016, when 4,622 policies were not renewed. The number of policy renewals in Marin in 2020 rose to 64,515, from 64,009 the previous year.

The number of policies written by the California FAIR Plan Association — a consortium of insurance companies that serve as the coverage of last resort for less than 3% of California homeowners — increased for the second year. The number of people in need of FAIR coverage also grew by 49,049 policies.

Amy Bach, executive director of the San Francisco-based nonprofit United Policyholders, said, "We've been doing everything we can to help people contend with this crisis — and we had felt that we were seeing signs of it easing."

Policy rate increases are currently more common than non-renewals in Marin as insurers react to drought conditions and larger, more destructive fires, Bach said. She said she is hopeful that recent rain and a

relatively mild wildfire season will help prevent substantial rate increases and non-renewals in 2021.

Multiple factors play into why Marin residents may keep or lose their insurance. One in 15, or about 7,000, homes in Marin are in areas the state firefighters call “very high” hazards for wildfires. Many more residences are in the “wildland urban interface,” defined by the U.S. Fire Administration as areas where wilderness and development come together.

In the Ross Valley, some homeowners said their insurance rates have gone up significantly.

Mary Vidal of Fairfax said she had to increase her coverage.

“When we renewed our policy ... I stressed all the fire mitigation we have done on our property as well as on our ridge,” Vidal said. “They won’t say much about next year.”

Others were not so lucky.

“In December we received a notice of non-renewal from our homeowner’s insurance, and were advised by our broker that we may need to go through the California FAIR Plan if we can’t find an alternate insurer,” Fairfax resident Brent Scharschmidt said.

Nancy Prickitt said her insurance company said she was not in danger of losing coverage — although her rates have increased by 20% in the last four years.

“It seems that they are really coming down hard on areas that are far into the rural zones, that are very treed and have narrow streets where access is difficult,” the Fairfax resident said.

Marin County fire Chief Jason Weber, who serves as chief for Ross Valley, said the area is considered high risk. He believes rate hikes and policy cancellations have been getting worse each year.

“Unfortunately they are (insurers) not taking into account the defense we’re taking,” he said.

“For homeowners, the best defense is meeting the public resources and local defensible space codes. We don’t think the insurance companies should be gouging them, especially if they are meeting the defensible space codes.”

Scott Johnson, principal broker agent and founder of Marindependent Insurance Services, said, “It’s a nightmare for everybody involved, no question about it.”

Johnson said scoring a property’s wildfire risk has become more broad and complex, and the increasingly narrow criteria for homeowners to win coverage is contributing to the expected increase of non-renewals.

“I expect non-renewals to just go through the roof,” he said. “For the longest time, it was really West Marin that was having the trouble getting home insurance. But that has just come full circle into Mill Valley, some parts of Sausalito, Kentfield ... it’s really unbelievable.”

Marin homeowners also struggle to utilize the FAIR coverage for another reason — plans are capped at \$3 million, Johnson said. Many homes in Marin can’t get full coverage at that cap level, particularly if a property faces both flood and fire risk — a common problem throughout the county.

Rich Shortall, executive coordinator for FireSafe Marin, said the organization is trying to ease people’s concerns about coverage.

“I think the biggest problem with all of this is the insurance companies are not giving credit for people who are really taking steps to defend their house, like home hardening, defensible space, which is really a shame, because those are the steps we’re all supposed to be taking,” he said.

Shortall said homeowners should talk to an agent to make sure they know all options available to them, since “a lot of people are under insured.”

The temporary one-year moratorium declared by Lara on non-renewals covered 2.4 million people in 2020 who lived in or adjacent to a declared wildfire disaster. Areas that fall under the moratorium saw non-renewals fall by nearly 20%, compared to a less than 3% decrease in areas without the prohibition.

Marin Assemblymember Marc Levine — who has announced he will challenge Lara for insurance commissioner — introduced bills that would require insurance companies to lower rates in areas with fire safety programs and ban insurers from denying coverage of properties in high-risk wildfire areas based on risk level. Both bills failed to garner support in the Legislature but similar bills will be introduced in the coming weeks, a spokesman said.

Bach said United Policyholders has been working to advance a similar initiative to "put standards in place and regulations so that insurers ... cannot ignore the (fire prevention) things the homeowner and/or their community, or both, have done."

The goal is to incentivize homeowners to improve home hardening and defensible space to protect their home in the hopes of getting an insurance break, she said.

If dropped by an insurer, by state law, each homeowner has 75 days to find a replacement policy. FAIR plan policies provide only basic fire protection and cost more than traditional policies, but discounts are available to those in recognized Firewise USA sites. A FAIR plan representative could not be reached for comment.

Homeowners can find insurance companies, agents and brokers listed using a tool developed by the Insurance Department. Go to bit.ly/3fViOhp.