

Special Article on Homeowner's Insurance for Laguna Beach:

A special "Thank You" to Assemblywoman Diane Dixon who sponsored a Town Hall meeting on Tuesday, July 30 with the California Department of Insurance. A number of Laguna residents attended including me.

Homeowner's insurance policies for many Laguna residents have been cancelled, and homeowners are scrambling to find insurance at reasonable cost.

The Causes:

The Insurance companies are cancelling policies because they have been losing money in California. Seven out of the twelve top insurance companies operating in California have cancelled policies and refused to issue new policies. Steps have to be taken to re-duce the fire risks as this may help our fire ratings. The bad news is that premiums will have to go up.

A major roadblock facing Insurance Companies is that took years for the State Insurance Commissioner to approve rate increases. The good news or bad the bad, (if one does not like rate increases) is that the State Insurance Commissioner is committed to approve premium increases within weeks. However, it will take until 2027 for the market to stabilize and for all the new rules to go into effect. It is quite a mess, but the speaker seemed optimistic that they are finally making progress.

Gene Felder who also attended the Town Hall with me provided the following notes from the meeting:

Insurance companies have problems with inflation, wildfires, increased costs for construction materials and problems with the supply chain.

Seven out of the 12 largest insurance companies have restrictions on issuing new policies.

Insurance companies' financial ratings have been downgraded by rating agencies and have had difficulty obtaining reinsurance. Insurance companies normally obtain reinsurance through the global market, but insurance companies doing business in California have had difficulty securing reinsurance. Like us, without insurance the risk of losses increases for insurance companies.

The state insurance commissioner has required all insurance companies to cover 85% of the customers in the risk areas. Again, this will not be effective for some time.

State Farm had paused writing all new policies but had recently received permission for a 28% premium increase.

The insurance commissioner has had problems because of a proposition that was passed some years ago. This has a number of problems, including that the insurance companies have not been able to pass on reinsurance cost to California Consumers

The fair plan now has 3% of the market; there are reforms that are to be in place by year-end.

There is such a thing called surplus line insurance. It is not guaranteed (I guess can go bankrupt) but can be financially sound so Susan Smith suggested if you were denied coverage, you should pursue companies that are surplus line insurance.

What can we do, see the handout with list of suggestions for homeowners, but this would include to keep vegetation 5 feet away from buildings and, one that I had never heard of, to have bottom 6 inches of the base of the building made of noncombustible material.

If we could, we would like to be designated a fire USA community or a fire risk reduction community for information go to www.nfpa.org.

If you do something like replace your roof or make some other significant improvement, make sure you notify your insurance company within 30 days, and ask if that has improved your wildfire rating.

If you have questions call 1-800-927-4357 or go to www.insurance.ca.gov
See above website for consumer alerts.

They state the insurance commissioner is handicapped because as they pursue solutions some people sue delaying the process. Apparently, there was just recently in Alameda a class action suit against the Fair Plan.

Please see the URL below for more information and also see the attachment to this article to review the PowerPoint presentation given at the Town Hall.

Here is a link to the "Top Ten Tips for Finding Homeowners Insurance."

https://www.insurance.ca.gov/01-consumers/105-type/5-residential/Top10Tips_FindingResidentialIns.cfm

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