



Wildfire & Disaster Insurance Online Town Hall

Online Event
April 4, 2024



About United Policyholders

- A consumer advocacy 501(c)(3) non-profit that has your back when insurance matters, and doesn't accept funding from insurance companies. www.uphelp.org
- Trustworthy, plain language info and expertise on buying home insurance and navigating claims after a loss.
- 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...

- In many zip codes across the state, name brand insurers have either stopped selling new policies or imposed strict limits on agents (5 per month, e.g.)
- Non-renewals are a plague, premiums have doubled/tripled and the only option may be the CA Fair Plan or a "surplus lines" (very lightly regulated) company
- The CA Fair Plan is overwhelmed, long delays in processing apps
- The Commissioner's Sustainable Ins Strategy aims to increase options
- Finding a good insurance agent/broker is very important
- **Avoiding underinsuring your home is still very important**

Affordability strategies

- Find out what discounts are available, ask for those you qualify for
- Bundle your home and auto policies with one insurer
- Work with a *pro-active* insurance agent/broker
- 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
 - 1-5% deductible – do the math
- Reduce/eliminate buckets of coverage you can live without (High dollar limits on contents, Other Structures)
- Mitigate: Harden your home, create defensible space and give your insurer proof
- Don't file small claims, do what you can to improve your risk profile (install a moisture sensor, alarm...)

The Lingo

Dropped/Nonrenewed: Your insurance company will not renew your policy or continue insuring your home when the current policy expires (usually a one year term).

Cancelled: Your policy is being cancelled mid-term (usually for unpaid premium)

California Fair Plan: Our state's insurance plan of last resort, a fallback option

Difference in Conditions ("DIC") Insurance that fills 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.

Risk Score: A number assigned to your home's wildfire risk level by a company that sells risk scoring systems to insurance companies. Verisk, Core Logic, FireLine

What are the current rules?

- Insurer must give 75 days notice if they won't be offering you a new policy when your current one expires
- Your insurer can drop you but they have to **tell you your risk score and offer an appeal process for improving your score**
- CA Fair Plan must “take all comers” (w/a few exceptions) and give a discount of up to 15% to those who meet Safer From Wildfires or IBHS Wildfire Prepared Home standard. Other insurers ***should*** give you a discount if you've reduced risk.
- “Sustainable Insurance Strategy” is in process. Regs have been introduced to streamline the rate review/approval process and allow insurers to use CAT models if approved by independent reviewers

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

Dropped by your Insurer?

- Start shopping right away
- Get help from an experienced, pro-active insurance agent
- Ask good questions, keep good notes
- If the Fair Plan is your only option, aim for add-ons if affordable, **keep shopping** even after your Fair Plan policy is in place
- Be prepared to make risk reduction home improvements

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

4 main types of ins. co

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

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

Admitted/licensed

- Participate in the CA Insolvency Guaranty Fund so if they run out of funds, you're protected up to \$500,000
- Rates and policy forms are regulated by CDI

Examples: CA Fair Plan, Travelers, Safeco, The Hartford, USAA, CSAA, AAA, American Modern, American Family, Nationwide, Mercury, Progressive, Aegis, State Farm

DOI's Home Insurance Finder:

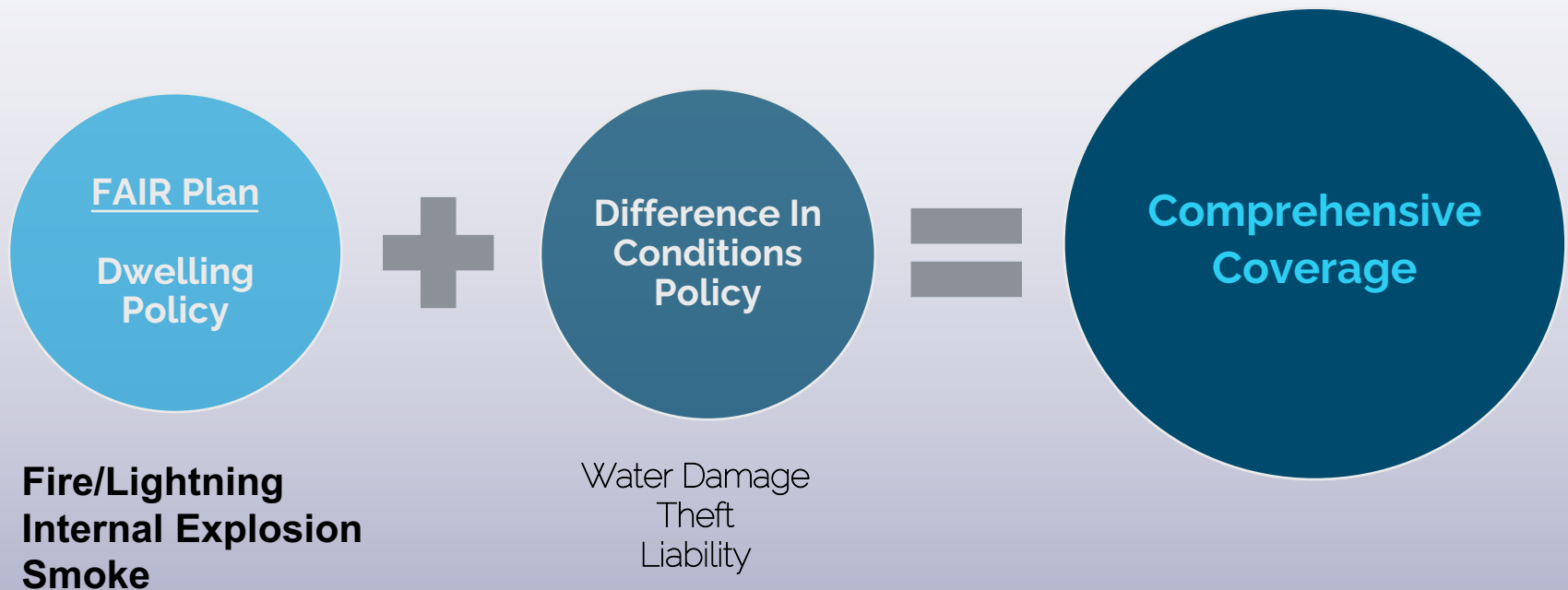
https://interactive.web.insurance.ca.gov/apex_extprd/f?p=400:50

Surplus/Excess/Non-Admitted

- Do not participate in the CA Insolvency Guaranty Fund so if they run out of funds, bankruptcy court/get in line
- Rates and policy forms are NOT regulated by CDI

Examples: Lloyds of London affiliates, KW Specialty, Delos, Steadily (rentals), SES (Rockingham - rentals) Bamboo, Sure, Burns and Wilcox, Northlight (Allstate subsidiary)

FAIR Plan coverage is very basic –
can be enhanced. \$3M max on dwelling



CA Fair Plan Add-On Options

- Extended coverage for windstorm or hail, explosion, riot, vehicles
- Vandalism
- **Replacement Cost Coverage: (Dwelling and Contents)** Note: 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

Resources for checking on an insurance company 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>

Risk Scores are a big deal

- Numerical label on the household
- Replacing human judgement
- Early stages of transparency/consumer access and appeal process
- Very impactful re: availability and affordability
- DOI instituted disclosure reg and appeal process

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**

Create “defensible space” “Harden” your home

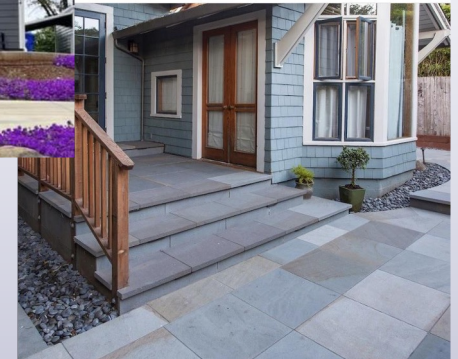


Improve Your Home’s Chances of Surviving a Wildfire

- 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



Why defensible space and screening vents 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.

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

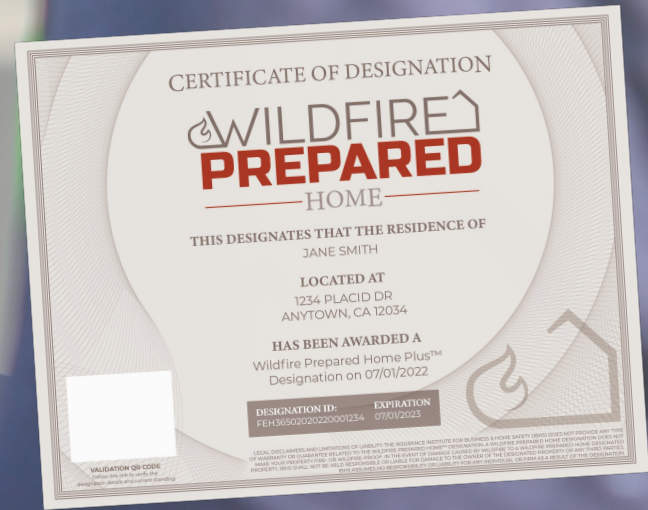
- ✓ Remove back-to-back fencing
- ✓ Eliminate combustible siding
- ✓ Enclose eaves
- ✓ Enclose under bay windows
- ✓ Upgrade to a wildfire-resistant deck
- ✓ Upgrade windows & doors
- ✓ Cover gutters
- ✓ Move outbuildings at least 30 feet away

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 risk reduction help in your area

uphelp.org/preparedness/wrap-resource-center/wrap-losangeles-county/



LOS ANGELES COUNTY



Los Angeles County is densely populated and has many resources for emergency management.

Firewise Communities 7 |

- MITIGATION STEPS
- MITIGATION HELP
- QUALIFY FOR INSURANCE DISCOUNTS

CA Fair Plan Discounts

Two available discounts:

10% for a hardened home

5% for defensible space

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

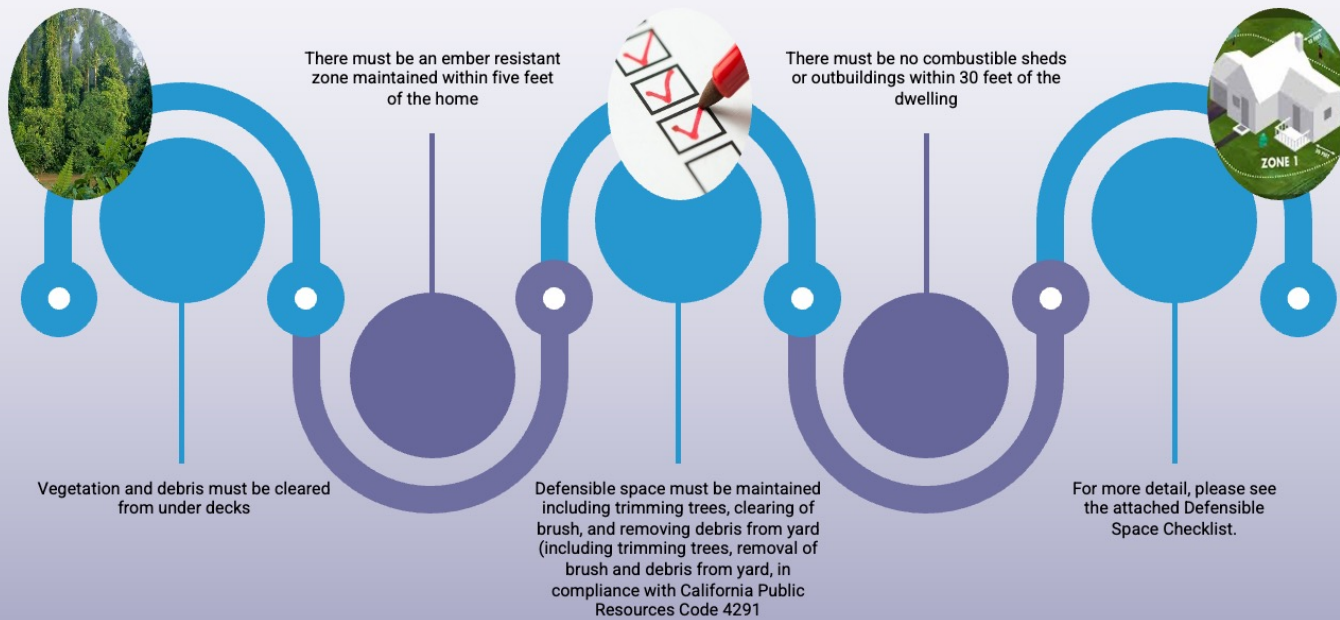
10%

DISCOUNT

Credit: Susman Ins. Agency

WILDFIRE HARDENING

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



5% DISCOUNT

Credit: Susman Insurance Agency

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

Fair Plan options: <https://www.cfpnet.com/payment-plan-option/>

Some brokers/agencies offer premium financing

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)

How much is enough?

<https://bwbuilder.com/services/replacement-cost-estimate/> \$150 fee

“Uphelp2024”

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>

What will these regulations mean for your community?

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 \$42k. Average ~ \$5k.
- SBA loans are low interest but must be repaid.
- Charitable aid generally covers basic needs – not the cost of rebuilding a home.

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

Please take and encourage your neighbors
to take our...

www.uphelp.org/CAHomeSurvey

The data collected will help us help you.

THANK YOU!!!



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 | www.uphelp.org