Keeping Your Home Protected When Insurance Options Are Limited and Expensive

R2P CA Home Insurance Shopping Help Webinar
June 9th, 2023
If you’d like to download and follow the slide deck
www.uphelp.org/events

EVENTS

Keeping Your Home Protected When Insurance Options are Limited and Expensive

📅 Friday, June 9, 2023
12pm PT

👤 California Homeowners

REGISTER HERE

RESOURCES

- Dropped by your home Insurer? Where to go for help in CA
- Home Insurance Shopping Help
- Wildfire mitigation info & help resources
- Keeping Your Home Protected When Insurance Options are Limited and Expensive slide deck

Register for upcoming events. View recordings of past events and related resources.
About United Policyholders (UP)

- A 501(c)3 national not-for-profit organization with a Platinum Guidestar rating

- 32 year track-record of expertise in insurance problem-solving, disaster recovery and resiliency

- A trusted information resource and respected advocate for insurance consumers in all 50 states + D.C.

- Funded by donations and grants

- Independent (not funded by insurance companies)
Today’s expert panel

• Amy Bach, Insurance Consumer Advocate and UP Co-Founder
• Gabriel Sanchez, CA Dept. of Insurance (Los Angeles)
• Phil Irwin, Independent Agent / CA Fair Plan (El Dorado Hills)
• John Wheatley, VP, Ins. Svcs., Redwood Credit Union, (Santa Rosa)
• Robert Feldman, Coast to Canyon Insurance Services (Malibu)
• Ruth Stroup, Ruth Stroup Insurance Agency (Oakland)

Help available at UP’s Professional Help Directory
https://uphelp.org/sponsor-category/insurance-shopping/
CA home insurance headaches

- In some regions, prices are high, competitive options are very limited
- UP and our partners are helping consumers contend
- CDI non-renewal moratoriums have been helpful but are expiring
- A good insurance agent/broker can help you navigate and find all available options
- The new normal = having to pay more attention to insurance
- California FAIR Plan is a last resort option, pair with a DIC
- Avoiding underinsuring your assets is still very important!
Help us continue to monitor and report on pricing and availability by completing our...

www.uphelp.org/CAhomeSurvey

If you were dropped and had to replace your home insurance in recent years, or your rates have gone up (or not) we want to hear from you.

The data collected will help us help you.

THANK YOU!!!
Dropped by your Insurer?

- Read “Dropped By Your Insurer” tips, [www.uphelp.org/droppedca](http://www.uphelp.org/droppedca)
- Don’t panic, start shopping
- Check out all your options, don’t give up
- Ask good questions, keep good notes
- Use the CA Department of Insurance’s resources – [www.insurance.ca.gov](http://www.insurance.ca.gov)

For more information and guidance, visit: [www.uphelp.org/droppedCA](http://www.uphelp.org/droppedCA)
Did your insurer give you the legally required 75 days notice?

• Your insurer must give you at least 75 days notice before your policy expires.
  – If you live in a wildfire adjacent zip code your insurer must renew you for **one year** when it comes up for renewal after the fire
  – If your home was destroyed by a wildfire your insurer must renew you **for two years**

• If your insurer gives you the legally required amount of notice and isn’t discriminating against you, they are free to drop you.
Why did you get non-renewed?

- Was there a stated reason?
- Were you given the chance to mitigate and get reconsideration?
- Property condition issues (inspection revealed…)
- Insurer not insuring homes in your area
- Risk Score
  - Fuels, Access, Slope

Can a non-renewal get reversed? JW, RS
Start shopping ASAP

And try not to take it personally…
Learn the Lingo

**Dropped/Nonrenewed:** Your insurance company no longer wants to insure your home when the current contract expires (usually a one year term).

**Cancelled:** Your insurance company can cancel your insurance if you do not pay your insurance bills or lie to them about the condition of your home.

**Difference in Conditions ("DIC"):** Insurance that can fill gaps in a CA Fair Plan policy.

**Admitted/Non-Admitted:** Two kinds of insurers. Fully or Lightly regulated. Many unfamiliar home insurers are Non-Admitted.

**CA Guarantee Assn. (CIGA):** Pays claims of admitted insurers that run out of money.

**Protection Class:** 10 categories insurers use to evaluate your city/town. Considers fire department, water supply, alarm/communication systems.

**Risk Score:** A number assigned to your home’s wildfire risk level by a modeling system produced by a private company, generally not an insurer.
Where can you turn for help?

- Independent agent/broker (access to multiple insurers)
- Captive agent (access to one insurer, possibly more)
- CA Dept. of Insurance website [www.insurance.ca.gov](http://www.insurance.ca.gov)
- The California Fair Plan [www.cfpnet.com](http://www.cfpnet.com)
How UP is helping:

• Helping CA property owners navigate, find insurance and keep their assets insured.

• Monitoring the marketplace, keeping our website and info current, hosting webinars like this one.

• A voice and advocate for affordable, available property insurance options, mitigation discounts and quality coverage.

• Working with the CA Dept. of Insurance, agent/broker volunteers, firefighting agencies, Fire Safe/Firewise, IBHS, scientists, insurers.

• Dialoguing with insurers, encouraging them to recognize the value of wildfire risk reduction and resume insuring condos and homes in WUI and suburban regions.
How CDI is helping:

- Enforcing the 75 day required notice
- Enforcing non-renewal moratoriums
- Requiring insurers to reward mitigation
- Requiring insurers to disclose risk scores
- Approving justified insurer rate change requests, reducing where indicated
- Dialoguing with insurers on a regular basis
- Working to improve CFP options
What CA Dept. of Insurance shopping tools are available? (GS)

Insurance.ca.gov

- Chart of insurers offering discounts/rewards
- Insurance Finder Tool
How has the CA legislature helped? (GS)

Total losses (disaster only): Can’t drop for 24 months

CA Ins. Code 675.1(a)

Homes in and adjacent to zip codes where state of emergency has been declared: Can’t drop for 12 months

CA Ins. Code 675.1(b)(1) and (2)
Non-renewals moratoriums are tied to disasters, counties and zip codes

Commissioner Lara’s actions have protected nearly 4 million homeowners, including over 415,795 in 2022-23

- Los Angeles
- Siskiyou
- Modoc
- Madera
- Riverside
- Placer
- El Dorado
- Mariposa
- Santa Barbara
- Monterey

https://www.insurance.ca.gov/01-consumers/140-catastrophes/wildfirenonrenewalinfo.cfm
Know your risk, know your rights

Insurance companies must provide a detailed **wildfire risk score** for your property

- When you apply for a policy
- Before a renewal or non-renewal of your policy
- Anytime you have completed a mitigation measure on your property and request the score
- Including how you can lower that score

You have a **right to appeal** the score if you believe it is inaccurate

If the appeal is denied, the Department of Insurance can help at 800-927-4357 or insurance.ca.gov
What is a risk score?   RF

How do you find out your risk score? JW

Can you change your risk score? RS
There is a lot of energy, time and money going into reducing wildfire risk in CA.
Reduce risk, improve your profile

**Improve Your Home’s Chances of Surviving a Wildfire**

- Have a Class A fire rated roof
- Install screens to keep embers out
- Gutters should be kept clear of leaves and needles
- Clear plants so there’s 5 feet of space around your home
- Remove all combustible materials from under and near decks
- Prune branches near the home
- If wood fencing touches your home, replace at least 5 ft. of it with metal
- To get help with the above, visit the WRAP Resource Center: [www.uphelp.org/wrap](http://www.uphelp.org/wrap)
Get risk reduction help in your area

www.uphelp.org/WRAP

- FIND LOCAL RESOURCES
- ASSESS YOUR HOME
- CHECK FOR INSURANCE DISCOUNTS
- GET STARTED

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How agents/brokers are helping:

• Assisting and educating consumers
• Tailoring policies (e.g. reduce Other Structures, Contents coverage)
• Actively seeking reliable, non-standard, non-admitted insurer options
• Understanding CFP and DIC options
• Keeping United Policyholders informed
Agent qualifications

• Integrity
• Access to markets
• Current on options in today’s CA home insurance marketplace
• Knowledgeable about the CA Fair Plan
Admitted/licensed

Covered by the CA Insolvency Protection Fund

CA Fair Plan, Travelers, Safeco, The Hartford, USAA, CSAA, American Modern, American Family, Nationwide, Mercury, Progressive, Aegis

VISIT:  https://interactive.web.insurance.ca.gov/apex_extprd/f?p=400:50

Farmers  Restricted
State Farm  Restricted
Allstate  Restricted
Nationwide  Restricted

Does CIGA matter?  RF, PI
Non-admitted/Surplus/Specialty

Atain - 3M max coverages combined. 10% ERC, pricey

BigFoot – Very picky Broker/MGA

Lexington - will write under certain conditions (150-200ft brush clearance, road width, etc) 30% wildfire deductible

Heritage - An option, conservative on ITV and pricey

Acceptance Casualty/Occidental -

KW Specialty

First Capital

Northlight (Allstate)

What do consumers need to know? RS
Resources for checking on the financial strength of a brand you’ve never heard of

consumers.ambest.com
Register (free), Search
OR, call 1(800) 424-2378  M-F 8:30-4:30 EST

List of Approved Surplus Line Insurers (LASLI)
www.insurance.ca.gov
https://www.insurance.ca.gov/01-consumers/120-company/07-lasli/lasli.cfm
Installment payments

May not be an option for new policies, may be an option for renewals post 6 months

Not an option with non-admitteds

Some brokers/agencies will help w/premiums financing for some clients

Status? JW, PI
The lowdown from UP on the California FAIR Plan, the last resort option for insuring your home

Under normal circumstances, homeowners can choose between a variety of insurance companies and premiums are generally affordable. But disasters and other economic pressures sometimes cause insurers to drop customers at renewal time and stop offering new policies in a region or an entire state for a period of time. During these periods, competition and consumer choices disappear, prices skyrocket. Home values drop, real estate sales slow down and homeowners struggle to find and afford insurance. UP works hard to help people find affordable insurance to meet their mortgage obligations and continue to protect their assets. Fortunately, California has a government-created insurer of last resort called the Fair Plan.

California FAIR Plan

What is the California Fair Plan?

The California FAIR Plan Association (FAIR Plan) is a “last resort” option for people to insure their home when they have been unable to find a company willing to sell them a standard policy. A FAIR Plan policy protects your home for the risk of fire, and will satisfy a mortgage company’s requirement that your home be insured, but it doesn’t cover theft, flood, earthquake, hail, vandalism or personal liability. Homeowners in wildfire-prone and inner-city regions can also buy additional coverage to protect their homes when other options aren’t available.
About the FAIR Plan

The FAIR Plan writes basic property insurance, including fire coverage, for homeowners who cannot obtain it from a traditional insurance carrier.

The FAIR Plan is often a temporary safety net for homeowners, established to ensure all homeowners have access to fire insurance when other insurers won’t provide it.

The FAIR Plan is a private association comprised of all insurers licensed to write property insurance in California. The FAIR Plan is overseen by a Governing Board that includes the California Insurance Commissioner and insurance company executives.
How does the FAIR Plan work?

The FAIR Plan will **insure property in California regardless of wildfire risk**, if:

- It’s in insurable condition
- It has not been vacant for more than a year
- No illegal activities take place at the property

The FAIR Plan is required by law to issue policies with **actuarially sound rates sufficient to cover risk exposure** and anticipated losses.
FAIR Plan Can be Part of Comprehensive Coverage

FAIR Plan
Dwelling Policy

Difference in Conditions Policy

Comprehensive Coverage

- Fire
- Internal Explosion
- Windstorm
- Water Damage
- Theft
- Liability
A FAIR Plan policy typically costs more than traditional insurance coverage because:

- Traditional carriers select lower risk properties and manage the number of properties in any given area to limit their risk.
- In contrast, the FAIR Plan has a high concentration of policies in high-risk wildfire areas and does not decline risks based on location.
Getting Covered by the FAIR Plan

• **Contact your insurance agent or broker** for support in determining eligibility for a FAIR Plan policy and to ensure get necessary coverage. To find a broker, use the FAIR Plan's Find a Broker tool on our website, cfpnet.com.

• **Shop around** for a policy through a traditional insurance carrier before purchasing a policy through the FAIR Plan.

• **Check out the California Department of Insurance's website, insurance.ca.gov,** to find insurers that write Difference-in-Conditions policies and other property insurers that may cover your home.
Recent Changes and What’s Coming

• **Latest Enhancements**
  • Launched new FAIR Plan training course
  • Farm Coverage
  • Increased commercial coverage
  • Online credit card payment option
  • Claims pay

• **Coming Soon**
  • Increased commercial coverage limits ($20 million per location)
  • Monthly payment options
  • Home hardening discounts (pending CDI approval)
CA Fair Plan Add-On Options

- Extended coverage for windstorm or hail, explosion, riot, vehicles
- Vandalism
- Add **Replacement Cost Coverage**
- **Contents:** you have to specifically add extended coverage and/or vandalism for contents
- Optional increase of **Fair Rental Value** (up to 20%)
- Optional Increase **Code Upgrade Coverage** (up to 10%)
- Optional - add 5% for **Debris Removal** coverage
- Optional increase of **Other Structures** coverage
DIC / Supplemental Policy

• What’s covered?
• What’s excluded?
• Is it a Replacement Cost or Actual Cash Value Policy?
• Go over scenarios
• Get a few quotes on DIC policies, compare what is covered
• Bundled discount?

What do consumers need to know?  RF, RS
No matter which insurer you end up with...

Your Dwelling “Coverage A” limit should be enough to replace your home with one similar size and features.

Ask local builders what the psf cost of new construction is, multiply that by the amount of your living space.

(Example: 2,000 sq foot home X $400 psf would require $800,000 Coverage A limit)
What matters:

• Replacement coverage over ACV
• Extended replacement coverage
• Building Code Compliance/upgrade coverage
• Adequate dwelling and ALE limits
• Extra for art, jewelry, business property, guns
• Know what’s excluded/limited: Flood, EQ, Mold, Earth Movement
• Deductible
Common sub-limits and caps
Home Insurance Check UP

Questions to ask an ins. agent

- Will this policy cover the **cost of rebuilding** my home to its pre-loss condition?
- What causes of loss are **not covered**?
- Will my insurance cover the cost to upgrade electrical, plumbing and other **building codes upgrades** if I have to make repairs or rebuild my home?
- For how long will my **temporary rent and related expenses** be covered while my home is being repaired or rebuilt after a loss?
- What items are subject to **limits or exclusions** and for which of these limits or exclusions should I consider adding coverage?
- What are my options for insuring my **home-based business** property and operations?
- What **discounts** do you offer and how do I qualify for them?
- How much can I save if I increase my **deductible**? Flat or %?
- Does this policy contain a **wildfire deductible**?
Tips to save money:

• Seek out a pro-active insurance agent/broker
• Do as much mitigation as you can
• Raise your deductible
  – While shopping ask for a quote with different levels of deductible: $1,000, $2,500, $5,000
  – A higher deductible will reduce your premium and you will be less likely to file a small claim
• Reduce/eliminate buckets of coverage you can live without (High dollar limits on contents, Other Structures)

Words of wisdom: JW, RS, RF, GS, PI
Yes it’s worth it…
(even if your lender isn’t requiring)

• Insurance money -- not charitable or government aid -- is the #1 source of money that helps people rebuild and recover after a disaster.

• FEMA money is needs-based and the maximum grant is $41k. Average ~ $5k.

• SBA loans are low interest but must be repaid.

• Charitable aid generally covers basic needs – not the cost of rebuilding a home.
Despite limited options and high prices, be prepared, not scared:

- Get educated on your options
- Seek out a pro-active, consumer-oriented agent/broker
- Avoid underinsuring your dwelling: Aim to insure for replacement value, including coverage for building code upgrades
- Compare what premiums will be w/various deductibles
- Reduce/eliminate non-essential coverages where feasible
- Create a home inventory, store it safely
- Help your community be Firewise/Fire Safe
- Mitigate! Take steps to “harden” your home and create defensible space - www.uphelp.org/wrap
Expert panel

Gabriel Sanchez  
CA Department of Insurance  
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Ruth Stroup  
Ruth Stroup Insurance Agency / Farmers Insurance  
Oakland  
ruth@stroupins.com  
(510) 874-5700

Help available at UP’s Professional Help Directory  
https://uphelp.org/sponsor-category/insurance-shopping/
HOME INSURANCE HELP

HELPING CALIFORNIA HOMEOWNERS FIND INSURANCE

The United Policyholders “WRAP” initiative aims to reduce wildfire risk and help restore affordable, available property insurance options for home and business owners who are being hit with premium spikes, non-renewals and no place to turn but the California Fair Plan. Drought and extreme heat associated with climate change has increased wildfire risk in WUI (“Wildland Urban Interface”) and brush areas, and insurance companies are reacting by dropping long time customers and declining new business in those regions. This has made it very hard for home and business owners outside urban areas to keep their assets affordably or fully insured and comply with lender requirements.

If you live in an area where it’s hard to find a company that will insure your home, shopping online and finding an “Independent“ agent are your best bets. Here are a list of UP publications to help you to help you navigate finding insurance in a challenging marketplace:

› Dropped by your home Insurer? Don’t panic, try our tips:
› The lowdown from UP on the California FAIR Plan, the last resort option for insuring your home
› Picking a good insurance agent or broker
› How to check an insurer’s financial strength
› Home Insurance Check UP
› What to do about “CLUE”?
› Home Insurance Buying Tips
› WRAP Resource Center - Get Started Now!
Renters Insurance Resources

What do you get when you buy a Renters Insurance policy?

Coverage for Personal Property ("your stuff"): Insurance to repair or replace your damaged or stolen furniture, clothing, and household items that belong to you. A typical renter's policy limits payments for business property, fine art, collections, jewelry and other specific items.

Loss of Use: Insurance to pay for hotel bills, a security deposit and additional rent if your home is damaged and you have to move into a more expensive apartment while it is being fixed. Some insurance companies pay for loss of use up to a set dollar amount. Others will cover you for a set amount of time for a living space similar to what you had, usually for a maximum of 12-24 months. We strongly recommend coverage for the longest maximum time you can afford, as it frequently takes longer to repair a damaged property than you think.

Liability Coverage: This protection pays for legal costs if someone claims you are responsible for damage or injuries. For example: Your crepes flambé experiment fails and you cause a cooking fire that damages a next door apartment, or you host a party and a guest slips on a spilled drink and fractures their skull. A minimum amount of this protection is included in a basic renters policy. We recommend buying extra liability protection. It's usually not expensive to add.

A typical renter's insurance policy covers:

| Coverage C (Personal Property) | An amount, designated by the insured, subject to a minimum as determined by your insurance company |
| Coverage D (Loss of Use) | 20% of Coverage C |
| Coverage E (Personal Liability) | Generally subject to a minimum of $100,000 |
| Coverage F (Medical Payments to Others) | Generally subject to a minimum of $1,000 |


How Deductibles Work

If you have a policy with a $500 deductible and a robber steals $2,000 worth of stuff, you can file a claim with your insurance company, and they will give you a check for $1,500 ($2,000 loss minus the $500 deductible equals $1,500 claim payment.)

If you have a policy with a $500 deductible and a robber steals $400 worth of stuff, your insurance company will not pay you anything, because the loss is below your deductible. For a loss that is below your deductible, it is wise to pay for the damage yourself and not to file a claim with your insurance company. The more claims on your record (paid or unpaid), the more you pay for insurance.
We’ve got your back when insurance matters

United Policyholders (UP) is a non-profit 501(c)(3) whose mission is to be a trustworthy and useful information resource and a respected voice for consumers of all types of insurance in all 50 states. We don't take money from insurance companies. We give you the straight scoop. Guide you on buying insurance and navigating claims. Fight for your rights.

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Get Ready:

Get Your Disaster Ready Guide

www.listoscalfornia.org/resources