

# Guiding consumers through current home insurance affordability and availability challenges

## C Committee, NAIC Spring Meeting, Phoenix 2024

### HOW TO QUALIFY FOR THOSE DISCOUNTS

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



10% DISCOUNT



### 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](http://www.uphelp.org/droppedca)

STEP 1

#### 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](http://www.insurance.ca.gov/01-consumers)

STEP 2

#### 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](http://www.uphelp.org/cainsurancehelp)

STEP 3

#### 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 "is of homes in the US that are underinsured."  
[www.uphelp.org/checkup](http://www.uphelp.org/checkup)

STEP 4

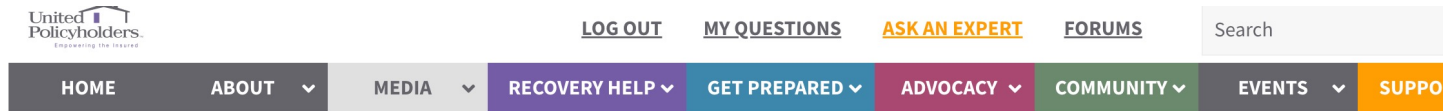
#### Last Resort

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](http://www.uphelp.org/CFP)

STEP 5

# UP: A 32 year old 501(c)(3) insurance consumer non-profit

Our website, programming, volunteers and guidance help over 500,000 people each year



underscores a larger issue that...



FEBRUARY 6, 2024

## Oklahoma insurance rates increase again – proposed legislation could help

Many families in Oklahoma have been opening up their mail to find notices that their insurance rates have gone up again, sometimes by hundreds of dollars. Frustrated drivers and homeowners have to find ways to budget for the added and unwanted cost. "Oklahoma has been...



FEBRUARY 6, 2024

## Storms in California hit homeowners already facing an insurance crisis

The storms pummeling California this week hit a part of the US already being battered by a home insurance crisis. Insurance costs in much of California have become exceedingly high, with some insurers abandoning the market, unwilling to take on the risk presented by the...



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# UP Goals:

**Help property owners keep their assets protected through policies that meet reasonable expectations of coverage**

**Advance/increase mitigation support and insurance rewards (premium discounts, renewal assurances)**

**Monitor the home insurance marketplace, gather data**

**Contribute to problem-solving, sound public policy, innovation, solutions**



# Standard tips:

- **Comparison shop based on coverage, not just price.**
- **Use shopping tools your state DOI offers**
- **Request a list of all discounts the insurer offers, ask for those you qualify for.**
- **Bundle your home, auto and/or umbrella policies with one insurance company.**
- **Insure your dwelling for replacement cost value.**
- **If feasible, buy gap filler products (including peril-specific policies flood and earthquake damage).**
- **Increase your deductible, avoid filing small claims.**

# UPdated tips for current conditions:

- **Start shopping right away**
- **Get help from a professional agent or broker**
- **Reduce risk/mitigate**
- **Understand your deductible options**
- **Find out your risk score, correct errors**
- **Consider all types of insurer options**
- **Supplement as feasible**
- **Trim coverage**



# Start shopping right away

**As soon as you get a non-renewal notice, start shopping – don't procrastinate**

- CA law requires 75 days notice
- CO law requires 60 days notice
- NAIC model law 720 re: non-renewals requires 30 days



# Get help from a professional agent or broker

**Seek out an experienced, pro-active insurance agent or broker.**

**If an agent or broker tells you your only option is a residual market plan, check with at least one other agent or broker.**

- **Captive vs. Independent**
- **Surplus/Non-Admitted/Excess/Surplus**

# Reduce risk/Mitigate

**Do as much mitigation as you can to reduce the risk of your home being damaged or destroyed in a severe weather event.**

**Seek out programs in your community that offer mitigation help and/or grants.**

**Provide your insurer with documentation of completed mitigation steps and/or your community's risk reduction activities.**



# Raise your deductible, (use caution)

**Get quotes for different deductible levels and make an informed decision:**

**A higher deductible reduces your premium.**

**Too high a deductible means your insurance won't cover even a moderate-sized claim.**

**Do your best to understand how a policy with a wind, and/or roof deductible impact available benefits.**

# Find out your Risk Score, correct errors

**Ask in writing for your risk score, appeal if its based on inaccurate info**

**Can a consumer change their risk score?**

“If a policyholder appeals a score and presents evidence, the insurance carrier can easily request a change to the relevant information, such as the year of construction for a property. The updated score is then automatically generated and made available in the UI, along with an audit trail of any changes made. This functionality not only streamlines the appeals process, but also helps carriers in scenario planning” Zesty A.I.

<https://zesty.ai/news/californias-new-wildfire-risk-regulations-your-top-10-questions-answered>

# Consider all options

**If you can't find a name brand insurer willing to insure your home, options include residual market plans and non-admitted (surplus lines) companies**

- Non-admitted (no form and rate regulation or guarantee fund), check financial strength**
- Find an agent who is knowledgeable re: residual market details, options**

# Supplement as feasible

**If a last resort insurance plan is your only option,  
consider supplemental policies to fill gaps.**

- Difference in conditions**
- Extra challenging with today's prices**

# Trim coverage

**Reduce/eliminate coverage you can live without (e.g. high dollar limits on Contents, Other Structures)**

- NOT Dwelling limits (Underinsurance risk)**
- Feasible? (many carriers include automatic coverages)**

# How can an insurance agent/broker help me?

- **Put in the time to find the best available options.**
- **Find options that are only available through a broker.**
- **Help you make good decisions.**
- **Tailor your coverages to your specific situation and needs.**
- **Help you understand pros and cons and options offered by non-standard (“non-admitted” “excess/surplus”) companies and/or government-sponsored last resort insurance programs.**
- **Some insurance brokers/agencies offer premium financing plans.**

# Concepts for restoring affordability

The Insure Act: [https://schiff.house.gov/imo/media/doc/insure\\_act.pdf](https://schiff.house.gov/imo/media/doc/insure_act.pdf)

The public reinsurance program created by this legislation would insulate consumers from unrestrained cost increases by offering insurers a transparent, fairly priced public reinsurance alternative for the worst climate-driven catastrophes

Hawaii proposal:

[https://www.capitol.hawaii.gov/sessions/session2024/Bills/HB2056\\_HD1\\_.pdf](https://www.capitol.hawaii.gov/sessions/session2024/Bills/HB2056_HD1_.pdf) [T]he purpose of this Act is to establish a working group to identify

the feasibility of a state-run reinsurance program to offset the liabilities of private reinsurance companies as a means of ensuring affordable coverage for property owners against catastrophic events, such as wildfires or flooding.

Idaho proposal:

<https://legislature.idaho.gov/sessioninfo/2024/legislation/H0619/>

The purpose of this legislation is to address the challenges consumers are facing in obtaining affordable property coverage due to potential wildfire risk. The bill creates an Idaho Wildfire Risk Reinsurance and Mitigation Pool and board.



# Reinsurance concept already in place

In 2022, the Florida Legislation created a program called **Reinsurance to Assist Policyholders (RAP)**, that provides a non-recurring total of **\$2 billion** in coverage over a two-year period for a portion of RAP insurer's hurricane losses during one hurricane season. It is **mandatory** for all Florida Residential property insurers to participate in both programs FHCF and RAP.



HOME

ABOUT ▼

MEDIA ▼

RECOVERY HELP ▼

GET PREPARED ▼

ADVOCACY ▼

EVENTS

SUPPORT UP



## 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.

[info@uphelp.org](mailto:info@uphelp.org) | [www.uphelp.org](http://www.uphelp.org)

# Thank you!

Committee members and meeting  
attendees for your time and attention

[www.uphelp.org](http://www.uphelp.org)