



## **Little Hoover Commission**

### **Hearing on California's Homeowners' Insurance Market**

**March 28, 2024**

# About United Policyholders

- In business since 1991 as an insurance consumer education and advocacy 501(c)(3) non-profit focused on fair insurance practices, disaster preparedness and recovery. [www.uphelp.org](http://www.uphelp.org)
- Roadmap to Preparedness, Roadmap to Recovery<sup>®</sup>, Advocacy and Action
- Trustworthy, plain language, consumer-oriented info
- Closely monitoring the property insurance marketplace, coordinating with stakeholders to restore affordable options and working hard to help people reduce risk and keep property adequately insured despite a current crisis

# Bottom line...

- CA is in the grip of a property insurance crisis. In many zip codes across the state, non-renewals are a plague, name brand insurers have stopped selling new policies or imposed strict limits on agents (5 per month, e.g.), premiums have doubled/tripled/worse
- Many households are finding their only option is the CA Fair Plan or a “surplus lines” (non-admitted) insurance company
- Surplus lines insurers don’t participate in CIGA or the CA Fair Plan, their forms and rates are not regulated
- The Fair Plan is overwhelmed and problematic but a critical safety valve
- United Policyholders’ guidance has shifted from helping people avoid being underinsured to helping desperate households find **any** option
- The Commissioner’s Sustainable Ins Strategy is focused on regulatory reforms

# Underlying causes

- Risk segmentation facilitated by technology (risk scoring systems, models, drone inspections)
- Inflation, a hard reinsurance market, insurer discontent with regulatory process
- Increasingly severe weather events associated with climate change

# How UP is helping:

- Helping consumers navigate the crisis and keep their assets protected
- Monitoring the marketplace
- Exploring and advancing ideas for restoring affordable, reliable property insurance
  - Publicly supported/non-profit insurance and reinsurance concepts
  - Risk pool, captives innovation
  - Increased support, incentives and rewards for community-wide risk reduction
- Working with the CA Dept. of Insurance, agent/broker volunteers, firefighting agencies, Fire Safe/Firewise, IBHS, scientists, insurers.
- Hosting/convening WRAP Working Group monthly meetings w.stakeholders across CA to increase home hardening, defensible space and community-wide risk reduction, hosting an online mitigation help center [www.uphelp.org/WRAP](http://www.uphelp.org/WRAP)
- Dialoguing with insurers, encouraging them to recognize the value of wildfire risk reduction and resume insuring condos and homes in WUI and suburban regions.

# The latest...

- Commissioner Lara unveils first wave of proposed regulatory reforms to help safeguard the integrity of the state's insurance market <https://www.insurance.ca.gov/0400-news/0100-press-releases/2024/release007-2024.cfm>
- Commissioner Lara announces next phase of Sustainable Insurance Strategy to safeguard Californians' access to insurance <https://www.insurance.ca.gov/0400-news/0100-press-releases/2024/release011-2024.cfm>
- State Farm announces it's non-renewing 70,000 more California residents
- The non-renewals and admitted insurer withdrawals are coming fast and furious

How will these regulations play out?



## 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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