



Property insurance and disaster resiliency: Trends, Challenges and Opportunities

NAIC Climate Change Working Group
January 6, 2023

About United Policyholders (UP)

- A national 501(c)3 not-for-profit organization with a Platinum Guidestar rating and a large corps of professional and disaster survivor volunteers
- 31 years of experience assisting in disaster preparedness and recovery, advocating for fair insurance practices and helping solve problems that impede loss victims' ability to be indemnified through insurance products
- Working in coordination with insurance regulatory agencies, public officials and stakeholders
- A trusted information resource and respected voice for insurance consumers in all 50 states and the District of Columbia
- Funded by donations and grants
- Participating in NAIC proceedings since 2009

Our Three Programs

- Roadmap to Recovery®
 - *Helping individuals and businesses solve insurance coverage and claim problems.*
- Roadmap to Preparedness®
 - *Increasing disaster preparedness by promoting savvy shopping, inventorying and insuring property to value, and mitigation*
- Advocacy and Action
 - *Advocating for insurance consumers in courts of law, legislative and other public policy forums, and in the media.*

Post disaster observations and remedial initiatives

Survey data and observations:

- Underinsured dwellings (chronic...2/3)
- Delays/shortages/gouging/fraud
- Loss valuation disputes
- Unanticipated limits, exclusions
- P/C Marketplace problems (Availability/Affordability)

Remedial initiatives:

- Consumer education on insuring to value
- WRAP/Mitigation/Brace and Bolt, Fortified Homes etc.
- Rate and form regulation
- Need for a return to the NY Std form

Which path to take...

Type of Issue	Negotiation	Mediation	Appraisal	Legal Help	Filing a Complaint with CA DOI
Coverage Limits - Underinsurance	✓			✓	✓
Payments owed: (How much and when payable)	✓	✓	✓	✓	✓
Replacing by buying not rebuilding	✓				✓
Valuation Dispute (lowball estimate)	✓	✓	✓	✓	✓
Home Inventory Proof / Waiver	✓ Use UP survey results				✓
Conflicting info/inconsistent positions by adjuster	✓	✓		✓	✓

Underinsurance overview

- Current law in most states: Insurer agent only has a general duty to procure
- Reality: Insurer software sets limits, software often a feedback loop from Xactimate and/or not adjusted for local conditions and pricing
- Demand surge is a factor but not the root cause of underinsurance phenomenon

Underinsurance by the numbers

UP surveys recently and consistently find that nearly 2/3 of households are underinsured

2017 North Bay Fires Survey Results

24 Month Survey Results - North Bay Fires

Summary and Highlights:

- 64% of survey respondents reported they do not have enough insurance to cover the cost of repairing, replacing or rebuilding their home by an average amount of \$367,000.

2018 Camp Fire Survey Results

12 Month Survey Results - Camp Fire

Read our [Camp Fire Survey Report \(Recovery Status at 1 Year\)](#)

Summary and Highlights:

- Underinsurance persists. 60% of survey respondents reported being underinsured by an average of \$163,000.

“Self-help” approaches to get an insurer to retroactively reform policy limits/pay above stated limits:

- What do UP’s survey results tell us?
- What has worked (or not) for previous disaster survivors to solve this problem?
- What can DOIs do to help?
- What can a lawyer do to help an underinsured wildfire survivor?



Division of Insurance - Marshall Fire 2022 Data Call

Insurance Commissioner Michael Conway

Louisville City Council Meeting - March 1, 2022

Who's responsible for underinsurance?

Exceptions to General Rule re Non-liability of Agents & Brokers:

- 1. Misrepresentation of nature, scope or extent of coverage;
- 2. Failure to obtain requested limit;
- 3. Agent/Broker assumes Greater Duty

Bottom line

In most cases, the policyholder bears the burden of inadequate policy limits

Coverage A Limit

\$225 sq. ft. v. \$400 sq. ft.

Exceptions

1. Misrepresentation of nature, scope or extent of coverage;
2. Failure to Obtain Requested limit;
3. Insurer/agent/broker *can be held to have taken on a special duty* through words and/or actions that the insured can prove through evidence. (not just “he said she said”)

Strategies

- Find/use leverage and convince insurer to pay above limits
 - Did your insurer/agent/broker give you reason to believe your limits were adequate?
 - Did they undertake duty to set limits adequately?
 - Seek a “retroactive reformation” of policy limits and offer to pay the difference in premiums
- Sue your agent/broker/insurer individually or in a group
- Sue another at-fault party

A shift in focus

- Prior to 2016, UP's Roadmap to Preparedness messaging focused on helping consumers avoid being underinsured and create a home inventory to avoid extra post-loss claim challenges
- Our focus shifted in 2016 to:
 - Working with producers and CDI to help consumers shop for **any** affordable available option outside the CFP, DIC and surplus lines education
 - Identifying long term strategies to sustain a private market, restore competition
 - Coordinating with stakeholders to identify effective risk reduction approaches
 - Strengthening and improving residual market options

Insurance rating and underwriting adjustments that reward risk reduction are imperative

- Property insurance affordability and availability challenges are plaguing regions throughout the US that are vulnerable to disasters
- Property owners need financial incentives and assistance to make necessary improvements, which in turn improve insurability
- Predictive modeling, risk scores, aerial and other surveillance technology are helping *and* hurting.
- Mandated insurance rate reductions for effective mitigation are in place in many hurricane and flood prone states.
- Significant progress related to wildfire mitigation in 2022

Rewards to incentivize mitigation

- Premium discounts
- Improved risk score = more options
- Non-renewal protections/guarantees
- House less likely to burn/flood/be damaged

United Policyholders Wildfire Risk Reduction and Asset Protection Project ("WRAP")

A regular convening of public and private stakeholders, firefighting pros, community-based risk reduction advocates, public officials and agencies, fire scientists and insurance sector reps working together to:

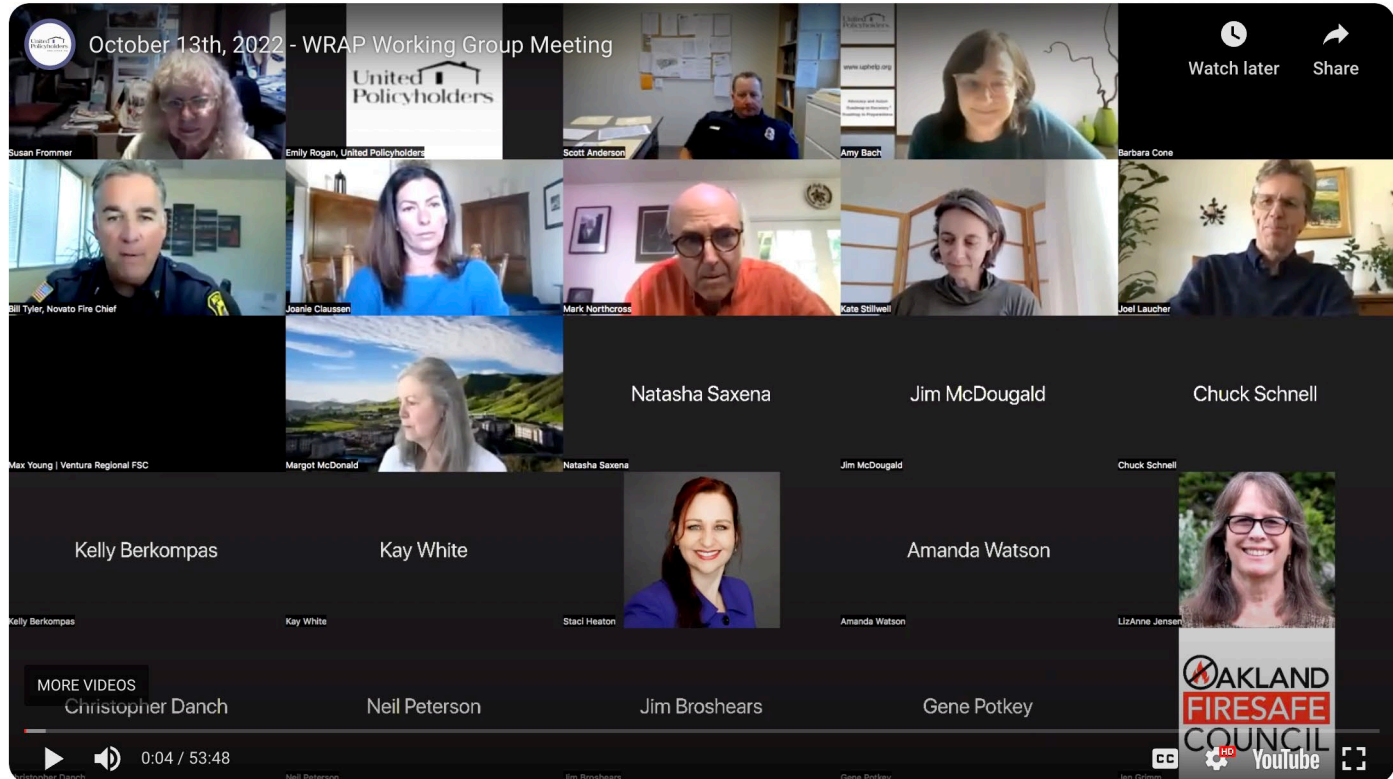
- Reduce wildfire risk and restore home insurance availability and affordability in WUI and other regions
- Increase financial and technical assistance options for property owners to make risk reduction improvements, build community engagement
- Secure insurance incentives and rewards for property owners that proactively reduce wildfire risk

visit: www.uphelp.org/WRAP

October 13th, 2022 - WRAP Working Group Meeting

YouTube 

YouTube · United Policyholders · Oct 11, 2022



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October 13th, 2022 - WRAP Working Group Meeting



Watch later



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Wildfire Mitigation Specialist Team

Focusing on the most important things you can do to make your home less likely to ignite during a wildfire.

Services Offered:

- Complete home evaluations
- Home Hardening Grants
- Vegetation Management Grants ("defensible space")
- **5355 Total Home Evaluations Completed**



Bill Tyler, Novato Fire Chief

MORE VIDEOS



12:17 / 53:48



YouTube





October 13th, 2022 - WRAP Working Group Meeting



Watch later



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Novato Fire Matching Grants Disbursements year to date (FY20-22)

Number of grants	Grant Types	Monies granted to residents	Amounts invested by residents
343	Home Hardening Up to \$5000 each	\$1,039,263	\$3,847,666
532	Vegetation Dspace Up to \$1000 each	\$414,336	\$1,292,186
11	Defensible Space Vegetation Homeowner Associations	\$40,500	\$166,484
886	Totals	\$1,494,099	\$5,306,336

MORE VIDEOS



Bill Tyler, Novato Fire Chief



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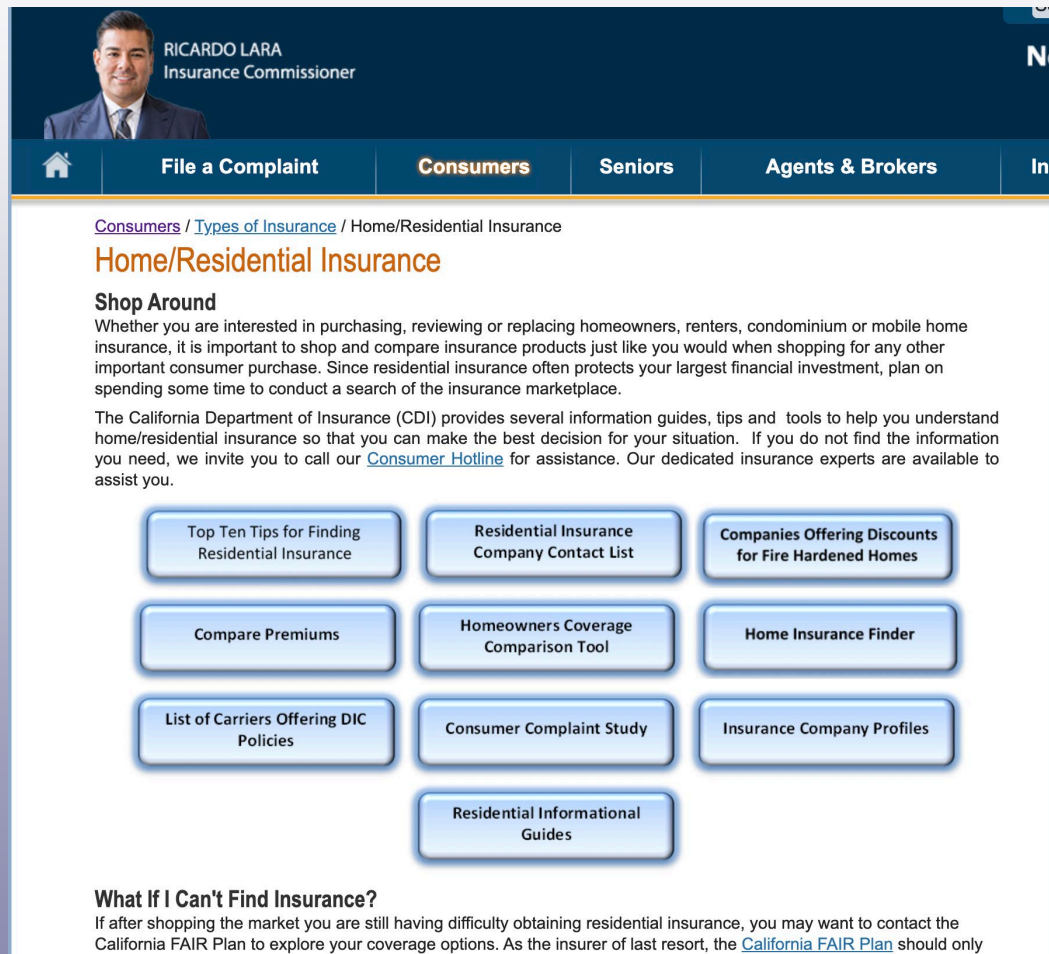
YouTube



www.uphelp.org/wrapchart

Comparison of IBHS's newly released "Wildfire Prepared Home" with United Policyholder's "WRAP" Initiative's "Mitigated Dwelling Measures"		
IBHS (Basic)	United Policyholders	State Agency Partnership
Class A fire rated roof	Class A fire rated roof	Class A fire rated roof
Ember Resistant Vents	Ember Resistant Vents	Ember Resistant Vents
Cleared 5 foot Home Ignition Zone	Cleared 5 foot Home Ignition Zone	Cleared 5 foot Home Ignition Zone
6 inches noncombustible clearance at base of exterior	6 inches noncombustible clearance at base of exterior	6 inches noncombustible clearance at base of exterior
Enclosed underdecks / clear combustible materials from underneath decks	No combustible materials underneath deck	No combustible materials underneath deck
Maintain trimmed trees/maintain yard clear of debris	Limb up branches, maintained and irrigated landscape	Defensible space compliance - trimming of trees, removal of brush and debris
Replace combustible attached fencing	Last 5 feet of any fencing attached to home must be noncombustible materials	Upgraded windows or defensive shutters
No outbuildings near home	If other combustible structure is within 25 feet of dwelling, facing walls of dwelling must include tempered glass in dual pane window and noncombustible, fire rated cladding	Removal of sheds or combustible outbuildings to at least 30 feet from the dwelling
(IBHS + Plus) set for later rollout, will require additional standards including, in addition to the above, noncombustible siding, enclosed eaves, upgraded windows or shutters, wildfire resistant deck		Enclosed eaves

Voluntary insurer discounts



RICARDO LARA
Insurance Commissioner

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Home/Residential Insurance

Shop Around

Whether you are interested in purchasing, reviewing or replacing homeowners, renters, condominium or mobile home insurance, it is important to shop and compare insurance products just like you would when shopping for any other important consumer purchase. Since residential insurance often protects your largest financial investment, plan on spending some time to conduct a search of the insurance marketplace.

The California Department of Insurance (CDI) provides several information guides, tips and tools to help you understand home/residential insurance so that you can make the best decision for your situation. If you do not find the information you need, we invite you to call our [Consumer Hotline](#) for assistance. Our dedicated insurance experts are available to assist you.

Top Ten Tips for Finding Residential Insurance	Residential Insurance Company Contact List	Companies Offering Discounts for Fire Hardened Homes
Compare Premiums	Homeowners Coverage Comparison Tool	Home Insurance Finder
List of Carriers Offering DIC Policies	Consumer Complaint Study	Insurance Company Profiles
Residential Informational Guides		

What If I Can't Find Insurance?

If after shopping the market you are still having difficulty obtaining residential insurance, you may want to contact the California FAIR Plan to explore your coverage options. As the insurer of last resort, the [California FAIR Plan](#) should only

Voluntary insurer renewal rewards



Who We Are

Wildfire Partners is a wildfire mitigation program to help mountain and foothills homeowners in Boulder County, Colorado prepare for wildfire. Wildfire Partners, part of Boulder County's **Community Planning & Permit Department**, is a nationally recognized model for wildfire mitigation that is incorporated into Boulder County's building code.



What We Do

We provide education on how to mitigate your home against the threat of wildfires. Upon acceptance to our program, a mitigation specialist will visit your property to do an assessment. We will send you a comprehensive report recommending actions to take. Upon completion of these required items, you will receive certification that can be used as proof of mitigation for insurance purposes.



See Our Progress

Year started: **2014**

Homes participating: **2,957***

Certified homeowners: **1,254***

*as of July 30, 2022

Join our program by applying today!

[Apply Now](#)

Financial awards are available to subsidize the cost of hiring a Wildfire Partners Forestry Contractor.

Our program receives grant funding from the Colorado State Forest Service and FEMA. These funds help provide financial assistance to eligible homeowners for forestry work through an **approved contractor** during summer and fall. You must submit a bid to us from an approved forestry contractor to receive financial awards. Financial awards for 2020 are capped at 50% of the total cost and can not exceed \$2000.00.

Free access to Wildfire Partners Advisors. Advisors are available from 9 a.m. - 4 p.m., Monday-Friday, to answer questions and provide information about our program. You can reach us at 303-441-1420 or by email at info@wildfirepartners.org.

A Wildfire Partners Certificate and yard sign stating that you have mitigated your home. After successfully completing your mitigation checklist, please call us to schedule your one-hour final inspection.

After passing the inspection, you will receive your certificate and a Wildfire Partners yard sign. Allstate, State Farm and USAA Insurance companies recognize the certificate as proof of proper mitigation. We are not aware of any insurance company who has denied coverage for a Wildfire Partners certified home. The certificate can also be uploaded to your MLS listing to help you sell your home.



Increased peace of mind. By completing mitigation actions, you can feel good knowing you have acted responsibly to help protect your family and your community. However, wildfire mitigation is not a one-time event; you must maintain mitigation for it to be effective. You can always contact us to schedule a re-certification of your property. We charge a \$100 fee for re-certification assessments.

Join your neighbors and become a Wildfire Partner! Be a positive role model for others and help create a more resilient community.

Apply Now and begin your journey to having a more resilient home and community.

NEED HELP?

LOGIN | CREATE ACCOUNT



About ▾

Wildfire Prepared Solutions ×

Homeowner Resources ▾

Professional Resources ▾

Get Started

Get Started

You Are Not Powerless Against Wildfire.

Based on the latest wildfire mitigation science, this program guides you through the steps necessary to protect your home and offers a designation for those who meet program requirements.

📘 Wildfire Prepared Home Overview

⊕ Wildfire Prepared Home Plus Overview

★ Get Started

Get Started

Designation Process

1 Confirm Eligibility & Take Required Actions

2 Apply for a Designation

3 Get an Inspection

4 Achieve Designation



CA Progress in 2022

- CDI regulations set standards for rating plan adjustments
- Consistent standards (WRAP, Safer From Wildfires and IBHS Wildfire Prepared Home)
- Significant increases in funding for wildfire risk reduction
- Cal OES funded WRAP Resource Center
 - Aggregate and disseminate info re: available risk reduction grants and technical help (Fire Safe, Firewise, COPE, etc.)
- Increase in insurers voluntarily offering rewards/support
- More vendors offering risk reduction services
- Increased understanding of brush management/firefighting strategies that save structures

Challenges remain

- CO availability/affordability challenges are increasing, residual market designing underway (OR, WA?)
- CA Fair Plan products and processes need improvement
- Insurer reluctance to recognize risk reduction in rates and UW
- Resistance to 5' defensible space/Community-wide engagement in risk reduction
- Continued attacks on CA limits on the use of CAT models to set rates, pass along reinsurance costs to phs
- How to deal w/ “150 years of not letting forests burn”
- Decades of development in WUI regions
- Climate change's overall impact on P/C sector

Questions?

Email info@uphelp.org, amy.bach@uphelp.org

Visit www.uphelp.org