

Thinking About Insurance in Fire Prone CA

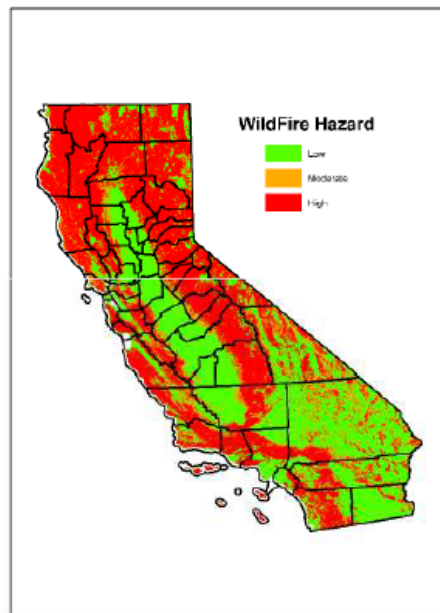
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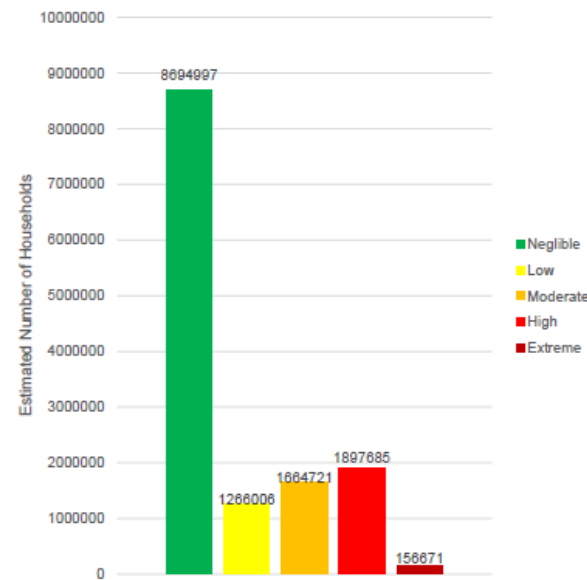
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CA State Risk Map provided by FireLine, a risk management company

FireLine: California Distribution



State Risk Map



State Exposure Distribution

There are two scores that properties are assigned for fire danger:

- One score is based on your community fire department and your location to that department (ISO Fire PC Rating)**
- One based on measured wildfire risk through a carrier's vendor of choice (FireLine or CoreLogic Wildfire Scoring)**

- NOTE: Some insurance carriers are more open to properties in higher fire risk. Some insurance carriers are less interested in a high fireline scores. It's best to shop around with as many companies as possible if you've been non-renewed or cancelled.**

Top 3 Components for Determining Brush Fire or FireLine Scoring

FUEL

Grass, trees, or dense brush can feed a wildfire, a model calculates a weighted average of fuel amounts in 3 radial distance bands within a mile of the dwelling.

There are many other factors including - but not limited to - ISO Fire Protection Class Rating home is located in; satellite imagery to view property; and proximity to ember fall-out from a nearby fire.

ACCESS

Identifies whether a risk is located on a Dead-end road that firefighting equipment may have trouble negotiating.

SLOPE

Steeper slopes can increase the speed and intensity of wildfire and affect reconstruction costs.

Insurance Underwriting Changes in CA



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- Non-renewed policies are at an all-time high.
- Several companies have a moratorium in place for new business.
- Other companies left the state completely.
- Wildfire Scoring takes precedence over the ISO Protection Class Ratings

Our Current Procedures for Non-Renewed Policies

- ❑ If Wildfire Mitigation is required and/or accepted by the insurance carrier, we work with the homeowner to complete this:
 - ❑ On site inspection after mitigation is completed.
 - ❑ Recommend obtaining a Defensible Space inspection from Cal Fire.
 - ❑ Proof of wildfire mitigation and general 'pride in ownership' submitted with photos for reinstatement/renewal approval.
 - ❑ Obtain the current wildfire score and submit the application to any and all carriers that will consider it. By now, we generally know which carrier(s) will write in the high fire zones.
 - ❑ Preferred carriers always checked first, non-standard carriers contacted, and excess/suplus lines carriers are our '3rd layer'
 - ❑ CA DOI's FAIR Plan is the last resort. We assist the customer in filling out FAIR Plan application online and/or refer them out to another carrier for 'wrap' policies.

As an independent insurance agent, the carriers I have access to have been underwriting for wildfire since at least 2016.

Each year, after each fire, the guidelines and eligibility for fire/homeowner's insurance tightens up.

In 2016-17, two of our preferred carriers non-renewed nearly all homes located near West Redding area.

All areas of the state are affected - this is a state-wide concern, not just northern CA in our area.

When Did This Happen?

Why Did This Happen?

- Natural resources have not been taken care of and maintained
- Trees and underlying brush are too thick / not enough clear cutting or logging
- Property owners are not practicing good fire mitigation
- Government has spent too much money for disaster response for the same issue, year after year
- Change in atmosphere/environment
- Our 'fire season' is getting longer and longer each year
- Homes are being built more and more, co-mingling with the forested areas

“ We can, as a society, take steps to make sure that the exposure and the damage that gets caused by fires like this is less. The idea that we can somehow keep fire from happening is unrealistic, and I think the sooner we get past that idea, the sooner we can start looking at real, comprehensive solutions. ”

Max Moritz, a fire-risk researcher with the University of California system

TAKING RESPONSIBILITY FOR OUR INSURABILITY

Solutions We Need to Implement - NOW

Like most catastrophic issues such as wildfire, we need to make changes now so they can take effect in the future. We have to start somewhere!

Legislation is discussing solutions to the high costs of insurance and insurability of homes. It's been suggested that WildFire Coverage be pulled from the standard HO3 policy with the option of being purchased as a 'rider' to the policy (same as flood and earthquake).

Replace non-renewals with a wildfire rating system instead - homeowners can keep their current insurance but will be rated based on their wildfire score/proximity to wildfire.

- Take care of our property! We have stopped taking care of our property.
- We take advantage of our natural resources without proper maintenance.
- We need to take responsibility for our property and its insurability.
- Report all concerns and complaints to our Department of Insurance - if they don't know, they can't help, and a large crowd has a louder voice than one person!

Top Tips for Finding Residential Insurance

(information provided by the CA Department of Insurance @ www.insurance.ca.gov)

“We are aware there has been an increase in non-renewals and understand that residential insurance is getting harder to find in any area that insurers identify as having a higher than average risk of wildfire. While the Department of Insurance doesn’t have the legal authority to tell insurers what level of risk they must write or where they must write insurance, we can monitor that they are consistent in their decisions and that their decisions are based on considerations of risk, not other biases. We are here to help you and have a number of tips to help you through this process.”

- If you get a nonrenewal notice, contact your insurer and ask if there are any specific actions you could take to mitigate your risk and retain your coverage.
- If you think your nonrenewal was unfair, you may file a complaint with us.
- Don’t let these actions delay starting your search for a new insurer.
- Make sure you have done everything you can do at your property to mitigate fire risk then start shopping for coverage.
- Some agents may exclusively represent only one company. You should also contact independent agents or brokers who represent multiple insurers to seek coverage. Verify which insurers each agent you contact represents in order to conduct a thorough search of all insurers.
- Understand that the California FAIR Plan is available to every homeowner as a last option for coverage. The maximum limit written by the FAIR Plan on a residential property for all coverages combined is \$1,500,000.
- Because the coverage provided by a FAIR Plan policy is very limited, it is recommended that you supplement the FAIR Plan policy with a Difference in Conditions policy.

If none of these options work for you, you may try obtaining coverage in the “surplus lines” market. Ask your agent or broker if they are able to obtain coverage with a surplus lines insurer or obtain coverage through a surplus lines broker (note, surplus lines insurers are not backed by the California Insurance Guarantee Association).

If you prefer to speak live with our staff, you are always welcome to call the Department of Insurance toll free at 1-800-927-4357.