



# California Faces Homeowners Insurance Crisis

California is facing a homeowners insurance crisis, and it is significantly impacting the consumers ability to secure available and affordable coverage for their homes and rental properties. Major players in the California insurance segment have experienced record underwriting losses and, as a result, are either limiting or unwilling to provide any new property insurance policies. That has led to a continued drip-drip decline of available and competitive insurers.

The rise in catastrophic losses, particularly natural disasters like wildfires, floods, and potential earthquakes is the insurer's concern. Escalating reinsurance costs along with rising inflation and building costs are only furthering the rate inadequacy already faced by insurers. Regulatory challenges have limited the insurers' ability to obtain timely rate filings. Excess & Surplus insurance is in high demand to moderate the market conditions. However, these options often come at a much higher premium and with more limited terms.

The California FAIR Plan is an available solution and offers basic fire coverage for up to \$3,000,000 in total protection. But keep in mind coverage excludes water damage, (the leading cause of homeowners' losses), theft, and personal liability. Yikes!

The role of insurance brokers has become increasingly essential in the face of the insurance crisis in California because of their expertise in high-risk areas and access to multiple insurers, including high-net-worth and specialty insurance markets.

The California homeowners' insurance crisis can be challenging for consumers to navigate. While it may be impossible to completely avoid all disruptions, we encourage you to stay vigilant in managing your protection and be in regular contact with your insurance advisor to ensure timely communication and information flow.

## Here are steps to keep in mind:

- **Stay informed:** Keep yourself updated on the current insurance market conditions and stay in touch with your insurance advisor for any changes in regulation that might affect your coverage. Being aware of the situation can help you make informed decisions.
- **Start early:** If you are planning to purchase a new home or sell or remodel an existing home, contact your insurance advisor as soon as possible to begin the process. Evaluating options will take more time in this market.

- **Loss Control Measures:** Coastal homes or homes situated near wildfire zones are facing higher levels of non-renewal. Proactively working with your insurance advisor on implementing pre-emptive loss control measures specific to wildfire loss mitigation as well as installing security systems, fire alarms, automatic water shut off systems and seismic shut off valves, among other features that will make your property more attractive to insurers while potentially reducing premium.
- **Pay premiums:** Consider paying premiums in full or setting up recurring payments to avoid overdue payment or cancellation. In this climate, insurers are not as likely to reinstate a policy after a lapse.
- **Claims Philosophy:** Consider absorbing small property claims to keep coverage for major events, such as large property damage and liability claims. This will potentially help keep your insurance premiums lower and preserve coverage for more significant losses. Take advantage of lower premiums by increasing deductibles.
- **Bundle your insurance policies:** Combining your homeowner's insurance with other policies, such as auto, collections and umbrella leads to discounts and more favorable premium rates.
- **Document your property and belongings:** Maintain an up-to-date inventory of your possessions and take photographs or videos of your property. This documentation can be invaluable in the event of a claim.
- **Advocate for insurance reform:** Get involved in local or state-level efforts to address the insurance crisis. Advocate for reforms and policy changes that can improve insurance availability and affordability.

### Final Thoughts:

Remember that insurance is a valuable tool to safeguard what matters most. Take steps to protect your assets, seek professional guidance and be attentive in overseeing your insurance coverage. By doing so, you can navigate insurance challenges more effectively and enjoy greater peace of mind in the face of uncertainty.

For more information, give us a call at [415-357-9235](tel:415-357-9235) or [info-wealth@symphonyrisk.com](mailto:info-wealth@symphonyrisk.com). We would be happy to hear from you.