

**ROSS VALLEY FIRE DEPARTMENT
STAFF REPORT**

For the meeting of March 9, 2022

To: Board of Directors

From: Jason Weber, Fire Chief

Subject: Receive Report on Homeowners Insurance Non-renewals & Cancellation

RECOMMENDATION:

Staff recommends that the Board receives information regarding challenges homeowners are facing in Marin and California related to fire insurance cancelations / non-renewals.

DISCUSSION:

Many California insurance companies have notified homeowners that they will not be renewing a policy on their home, quick action is required by the homeowner. By law they have to give you 75-days notice, and you may need that much time to get them to reverse their decision and/or find a replacement policy you can afford.


In most parts of the state, you still have buying options and insurance companies are still competing for your business. But if you live in a brush-heavy or forested area that's been hit by recent wildfires, it may be hard to find a company willing to insure your home. When you find a replacement policy, it will probably cost more but provide less protection than your old policy. It may be through a "non-admitted" insurer*. These types of companies are picking up customers that "admitted" (well-known brand) insurers are dropping.

United Policyholders may be able to help you shop and deal with this unfortunate situation, and they are working on initiatives to fix it. To learn more about the reasons why so many insurance companies are reducing the number of homes they're insuring in parts of California, visit the Advocacy and Action section of uphelp.org

Steps you should take if you face a non-renewal or cancellation of your insurance:

- 1. Try to get your insurer to reverse its decision and renew your insurance**
 - Act quickly! You have a very limited timeline to argue for a decision reversal!
 - **Contact your current insurance company** and ask them if there are improvements you can make to your home that will qualify you for renewal. Give them your best arguments for keeping you as a customer. If you bought your expiring policy through an agent, ask him/her to go to bat for you with the company.

- **Contact your local fire department** and request a wildfire hazard inspection immediately. They may be able to inspect your property, give you a list of corrections, and then once you complete the required work, write a letter attesting that your property meets fire codes and standards. Note: your property **MUST** meet defensible space standards to the letter of the law before the fire department will write this letter! You should consider making home hardening upgrades immediately as well. Additionally you can contact your local fire agency, Marin Wildfire Prevention Authority and Fire Safe Marin to determine what grants you may be eligible for to assist with the costs of creating defensible space or hardening your home. Seniors and low income residents can qualify for significant support to help protect their home.

NOTE: If your insurer did not give you **75 days notice**, or their reasons for dropping you seem unfair, seek help from the California Department of Insurance Insurance (CDI) at 1-800-927-HELP , www.insurance.ca.gov

2. Immediately start to shop for replacement insurance

Contact the insurance agent you've been using or ask trusted sources for recommendations to an "independent" insurance agent. Independent agents have relationships with multiple insurance companies. A "captive" agent that sells for companies like State Farm, Farmers or Allstate probably can't help you, as they're limited to only one insurance company.

Visit UP's website, www.uphelp.org and click on the "Insurance Finder" link on the right side of our home page. Try using the Match UP Insurance Finder.

Try the California Department of Insurance's shopping tools. They offer a list of CA home insurance companies with toll-free phone numbers, and a list of companies that sell "DIC" ("Difference in Conditions") policies that fill gaps in Fair Plan policies. www.insurance.ca.gov

If your best coverage and price option is through a "non-admitted" (also called "surplus lines") insurance company, check their financial strength rating with Demotech, A.M. Best, or another agency before you buy. This is important. If a non-admitted insurer runs out of money to pay claims, (becomes "insolvent") their customers are not protected by the same safety net*** that "admitted" well-known brands have under them, and the CA Dept. of Insurance has less oversight power over them.

3. Shop Smart

Your policy should cover what it would likely cost to rebuild your home in compliance with current building codes if it were to be completely destroyed by a natural or manmade disaster of any kind. But many policies don't. Don't blindly trust that your agent or insurer is selling you a policy that will fully protect your assets.

UP surveys show that 2/3 of U.S. homes are underinsured. Shop for a policy that will adequately insure your dwelling for a total loss fire, (including building code upgrades) then add coverage for flood and quake protection if you can afford it. Ask the right questions and take good notes while shopping.

- Aim to insure your property for Replacement Cost Value, not depreciated Actual Cash Value.
- Coverage for building code upgrades and an extended replacement cost rider are worth paying for.
- Your dwelling coverage limit should match local construction costs (per square foot) for a home of similar style, age and quality, plus an “extended replacement cost” feature for extra protection.
- Choose the highest deductible you feel comfortable with to keep the cost of your coverage manageable.

4. The FAIR Plan is a Las Resort

If you strike out in the “normal” marketplace, you can buy home insurance through the [California Fair Plan](#). Call them at (800) 339-4099[®]). www.cfpnet.com The CA FAIR Plan is a state-run home insurance program for people who can't find a better option. Fair Plan policies provide only basic fire protection (no liability or theft) and cost more than a traditional policy. If you end up having to buy a Fair Plan policy, we recommend two things: Shop again in 6 months. New options may be available. And, if you can afford to, add supplemental coverage for what a Fair Plan policy excludes. Not all insurance agents are familiar with these options, so visit www.insurance.ca.gov for more info.

Discounts are available on the FAIR plans for homeowners who live within nationally recognized Firewise USA Sites. FIRESafe MARIN can help you achieve Firewise USA recognition! Marin is the fastest growing Firewise county in the nation!

*“Admitted” insurers are fully regulated by the CA Department of Insurance and their customers are protected by CIGA, the CA Insurance Guarantee Association if their insurer becomes insolvent (runs out of money). “Non-admitted” insurers are not.

**With a few exceptions, your insurance company can drop (non-renew) you as long as they give you written notice at least 75 days prior to the date your old policy will expire, and as long as they are following their own guidelines and not discriminating against you. Their guidelines must be objective, have a substantial relationship to the risk of loss, and be applied consistently. Common reasons include wildfire risk, the age or condition of the property, lack of defensible space, type of roof or construction. The 75-day notice must contain the reason or reasons for the nonrenewal, the telephone number of the insurer's representatives that handle consumer inquiries or complaints, and a statement that you can have the insurer's nonrenewal decision reviewed by the CDI.

***CIGA – the CA Insolvency Guarantee Association pays up to \$500k per home if the insurer goes insolvent.

Please notify United Policyholders if you have trouble finding affordable coverage for your property by emailing info@uphelp.org

ADDITIONAL RESOURCES

How to Survive the Home Insurance Crisis: This webinar discusses strategies for keeping your assets insured and protected when options are limited and premiums are climbing:

https://www.youtube.com/channel/UC-ezHF_akueorARFtALJlnA

Keeping Your Home Protected When Your Insurance Options Are Limited:

https://www.youtube.com/channel/UC-ezHF_akueorARFtALJlnA

YouTube video from United Policy Holders regarding California homeowners insurance prices/issues <https://youtu.be/MKTDHVhGI9o>

FISCAL IMPACT:

There is no fiscal impact associated with this item. However, homeowners may experience significant cost increases related to homeowner's insurance non-renewals/cancelations.

Information on steps to take if your insurance is being non-renewed or cancelled can be found with this QR code.

