

Lamorinda

OUR HOMES

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Plant poetry

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Councils receive updates on Home Insurance situation

By Lou Fancher

Northern California Outreach Manager Lisa Strange, in presenting the Lafayette City Council with an update on insurance reform from Insurance Commissioner Ricardo Lara, began by explaining the wide scope of the department's role—and emphasized one crucial limitation.

“The Department of Insurance is the consumer protection agency for the nation's largest insurance marketplace, so all of our functions, including overseeing insurer solvency, licensing agents and brokers, resolving consumer complaints, and investigating and prosecuting insurance fraud are to protect consumers. However, it's important for me to point out one thing we cannot do, which is to require or compel insurance companies to sell insurance to a particular person or community.”

State Farm General's recent announcement that they would not be renewing approximately 30,000 homeowners' policies in the State raises serious questions about the company's financial situation, among other concerns. Strange said the California insurance department has been working with State Farm's home company in Illinois to get a picture of the company's financial profile and plans for improvement. Strange said homeowners receiving notices of non-renewal will have time to replace coverage and the department will assist



Photo Sora O'Doherty

with any cases in which a 75-day replacement allowance is not provided by a company canceling or not renewing coverage.

There is wide public awareness that the insurance market is facing unusual pressure as inflation impacts the costs of rebuilding, and increased environmental risks such as wildfires and floods cause companies to restrict coverage areas. According to Strange, 12 insurance groups cover 85% of the homeowners market in California.

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A standing-room-only crowd showed up to hear Deputy Insurance Commissioner Julia Juarez address the home insurance non-renewal crisis at a town hall put on by the City of Orinda on Wed. May 29. Juarez offered hope that the crisis would diminish as the Department of Insurance has been directed to take actions by the end of the year which she hopes will allow insurers to re-enter markets from which they have withdrawn soon. She addressed the history of the insurance crisis in California, linking it to the adoption by California voters of Proposition 103 in 1988, in response to rising auto insurance rates. She also suggested that homeowners who find themselves in immediate need of home insurance might consider turning to non-admitted insurers, who sell policies that aren't backed by the state but are required to demonstrate their financial stability, reputation, and integrity and to adhere to specific solvency standards established under the California Insurance Code. A video of the town hall and the Commissioner's PowerPoint presentation are available on the City of Orinda's website: <https://www.cityoforinda.org/> -S. O'Doherty