



Catherine Palmer <council@babnc.org>

Re: From CA Department of Insurance

Sargsyan, Armine <Armine.Sargsyan@insurance.ca.gov>

Mon, May 22, 2023 at 11:54 AM

To: Travis Longcore <tlongcore@babnc.org>

Cc: Catherine Palmer <council@babnc.org>

Good morning Travis,

Thank you for sharing these questions ahead of time. Below are the responses. Feel free to share with your members.

Does the Insurance Commissioner (“IC”) have a list of insurance companies operating in CA that:

1. Do not currently offer fire insurance at all to CA homeowners; AND
 2. Sell other types of insurance in the state of California?
- There are many insurers who do not offer homeowners policies (they may only write Life insurance or Automobile insurance, etc.).
 - Fire/Wildfire is generally a covered peril in homeowners policies.
 - We have a tool where admitted insurers can be searched by line of insurance they offer: https://interactive.web.insurance.ca.gov/apex_extprd/f?p=144:10:4644816040314:
 - You may also look up a specific company to see what lines of insurance they offer: https://interactive.web.insurance.ca.gov/apex_extprd/f?p=144:1
 - For example, I looked up Allstate:

Lines of Business
Fire
Marine
Surety
Plate Glass
Liability
Common Carrier Liability
Boiler And Machinery
Credit
Sprinkler
Automobile
Aircraft
Miscellaneous
Disability
Workers' Compensation
Burglary

Do any of these insurance companies offer fire insurance protection to homeowners in other states?

- Most, if not all admitted insurers in California offer insurance in other states. If they write homeowners insurance in California, they most likely offer homeowners insurance in other states.

Does the IC have a list of insurance companies operating in CA that:

1. Do not currently offer fire insurance to CA homeowners in “fire zones”; AND
 2. Sell other types of insurance in the state of California?
- I am not aware of a list like this. Most insurers offer more than one line of insurance.

Do any of these insurance companies offer fire insurance protection to homeowners in other states?

- Again, most California admitted insurers offer insurance in other states. If they write homeowners in California, they most likely write homeowners in other states.

Does the IC have a list of insurance companies operating in CA that:

1. Offer some fire insurance to CA homeowners but excludes those “fire-zone” homes exceeding the CA FAIR Plan threshold; AND
 2. Sell other types of insurance in the state of California?
- Does “CA FAIR Plan threshold” refer to the FAIR Plan’s coverage limits? I am not aware of how/why an insurer offering a traditional homeowners policy would consider the FAIR Plan’s coverage limits. The California FAIR Plan is for consumers who are unable to find insurance in the traditional market, so they wouldn’t get to the FAIR Plan unless they’ve been denied insurance in the traditional market.
 - I am not aware of a list, but there are insurers who offer homeowners insurance that do not write policies in high risk areas based on their underwriting guidelines.
 - We have a tool where admitted insurers can be searched by line of insurance they offer: https://interactive.web.insurance.ca.gov/apex_extprd/f?p=144:10:4644816040314:

Do any of these insurance companies offer fire insurance protection to homeowners in other states?

- Most California admitted insurers offer insurance in other states. If they write homeowners in California, they most likely write homeowners in other states.

If so, do the lists also break down these insurance companies by rating, asset size and estimated CA insurance in force?

- While I am not aware of a list, the Lines of Insurance Search can be sorted by Market Share.

What about the same study as above for re-insurers?

- Again, I am not aware of any of these types of lists.

If certain of these insurance companies generate significant profits from their endeavors here in CA, what are the reasons as to why the state cannot/will not require those insurance companies to offer affordable coverage for CA homeowners?

- The California Department of Insurance (CDI) is responsible for enforcing the California Insurance Code. The California Insurance Code does not prohibit insurance companies from adopting eligibility criteria regarding brush proximity and wildfire exposure, provided that the eligibility criteria, as written, are not unlawful and are not applied in an unfairly discriminatory manner.
- For those insurers that are writing insurance coverage for properties located in high fire risk areas, the Department ensures that the rates and premiums that are charged are in compliance with all rating laws.
- Commissioner Lara is taking immediate action to reduce costs for homeowners and businesses through his Safer from Wildfires regulation. This year all insurance companies are required to submit new rates with wildfire safety discounts based on the new Safer from Wildfires framework created with CAL FIRE and other state preparedness agencies. You can see the list at our website: <https://www.insurance.ca.gov/01-consumers/200-wrr/saferfromwildfires.cfm>
- Transparency is another important benefit of this regulation, by requiring insurance companies to provide consumers with their property's "wildfire risk score" and creating a right to appeal that score.
- Here is our press release announcing the regulation: <https://www.insurance.ca.gov/0400-news/0100-press-releases/2022/release076-2022.cfm>
- I have attached the text of this new regulation.
- Here is a link to our Safer from Wildfires page: <http://www.insurance.ca.gov/01-consumers/200-wrr/>

saferfromwildfires.cfm

Is there any relief the state might provide those homeowners whose home values exceed the CA FAIR Plan threshold – either by statutory means, modifying the threshold conditions, allocation of insurance fund reserves, and/or some other measure or combination?

In 2020 the FAIR Plan increased the combined dwelling coverage limit from \$1.5 million to \$3 million. We are not aware of plans to increase that limit again in the near future.

The California FAIR Plan is not a state agency or a public entity. There is no public or taxpayer funding. The FAIR Plan is a syndicated fire insurance pool comprised of all insurers licensed to conduct property/casualty business in California. All licensed property/casualty insurers which write basic property insurance required by California Insurance Code Sections 10091(a) and 10095(a) are members of the FAIR Plan. The FAIR Plan offers policies on behalf of its member companies. Each member company participates in the profits, losses and expenses of the Plan in direct proportion to its market share of business written in California.

Does the IC have a position on mortgage lenders requiring insurance for the full amount of a mortgage, even if that insurance amount is in excess of replacement value?

This is not a CDI related. The Department does not have a position.

One topic that our members would like addressed is the low level of insurance required of the operators of short-term rentals, which introduce a substantial fire risk (through transient visitors unfamiliar with the very high fire risk). If you can speak to how and why greater liability insurance is not required for them, it would be appreciated.

Cities establish laws/ordinances for short-term rentals. I have not found a state law that establishes minimum insurance requirements for short-term rentals (in California).

Best,

Arminé Sargsyan (she/her)

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From: Travis Longcore <tlongcore@babnc.org>

Sent: Thursday, May 18, 2023 9:02 PM

To: Sargsyan, Armine <Armine.Sargsyan@insurance.ca.gov>

Cc: Catherine Palmer <council@babnc.org>

Subject: Re: From CA Department of Insurance

Dear Armine,

Can you please have the answers to these questions prepared for the meeting next week in addition to the question about insurance requirement for STR operators? These are issues of great concern to our community.

Looking forward to your presentation!

Best regards,

Travis

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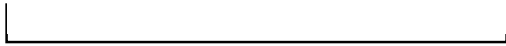
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Travis Longcore, Ph.D. President

Bel Air-Beverly Crest Neighborhood Council | City of Los Angeles



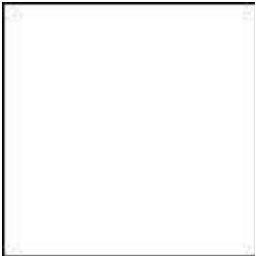
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