

# CALIFORNIA DEPARTMENT OF INSURANCE



# AMADOR INSURANCE TRENDS: AVAILABILITY AND AFFORDABILITY

- **Non-renewals are up:** 327 non-renewals in Amador County by insurance companies last year
- **Premium Increases:** More than 100 rate increases filed by insurers statewide in 2017-18
- **Fewer homes are being insured** by traditional homeowners insurance companies
- **FAIR Plan coverage** is not as comprehensive as traditional insurance



# INCREASED RISK DRIVING ISSUES

- 10 of the 20 most destructive wildfires in California's history have occurred in the last four years
- As risk increases, the cost of insurance increases and the availability of coverage decreases
- Insurers consider the very recent past to underwrite and to determine rates for the very near future – with \$25 billion in losses in 2017-2018



# RESIDENTIAL UNDERWRITING

## OLD SCHOOL



## NEW SCHOOL



Insurers traditionally evaluated each home based almost entirely on its own characteristics and condition. Today, homes must first pass through an evaluation filter based on satellite imagery of the region that evaluates slope, fuel load and type of fuel, and access.



# INSURANCE CONSUMERS SHOULD BE ABLE TO RELY ON THEIR COVERAGE

- Non-renewal seems unfair when there is:
  - No consideration of individual tenure or claims history
  - No consideration of pre-fire mitigation and/or home “fire hardening”
  - No change in the individual risk
- No clear statewide standards for a fire resistant structure or mitigated property
- Insufficient coverage limits with FAIR Plan
- Many homeowners on fixed incomes purchased homes and obtained insurance long before today’s convergence of issues were even a minor concern

# NEW WILDFIRE LAWS FOR 2018-19

- **SB 824 (Lara)** created non-renewal protection for all homes in a disaster area that do not suffer a total loss, require data on wildfire risk scores
- **SB 894 (Dodd/McGuire), AB 1772 (Aguilar-Curry/Wood), AB 1800 (Levine)** extends additional living expenses from 24 months to 36 months and two guaranteed renewals following total loss
- **AB 38 (Wood)**: State-level fund created to provide financial assistance to homeowners to help pay for costs of fire hardening their homes
- **SB 190 (Dodd)**: State Fire Marshal to develop model defensible space requirements and fire safety building standards for local government
- **SB 240 (Dodd)**: Increased oversight of emergency adjusters following a disaster
- **SB 508 (Leyva)**: Insurers mandated to provide important consumer disclosures to mobile and manufactured homeowners about insurance coverage and claims
- **AB 1816 (Daly)**: Increase to 75 days advance notice (from current 45 days) to policyholders of policy non-renewals

**“We must do more. I look forward to working with the Legislature and the Insurance Commissioner next year on additional solutions.”**

– Governor Gavin Newsom,  
in his signing message for AB 1816

# COMMON-SENSE LEGISLATION

- Provide financial incentives to middle income homeowners and assistance to seniors and low income homeowners to mitigate their properties
- Require insurance companies to write your home if you perform acceptable mitigation standards
- Increase the time you have to shop around when you get nonrenewed (up to 180 days)
- Require greater transparency in rate-setting and non-renewals



# IMPROVE THE FAIR PLAN

- Increase FAIR Plan's limit from \$1.5 million to \$3 million – happening in early 2020
- Make FAIR Plan coverage more comprehensive so you don't need to also buy a “wrap-around” or “companion” policy
- Allow FAIR Plan policyholders to make monthly payments and pay by credit card to provide flexibility
- Add more consumer representation to the FAIR Plan Board so consumers' voices will be heard

# WILDFIRE RISK SCORES

- Require greater transparency for these wildfire risk score models
- Require these models to take into account community and individual mitigation (current models do not do this)
- Require these models be open for public review
- Allow homeowners to appeal their risk score if they believe it is based upon wrong information
- Give consumers time to address mitigation issues to lower their risk score

# HOW THE DEPARTMENT IS RESPONDING

## ① Strike Team

As of August 2019, the Department of Insurance has met with more than 1,500 people face to face regarding the wildfires

### Consumer Hotline

Staffing 1-800-hotline to respond to consumer questions and investigate non-renewals for compliance with laws

**1-800-927-4357**



## ② Disaster Response

### Enforcement Efforts

Working alongside local law enforcement to deter contractor fraud and allow access to properties for homeowners and adjusters to expedite claims

### Local Assistance Centers

Department staff deploy to local shelters and assistance centers alongside other state and local agencies and consumer groups in the aftermath of fires





**QUESTIONS?**

**1-800-927-4357**

**insurance.ca.gov**

