



A Briefing on the Current Home Insurance Market in California:

Risk Scores, Consumer Rights and Options,
Mitigation incentives and rewards...Navigating a Crisis

Butte County, California

October 3rd, 2023



To download today's slide deck

uphelp.org/events/briefing-on-the-current-home-insurance-market-in-california/

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EVENTS

Home » Events » Briefing on the Current Home Insurance Market in California

Briefing on the Current Home Insurance Market in California

Tuesday, October 3, 2023
5:30pm PT

zoom - registration required

Butte County Homeowners

[REGISTER HERE](#)

A consumer-facing webinar on keeping your home protected when insurance options are limited and expensive

RESOURCES

- [Updated Home Insurance Shopping Tips](#)
- [Home Insurance Shopping Help](#)
- [CA Home Insurance Survey](#)
- [SLIDE DECK: Briefing on the Current Home Insurance Market in California](#)

About United Policyholders

- In business since 1991 as a consumer advocacy non-profit that helps people with insurance matters
- Three main programs, various initiatives (WRAP, RISC)
- Trustworthy, plain language info
- Working hard to help Californians in wildfire-prone areas keep their homes insured during the current crisis
- UP Roadmap to Recovery program provides free guidance on insurance, replacing, rebuilding and navigating the recovery process after a partial or total catastrophic loss

Amy Bach, UP Executive Director



- Co-founder, United Policyholders,
- Leading the Roadmap to Recovery®, Roadmap to Preparedness and Advocacy and Action programs since 1995
- A professional insurance consumer advocate since 1984
- Official Consumer Representative, National Association of Insurance Commissioners
- Member, Federal Advisory Committee on Insurance (US Treasury)
- Architect of the UP WRAP initiative

Today's expert panel

- Warren Bullock, Broker-Realtor, American Homes and Land, Paradise
- Phil Irwin, Independent Agent / CA Fair Plan (El Dorado Hills)
- Lisa Strange, Northern CA Manager, CA Dept. of Insurance
- Karl Susman, CPCU, CIC, LUTCF, Susman Insurance Agency (Los Angeles)
- Steve Hawks, Director of Wildfire Policy, IBHS

Help us continue to monitor and contribute
to solving CA's property insurance crisis!

Please take our...

www.uphelp.org/CAhomeSurvey

The data collected will help us help you.

THANK YOU!!!

Bottom line...

- In brush-heavy regions and areas impacted by past wildfires, home ins options are *very* limited, premiums have doubled/tripled
- CA is experiencing a crisis that's impacting other states as well
- Current law allows insurers to non-renew for any reason, 75 days notice
- The first mandated insurance discounts for mitigation were approved for the Fair Plan
- Working with a good insurance agent/broker is a necessity
- California FAIR Plan is the fallback option, consider a DIC
- Avoiding underinsuring your assets is still very important!
- A recent announcement by Gov. Newsom and Ins. Comm'r Lara brings hope for restored options outside the Fair Plan



Warren Bullock

Broker-Realtor, American Homes And Land

How is the crisis impacting real estate values, buyers and sellers in Butte County?

What are the current rules?

- Insurer must give 75 days notice before non-renewing
- Gov't can't force a private insurer to insure your home
- CA Fair Plan must “take all comers” (w/a few exceptions) and give a discount to those who are Safer From Wildfires
- Insurer must tell you your Risk Score, provide an appeal
- Insurance pricing must be prior approved, not excessive or unfairly discriminatory
- Admitted insurers must give mitigation discounts (approval pending)

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, CIGA/not

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.

Dropped by your Insurer?

- Start shopping right away
- Talk to neighbors and friends, shop on your own AND get help from a professional agent/broker
- Use the CA Department of Insurance's resources
 - www.insurance.ca.gov
- Use UP's resources
<https://tinyurl.com/2p8r2k27>
- Ask good questions, keep good notes

United Policyholders
Roadmap to Preparedness Program

LISTOS CALIFORNIA

Dropped by your home insurer? Steps to take in California

Act Promptly
Read the paperwork from your insurer. Contact them and ask if there are home improvements you can make that will get them to reverse their decision to drop you. Note: The non-renewal notice must be sent to you **75 days before** the policy expires.
www.uphelp.org/droppedca

Know Your Rights & Get Help
If you believe that you are being non-renewed in violation of the law, file a "Consumer Complaint" with the California Department of Insurance
www.insurance.ca.gov/01-consumers

Shop for Options
Work with a good agent to find all options including "non-admitted" insurers. Watch UP shopping help videos and use CDI tools: www.uphelp.org/cainsurancehelp

Be Prepared to Pay More, Avoid Cutting Coverage
Aim to insure your home for what it would cost to rebuild it and the risks you face in your area. Keep good notes of your conversations. Avoid being in the 1/3 of homes in the US that are underinsured.
www.uphelp.org/checkup

Last Resort
The California FAIR Plan (CFP) offers basic fire protection if you can't find a "regular" company to insure you. Consider pairing a CFP policy with a "difference in conditions" policy to fill gaps in what CFP policies don't cover.
www.uphelp.org/CFP

For more information and guidance, visit:
www.uphelp.org/droppedCA

Why did you get non-renewed?

- Did the non-renewal notice give a reason?
- Were you given the chance to make home improvements in return for a renewal?
- Property condition issues (inspection revealed...)
- Insurer not insuring homes in your area
- Risk Score
 - Fuels, Access, Slope

In some cases, a non-renewal can get reversed, but these days...rarely

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 www.insurance.ca.gov, 1800 927-HELP
- Shop online
- The California Fair Plan www.cfpnet.com

How UP is helping:

- Helping people navigate the crisis and keep their assets protected
- Advocating to restore 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.
- Hosting an online mitigation help center www.uphelp.org/WRAP
- Hosting a monthly WRAP Working Group that pushed for the mitigation discount regs and risk score transparency, ongoing coordination
- Dialoguing with insurers, encouraging them to recognize the value of wildfire risk reduction and resume insuring condos and homes in WUI and suburban regions.

4 main types of ins. co

- Admitted/licensed
- Non-admitted/licensed
- Gov't sponsored (CA Fair Plan, CEA)
- Forced/Lender-placed

@ www.uphelp.org : Understanding different types of insurance companies

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?

Examples of “Non-admitted”/Surplus insurance companies

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)

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>

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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?

How agents/brokers are helping:

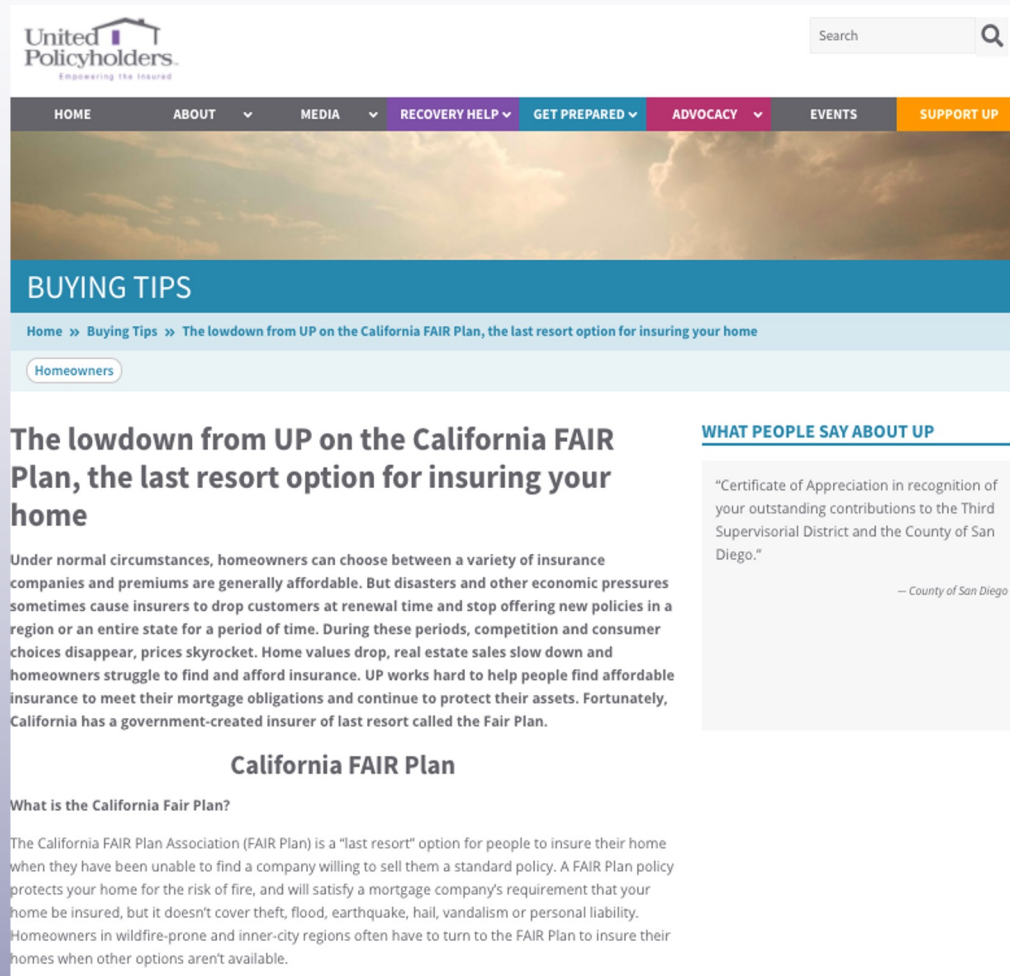
- Assisting and educating consumers
- Tailoring policies (e.g. reduce Other Structures, Contents coverage)
- Actively seeking reliable, non-standard, non-admitted insurer options
- Understanding CFP and DIC options
- Keeping United Policyholders informed

Agent qualifications

- Integrity
- Access to markets
- Current on options in today's CA home insurance marketplace
- Knowledgeable about the CA Fair Plan

CA FAIR PLAN – Insurer of last resort

www.uphelp.org/CFP



The screenshot shows the United Policyholders website. The header includes the logo and a search bar. The navigation menu has links for HOME, ABOUT, MEDIA, RECOVERY HELP, GET PREPARED, ADVOCACY, EVENTS, and SUPPORT UP. The main content area features a blue banner for 'BUYING TIPS' and a breadcrumb trail: Home » Buying Tips » The lowdown from UP on the California FAIR Plan, the last resort option for insuring your home. A 'Homeowners' tag is present. The article title is 'The lowdown from UP on the California FAIR Plan, the last resort option for insuring your home'. The text explains that under normal circumstances, homeowners can choose between various insurance companies, but during periods of economic pressure, insurers may drop customers or stop offering policies, leading to skyrocketing prices and slow real estate sales. UP works to help people find affordable insurance to meet mortgage obligations. California has a government-created insurer of last resort called the Fair Plan. A quote from the County of San Diego praises UP's contributions. The article also includes a section titled 'California FAIR Plan' and a sub-section 'What is the California Fair Plan?' which explains that the FAIR Plan is a 'last resort' option for people unable to find a standard policy, covering fire risk but not theft, flood, earthquake, hail, vandalism, or personal liability. Homeowners in wildfire-prone and inner-city regions often have to turn to the FAIR Plan when other options are unavailable.

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Search

HOME ABOUT MEDIA RECOVERY HELP GET PREPARED ADVOCACY EVENTS SUPPORT UP

BUYING TIPS

Home » Buying Tips » The lowdown from UP on the California FAIR Plan, the last resort option for insuring your home

Homeowners

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 often have to turn to the FAIR Plan to insure their homes when other options aren't available.

WHAT PEOPLE SAY ABOUT UP

"Certificate of Appreciation in recognition of your outstanding contributions to the Third Supervisorial District and the County of San Diego."

— County of San Diego

Phil Irwin

- Public Relations Representative, CA Fair Plan
- Independent Insurance Agent, El Dorado Hills



California FAIR Plan Update

October 03, 2023

Presented by Phil Irwin



CALIFORNIA
FAIR PLAN
PROPERTY INSURANCE

California FAIR Plan, Insurer of Last Resort

- Purposes of the FAIR Plan (Insurance Code Section 10090)
 - **To assure stability in the property insurance market for property located in the State of California.**
 - **To assure the availability of *basic property insurance* as defined by this chapter.**
 - **To encourage maximum use, in obtaining basic property insurance, of the normal insurance market provided brokers *by admitted insurers and licensed surplus line brokers.***
- To provide for the equitable distribution among admitted insurers of the responsibility for insuring qualified property....



California FAIR Plan, Insurer of Last Resort

- Not a state agency and not state- or taxpayer-funded
- Not for profit
- Not subject to Prop103
- Accepts properties regardless of wildfire exposure





Broker Information

- Perform a diligent search for insurance in the voluntary market
- The FAIR Plan does not determine the adequacy of requested limits and coverages
- The FAIR Plan does not verify insurable interest
- Commission rates for brokers:
 - **New business commissions** for all policies are **10%**
 - **Renewal commissions** for all policies are **8%**
- Brokers are **not** agents or representatives of the FAIR Plan
- Brokers are **not** authorized to transact insurance coverage or receive information from others on behalf of the FAIR Plan

FAIR Plan Today

- Ensuring access to basic property coverage
- Meeting increasing consumer needs
- Supporting a fragile insurance market
- Navigating financial instability

Growth By the Numbers	
Year	Total FAIR Plan Policies
2018	126,709
2019	160,302
2020	209,874
2021	242,318
2022	272,846
2023	320,216 (as of August)

FAIR Plan 10 Highest Wildfire Exposures

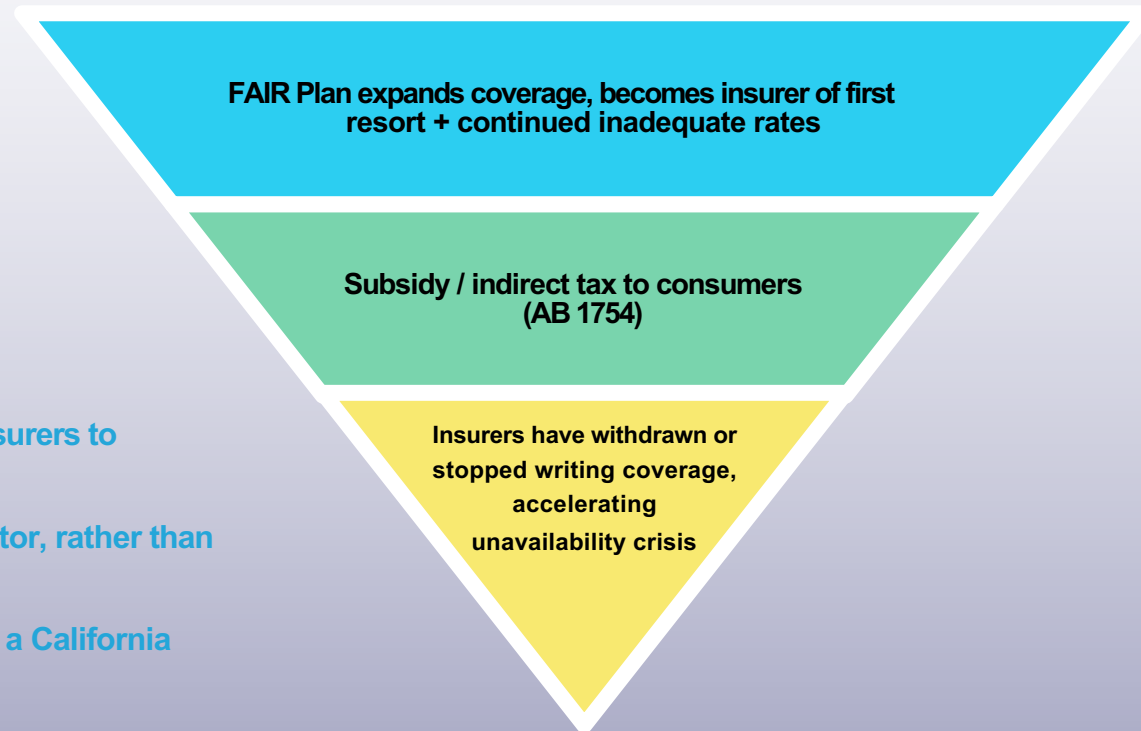
- 5 Highest Wildfire Exposure Concentrations in Northern and Southern California
- Lake Arrowhead exposure has grown by over 10% in 10 months
- Each exposure area represents a 7-mile quarter circle



Data as of 12/31/2022

Ramifications of FAIR Plan as Insurer of “First” Resort

- Becoming the insurer of “first” resort:
 - Expansion of limits (HOA)
 - Expansion of coverage (Farms and Cannabis)
 - Inadequate rates
- Potential consequences:
 - Indirect tax on consumers
 - Risk of assessment may force more insurers to withdraw from the market
 - Positioning the FAIR Plan as a competitor, rather than a stabilizer, of the voluntary market
 - Current conditions are trending toward a California unavailability crisis for consumers



Recent Changes and What's Coming

Latest Enhancements

- Home hardening discounts
- Launched new FAIR Plan training course
- Increased commercial coverage
- Online credit card payment option
- Claims pay
- Option to submit a photo

Coming Soon

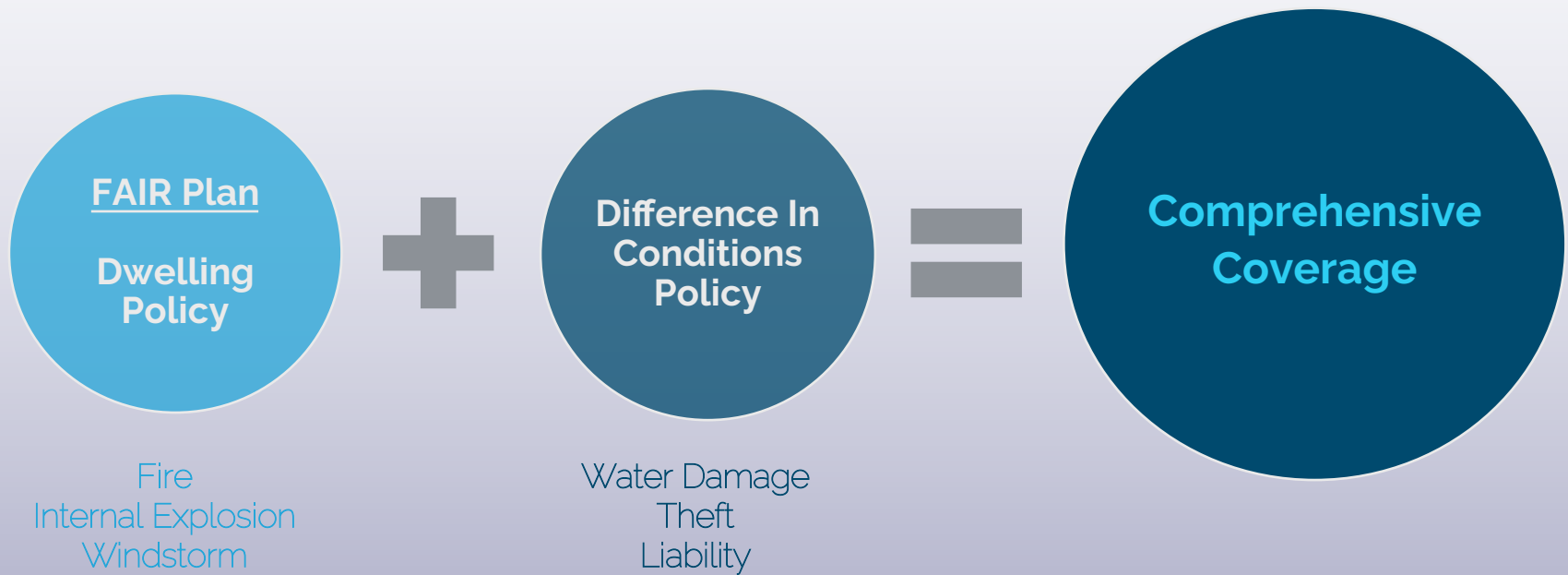
- Increase commercial coverage limits to \$20 million per location
- Rate for condition
- Monthly payment option
- Modernize the operating platform at the FAIR Plan
- Broker product guides
- Implementing Zesty AI and updated rates for Dwelling Fire





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FAIR Plan Can be Part of Comprehensive Coverage



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?

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)

Reduce risk, improve your chances

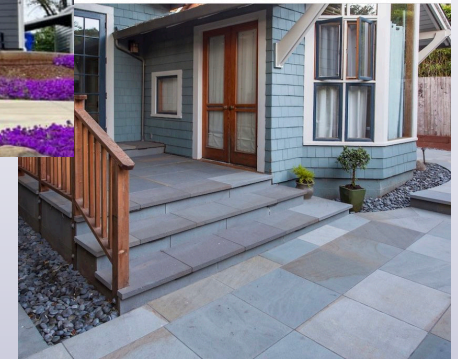


Improve Your Home's Chances of Surviving a Wildfire

- 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



firesafe_marin



Fences and Gates

Use noncombustible materials



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
- Working to improve CFP options



Lisa Strange, Northern CA Outreach Manager
Community Relations and Outreach Branch
California Department of Insurance
Bio – 2023

Lisa Strange is the Northern California Outreach Manager in the Community Relations and Outreach Branch of the California Department of Insurance.

Lisa has been with the Department since 2007 in various positions. Currently, Lisa oversees and manages the development, coordination and implementation of the outreach and education work plans throughout the state. Prior to this assignment, Lisa worked as the Special Projects Division Manager and carried out research projects covering health enforcement and senior issues; managed the Low Cost Auto Insurance Program; facilitated several goals of the Insurance Diversity Initiative; and implemented many other long-term policy initiatives.



Protect your home or business

- Class A fire-rated roof
- 5-foot ember-resistant zone around the structure
- Noncombustible 6 inches at the bottom of walls
- Ember- and fire-resistant vents
- Double pane windows or added shutters
- Enclosed eaves



Protect the immediate surroundings

- Cleared vegetation and debris from under decks
- Move sheds and outbuildings at least 30 feet away
- Trim trees and remove brush in compliance with state and local defensible space laws



Protect the whole community

- Neighborhoods can form a Firewise USA community
- Cities, counties, and local districts can become certified as a Fire Risk Reduction Community

Transparency on Risk Scores

- **Provides consumers with transparency about their wildfire risk score that insurance companies assign to properties**
- **Give consumers the right to appeal their risk determination**

What is a risk score?

How do you find out your risk score?

Can you change your risk score?

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**

INTRODUCTION OF

WILDFIRE

HARDENING DISCOUNTS



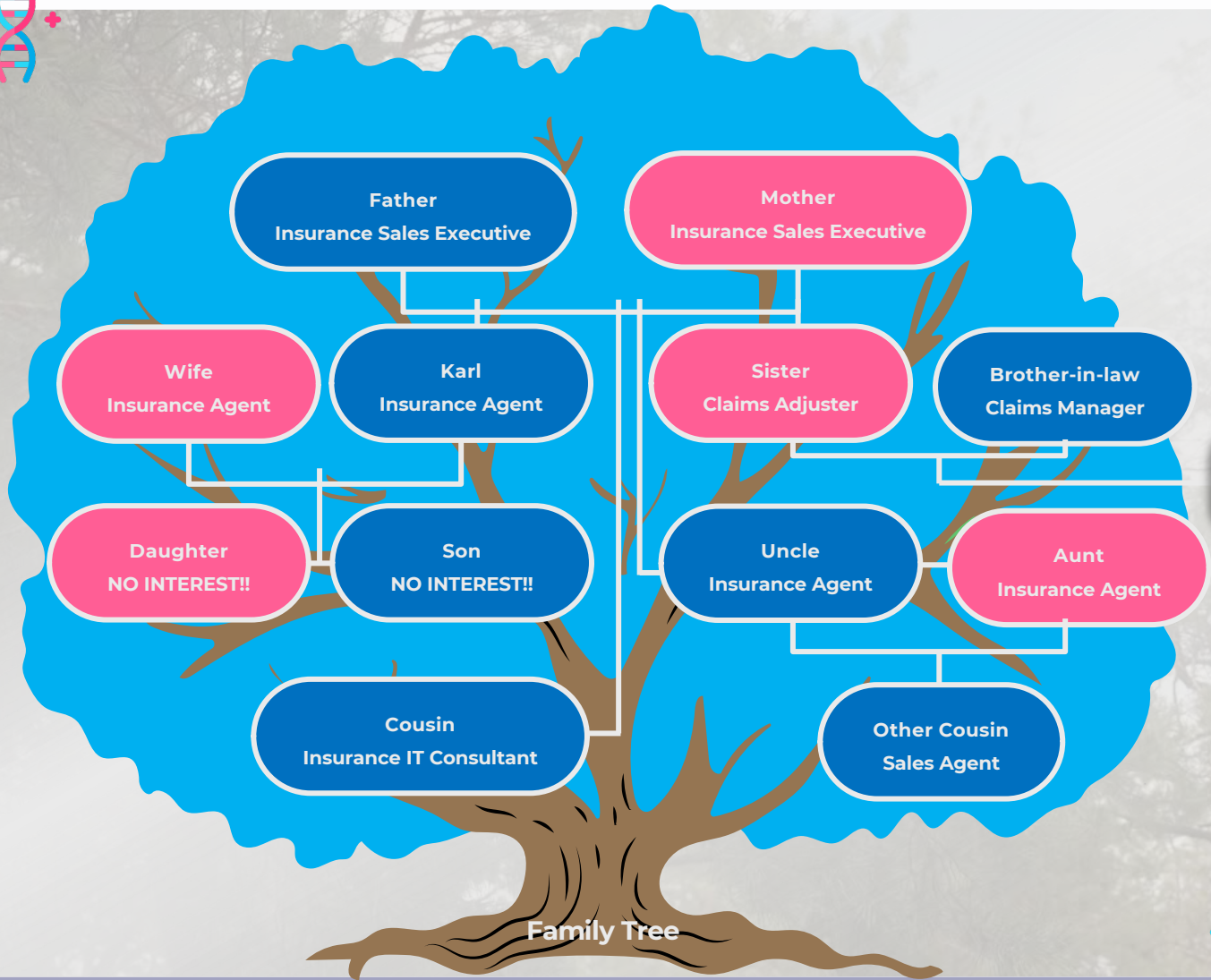
BY

KARL SUSMAN



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PROPERTY INSURANCE





WILDFIRE

HARDENING DISCOUNTS

We are pleased to announce that the California FAIR Plan, in collaboration with the California Department of Insurance, has developed two new discounts for the Dwelling Fire Policy which recognize actions taken by individual policyholders to protect their properties from wildfire. These new Wildfire Hardening Discounts will be available on 8/23/2023, and will be available for new business, renewal business, and via midterm endorsement request.

THERE ARE TWO WILDFIRE HARDENING DISCOUNTS AVAILABLE



One for protecting the structure, and another for protecting the immediate surroundings of the dwelling.

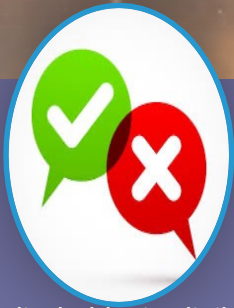


When applied, these discounts will reduce the wildfire portion of the policy's premium by **10%** and **5%**, respectively.



These discounts can be obtained separately or together; policyholders do not need to qualify for one discount to qualify for the other.

THERE ARE TWO WILDFIRE HARDENING DISCOUNTS AVAILABLE



If a policyholder is eligible for both discounts, the total discount will be approximately 14.5% because the second discount is applied to the wildfire premium after the first discount is applied.



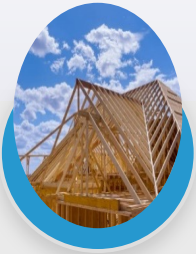
In order to qualify for these discounts, the insured property must meet the following qualifications.



All policies which receive the discounts will be inspected to confirm their eligibility and the discount(s) may be removed if the inspection reveals the property does not qualify.

HOW TO QUALIFY FOR THOSE DISCOUNTS

FOR THE WILDFIRE HARDENING – PROTECTING THE STRUCTURE DISCOUNT, THE PROPERTY MUST MEET **ALL** OF THE FOLLOWING QUALIFICATIONS



The dwelling must have a Class-A Fire Rated Roof (meaning composition shingle, stone, concrete or clay tile, or metal)



6 inches at the bottom of all exterior walls must be made of non-combustible material



Vents must be ember and fire resistant (wire mesh covering)



Windows must be double paned



Eaves must be enclosed

10% DISCOUNT

WILDFIRE HARDENING

PROTECTING THE IMMEDIATE SURROUNDINGS DISCOUNT, THE PROPERTY MUST MEET **ALL** OF THE FOLLOWING QUALIFICATIONS:



Vegetation and debris must be cleared from under decks

There must be an ember resistant zone maintained within five feet of the home



There must be no combustible sheds or outbuildings within 30 feet of the dwelling



For more detail, please see the attached Defensible Space Checklist.

Defensible space must be maintained including trimming trees, clearing of brush, and removing debris from yard (including trimming trees, removal of brush and debris from yard, in compliance with California Public Resources Code 4291

5% DISCOUNT



INSPECTION



QUESTIONS?



KARL SUSMAN

CPCU, LUTCF, CIC, API, AIS, CSFP,
AINS, CLTC, CFS, FEPS, CPIA, AAI,
CPIA, AAI-M, AIM, ARC, CLP

Why Defensible Space Matters?

- Homes can be threatened by:
 - Wind-blown embers
 - Radiant heat
 - Direct flame contact
- 60-90% of home loss is due to embers.
- Embers originate from an approaching wildfire or small parts of nearby burning vegetation and construction materials.

Steven Hawks

Director of Wildfire
Policy, Institute for
Home and Business
Safety (IBHS)

Retired Assistant
Deputy, California
Department of Forestry
and Fire Protection
(CAL FIRE)





Wildfire Prepared

Research and Resilience

Director of Wildfire Policy

Steve Hawks

Insurance Institute for Business & Home Safety





**Embers are the leading cause
of home ignitions**



If a home is ignited by wildfire, there is a 90 percent chance it will result in a complete loss.



:00

ROOF

- ✓ Choose a Class A fire-rated roof maintained clear of debris
- ✓ Choose noncombustible gutters & downspouts

BUILDING FEATURES

- ✓ Install ember- & flame-resistant vents
- ✓ Ensure 6-inch vertical noncombustible clearance at base of wall

WILDFIRE PREPARED HOME + PLUS

ADDITIONAL MITIGATION

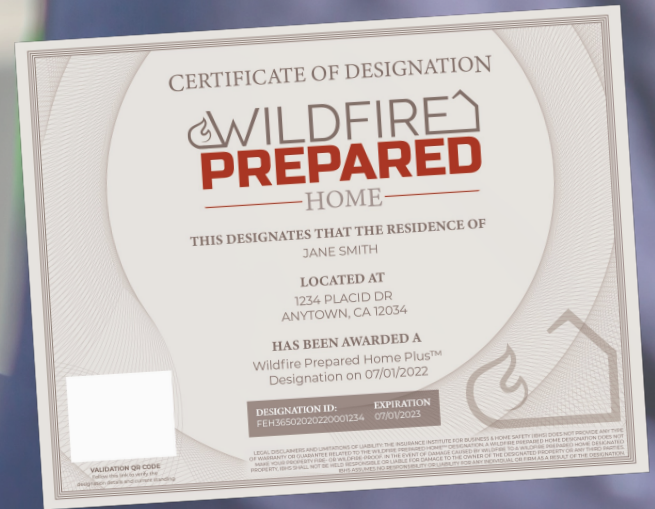
- ✓ Remove back-to-back fencing
- ✓ Eliminate combustible siding
- ✓ Enclose eaves
- ✓ Enclose under bay windows
- ✓ Upgrade to a wildfire-resistant deck
- ✓ Upgrade windows & doors
- ✓ Cover gutters
- ✓ Move outbuildings at least 30 feet away

DEFENSIBLE SPACE

- ✓ Create & maintain the home ignition zone (0-5 ft) including the removal of branches that overhang this area
- ✓ Clear & maintain the underdeck area; enclose low-elevation decks
- ✓ Maintain yard clear of debris
- ✓ Replace combustible fencing within 5 ft of the home

**WILDFIRE
PREPARED**
— A PROGRAM OF IBHS —

Designation Process



Initial Process

Explore the Homeowner Guide

Take the Free Online Home Assessment

Apply

Inspection

IBHS QA & Designation

Ongoing Process

Annual Landscape Review

Re-Designation



WILDFIRE PREPARED


— A PROGRAM OF IBHS —

Director of Wildfire Policy
Steve Hawks



 wildfireprepared.org



 [IBHS_org](https://twitter.com/IBHS_org)

How has the CA legislature helped with the crisis?

Empowered the Governor/Commissioner to declare a state of emergency and put non-renewal moratoriums in place:

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)

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

CA Ins. Code 675.1(a)

New concept: CA State Bill 672

SECTION 1. Article 4 (commencing with Section 2090) is added to Chapter 2 of Part 1 of Division 2 of the Insurance Code, to read:

Article 4. Guarantee Issue for Wildfire Safe Homeowners

2090. (a) An admitted insurer that offers residential property insurance in this state shall not refuse to offer or sell residential property insurance to an applicant whose property meets the best practices for wildfire building hardening and property-level mitigation, as defined in Section 2644.9(d)(1)(B) of Title 10 of the California Code of Regulations.

(b) If Section 2644.9(d)(1)(B) of Title 10 of the California Code of Regulations is repealed, subdivision (a) shall be satisfied using best practices for wildfire building hardening and property-level mitigation as defined in Section 2644.9(d)(1)(B) of Title 10 of the California Code of Regulations at the time of repeal.

Support letters:

Email to: Christopher.Nielsen@sen.ca.gov

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

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.

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 flambe experiment fails and you cause a cooking fire that damages a next door apartment, or you host a party and a guest slips in 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

CA Department of Insurance "Residential Insurance, Homeowners and Renters Guide," August 2008



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. (A \$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.

Renters Insurance Comparison Shopping Guide



Compare at least three insurance companies	1	2	3
\$ _____ Personal Property Coverage (Ask for Replacement Cost)			
Loss of Use (How many months and dollar amount)			
Liability			
Deductible			
Limits on Specific Items (eg: computers, art, etc.)			
Premium			
Add Earthquake Insurance			
\$ _____ Personal Property Coverage			
\$ _____ Loss of Use			
Deductible			
Annual Premium with Earthquake Coverage			
Discounts?			
Non-Smoker			
Fire extinguishers in home			
Home security system			
Proximity to fire station			
Other discounts			

Get risk reduction help in your area

www.uphelp.org/WRAP

WRAP – SANTA CLARA COUNTY

[Home](#) » [Roadmap to Preparedness](#) » [WRAP Resource Center – Get Started Now!](#) » [WRAP – Santa Clara County](#)



SANTA CLARA COUNTY

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

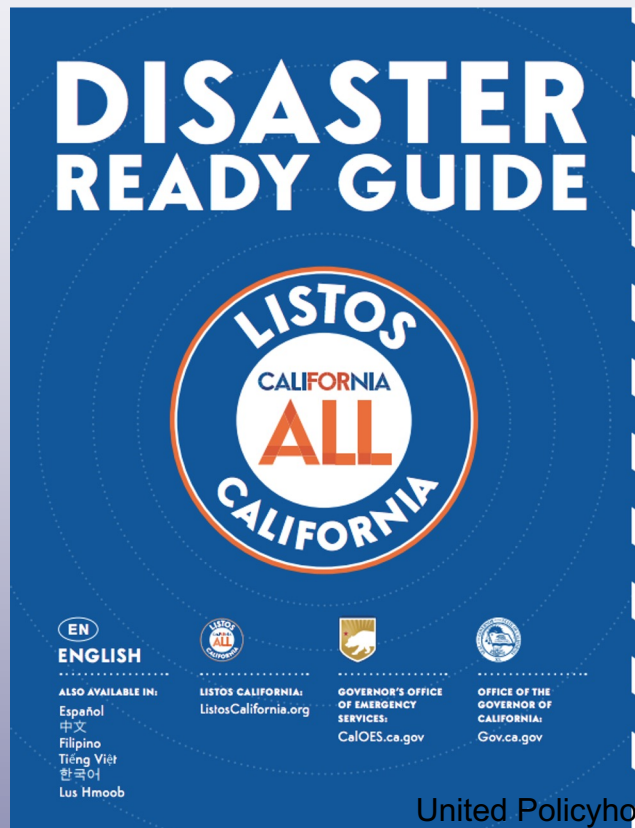


**SUBMIT
RESOURCES**



Get Ready:

Get Your Disaster Ready Guide
www.listoscalifornia.org/resources



SAFETY STEPS FOR ANY DISASTER



1. Get alerts to know what to do. 
2. Make a plan to protect your people. 
3. Pack a Go Bag with things you need. 
4. Build a Stay Box for when you can't leave. 
5. Help friends and neighbors get ready. 



We've got your back when insurance matters

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Thank you!

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