



# California Home Insurance Guidance

Building Stakeholders' Meeting

Town of Paradise

April 3, 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

# 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

# How UP is helping:

- Helping people navigate the crisis and keep their assets protected
- Monitoring the marketplace (surveys, consumers, media, agents, partners)
- Advocating to protect consumers, restore affordable, available property insurance options, mitigation discounts
- 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](http://www.uphelp.org/WRAP)
- Hosting/convening WRAP Working Group monthly meetings w.stakeholders across CA to increase home hardening, defensible space and community-wide risk reduction ASAP
- Dialoguing with insurers, encouraging them to recognize the value of wildfire risk reduction and resume insuring condos and homes in WUI and suburban regions.
- Advancing long term solutions (public reinsurance, community risk pools...)

# Wildfire risk reduction help in your area

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

Home » Roadmap to Preparedness » WRAP Resource Center - Get Started Now! » WRAP - Butte County



**BUTTE COUNTY**

- MITIGATION STEPS
- MITIGATION HELP
- QUALIFY FOR INSURANCE DISCOUNTS

# Bottom line...

- CA is experiencing a crisis that's impacting other states as well
- In many zip codes across the state, 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
- Name brand insurers have either stopped selling new policies in some zip codes or imposed strict limits on agents (5 per month, e.g.)
- 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**

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

The data collected will help us help you.

**THANK YOU!!!**

# 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 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 your home is in very poor condition.

*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.

*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 company that sells risk scoring systems to insurance companies. Verisk, Core Logic, FireLine

# What are the current rules?

- Insurer must give 75 days notice before non-renewing
- Unless there's a moratorium in place tied to a recent disaster, your insurer can non-renew you. They must explain why.
- 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.
- Insurer must tell you your Risk Score, provide an appeal process
- Insurance pricing must be prior approved, not excessive or unfairly discriminatory, some mitigation discounts are available, others pending
- “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
- Use UP's resources  
<https://tinyurl.com/2p8r2k27>
- 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
- Inform CDI:  
<https://cdiapps.insurance.ca.gov/CP/login/>

**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](http://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](http://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](http://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 2/3 of homes in the US that are underinsured.  
[www.uphelp.org/checkup](http://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](http://www.uphelp.org/CFP)

**For more information and guidance, visit:**  
[www.uphelp.org/droppedCA](http://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](http://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](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)

Resources for checking on an insurance  
company you've never heard of

[consumers.ambest.com](https://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)

<https://www.insurance.ca.gov/01-consumers/120-company/07-lasli/lasli.cfm>

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# 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)

# 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](http://www.insurance.ca.gov), 1800 927-HELP

# 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

# Risk Scores are a big deal

- Your home's risk score impacts your options and premiums
- A new(ish) CA Dept of Insurance regulation requires your insurer to tell you your score and let you appeal it if it's based on incorrect info about your home

# Know your risk, know your rights

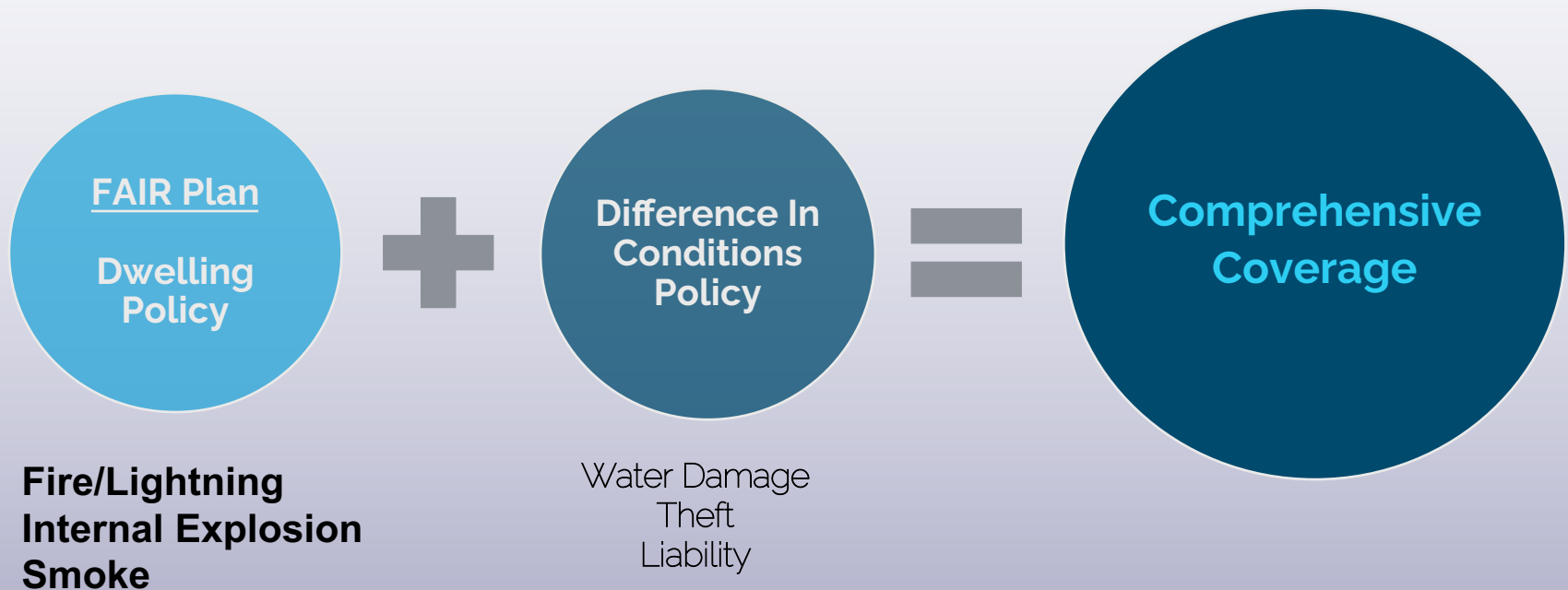
Insurance companies must provide a detailed **wildfire risk score** for your property

- 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**

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

# 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

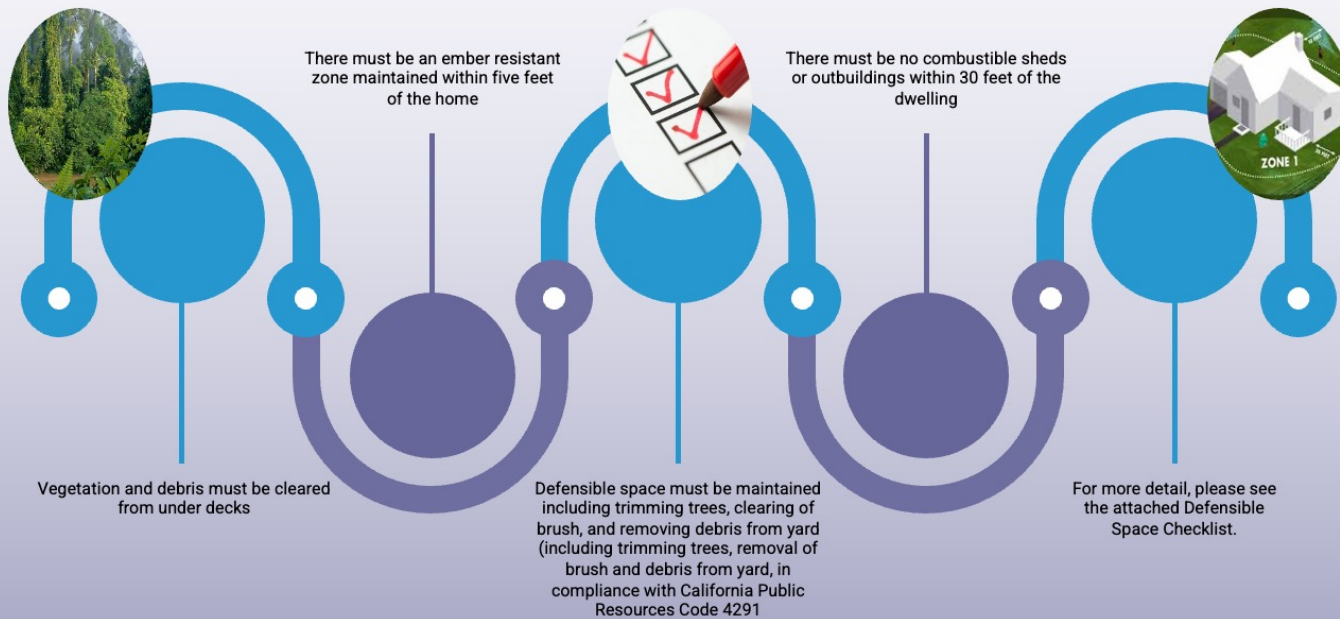
10%

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

# How much is enough?

One option for getting a replacement cost estimate on your home that *may* help CFP process your application faster

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

Enter “Uphelp2024” and UP gets a donation

# Create “defensible space” “Harden” your home

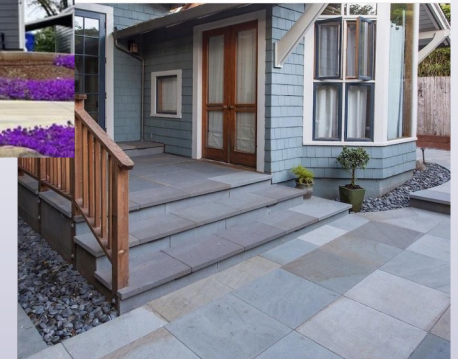


## Improve Your Home’s Chances of Surviving a Wildfire

- 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](http://www.uphelp.org/wrap)



firesafe\_marin



### Fences and Gates

Use noncombustible materials



# Why vent screens matter

- Homes burn due to:
  - Wind-blown embers
  - Radiant heat
  - Direct flame contact
- 60-90% of home loss is due to embers.
- Installing mesh over all openings in your home's “envelope” keeps embers from getting in

### 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

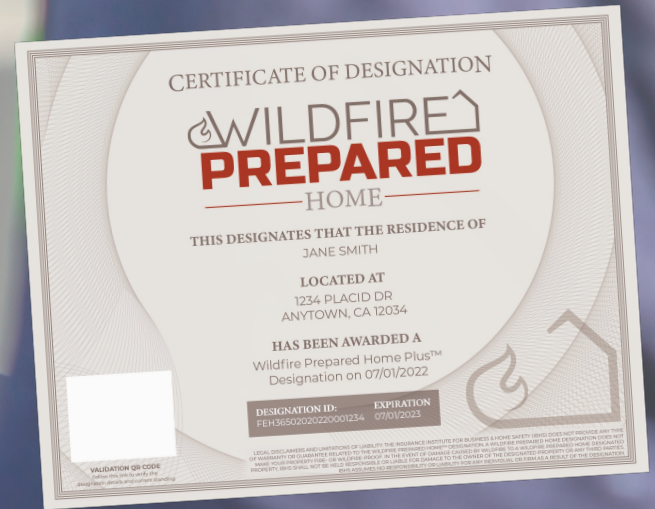
- ✓ Remove back-to-back fencing
- ✓ Eliminate combustible siding
- ✓ Enclose eaves
- ✓ Enclose under bay windows
- ✓ Upgrade to a wildfire-resistant deck
- ✓ Upgrade windows & doors
- ✓ Cover gutters
- ✓ Move outbuildings at least 30 feet away

### 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

# 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](http://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.

# 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?

STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
300 Capitol Mall, 17th Floor  
Sacramento, CA 95814

March 14, 2024

REG-2023-00010

**INVITATION TO WORKSHOP REGARDING  
CATASTROPHE MODELING AND RATEMAKING**

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The California Department of Insurance (“Department”) will conduct a workshop to discuss the following contemplated changes: (1) amending California Code of Regulations, Title 10, Chapter 5, Subchapter 4.8, Article 4, Sections 2644.4, 2644.5, 2644.8, and 2644.27, and adding to Article 4 new Section 2644.4.5; and (2) amending California Code of Regulations, Title 10, Chapter 5, Subchapter 4.9, Article 3, Section 2651.1 and adding new Article 3.1, Section 2651.10. The purpose of the contemplated changes is to allow property and casualty insurers to use catastrophe models for purposes of ratemaking.

You are invited to participate in the workshop discussions. The purpose of this discussion is to provide interested and affected persons an opportunity to present statements or comments regarding the contemplated regulations.

**Date, Time and Location**

Date: April 23, 2024

Time: 2:00 p.m. The virtual workshop shall continue until all in attendance wishing to provide comments have commented, or 5:00 p.m., whichever is earlier.

Location: Link to Register for the Web-based Virtual Format:  
[https://us06web.zoom.us/webinar/register/WN\\_5qoIrbAmRdqzrunzpjblw](https://us06web.zoom.us/webinar/register/WN_5qoIrbAmRdqzrunzpjblw)

**Attendance.** To increase public participation and improve the quality of any regulations that the Commissioner ultimately adopts, interested parties are invited to attend the virtual meeting and offer comment, if they so choose.

Please note that under the California Public Records Act (Government Code section 6250, et seq.), your written and oral comments, and associated contact information (e.g., your address, phone number, e-mail, etc.) become part of the public record and may be released to the public upon request.

The telephonic call-in line to be used for the public hearing is accessible to persons with hearing impairment. Persons with sight or hearing impairments are requested to notify the logistical contact person for these discussions (listed below) in order to review available accommodations, if necessary.



## 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.

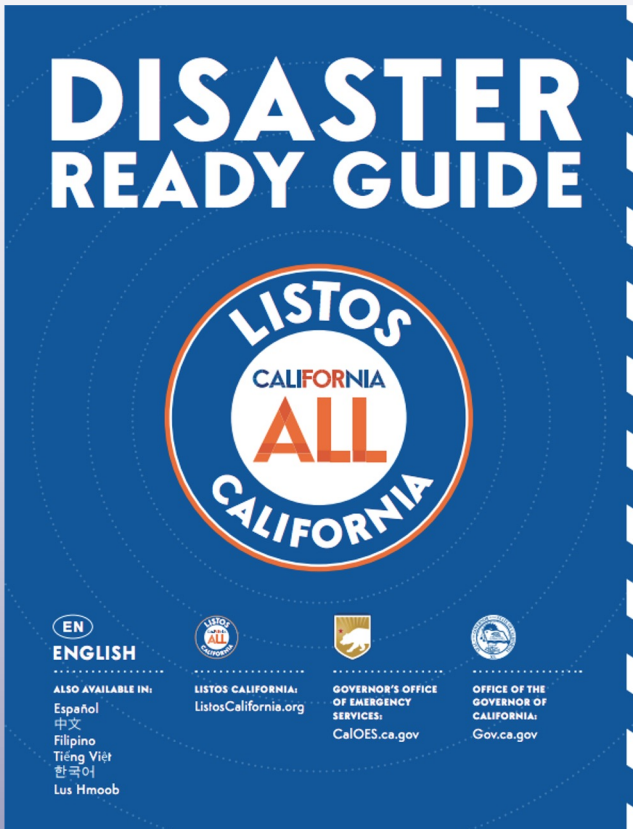
[info@uphelp.org](mailto:info@uphelp.org) | [www.uphelp.org](http://www.uphelp.org)



# Get Ready

## Get Your Disaster Ready Guide

[www.listoscalifornia.org/resources](http://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. 

2