

Will new regulations do enough to keep homeowners from losing fire insurance?

ABC 7 News

SAN RAFAEL, Calif. (KGO) — Homeowners in California who live in a high-risk fire zones could find it easier to get their home policies renewed. That's if new state regulations work as intended. Not everyone is convinced it will work.

John Campos says he's done everything possible to reduce fire danger around his home in San Rafael.

He's followed the recommendations of the fire department and reduced his brush. He even put in a fire-retardant roof.

Yet his insurance company told him it would not renew his fire insurance due to the high fire risk.

"You know as a consumer I feel betrayed by the insurance industry," said Campos.

New regulations from Insurance Commissioner Ricardo Lara would mandate insurance companies give homeowners discounts for taking preventative measures.

It would also require those companies to disclose your fire risk score and allow you to appeal that decision.

Amy Bach of the consumer group United Policyholders believes the new regulations will lead to more renewals and lower prices.

"We don't want insurance companies overcharging people. If people have actually taken steps that makes them a better risk, then if the insurance company is charging them the same price they were charging them before they made those improvement, then they are collecting an excessive rate," Bach

said.

Carmen Balber of Consumer Watchdog agrees that lower prices is a good thing and believes the regulations will do just that.

But she fears it does nothing to reduce non-renewals.

“If I go to an insurance company and it refuses to sell insurance to me, doesn’t matter what the price is. I can’t pay it. It’s not available at any cost,” Balber warned.

Insurance companies declined to renew more than 200,000 homeowners in California during a one-year period in the latest figures available from the Department of Insurance.

Bach believes that’s because insurance companies are nervous about fire risks.

“The only way to get their confidence back in competing to sell home insurance in California is to reduce the risk,” said Bach.

“I can guarantee you that non-renewals will continue to go up in the California Insurance market under this rule. It does nothing to address this problem,” countered Balber.

Approval from the Office of Administrative Law for the regulations is expected within a month. There is no firm date as to when any discounted rates would take effect as those rates would first have to be approved by the state.