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## Fire insurance non-renewal puts pressure on Lamorinda residents

By Lou Fancher

Lafayette Council at the meeting April 8 received a staff report from City Manager Niroop Srivatsa about State Farm's plans to stop renewing or cancel home and apartment insurance policies in California beginning July. The move is projected to impact 72,000 insurance policies statewide. In Lamorinda, the non-renewals range from the lowest at 11.6 % for Moraga, to Lafayette's 30.4%, with the highest in Orinda, at 54.7%. Although not within the city's governing authority, the State Farm non-renewals and increases in rates across the board have significant impact on the safety and monetary security of local residents.

Niroop said "It appears that in Lafayette, 30% (actually 30.4) of the State Farm clients will receive non-renewal notices - not as high as Diablo, Orinda, Calistoga, or Las Gatos, but still significant." She reminded council it is a growing concern already heard from many Lafayette constituents. "State Farm may not be the only insurance carrier that goes through with these non-renewals," she added as an advisory warning.

The City of Orinda issued a letter sent to State legislators and the insurance commissioner urging them to take some action. With Orinda residents holding 3,115 policies, 1,703 are or will be canceled. The letter was sent by Orinda Mayor Darleen Gee, with council members, the city manager, the Moraga Orinda Firewise Network, and United Policyholders noted as included. The letter stated that while the exact extent and scale of the non-renewals is not yet known, residents are "increasingly concerned and fearful" and "efforts to find replacement policies or even to contact and possibly access the State FAIR plan are problematic."

The letter went on to say, "We know this emerging crisis is something you are working to address, but the time for action is now. We in local government are not able to effectuate any changes to how this crisis will play out, however, our residents look to us to add our voices to the call for action. The City of Orinda and the Moraga Orinda Fire District are leaders in working to make our community more prepared and wildfire safe. We do this in conjunction with local grassroots partners in the form of the Moraga Orinda Firewise Network which is comprised of many individual Firewise Neighborhoods, and the Moraga Orinda Firesafe Council. All these collective efforts are starting to pay dividends but are not being factored into insurance coverage and the cancellations. While our community does have a high percentage of homes in Very High Fire Severity Zones, we do not yet know if that is the reason for the number of cancellations here."

Urging recipients of the letter to avoid offering one-size-fits-all solutions to communities impacted, the City of Orinda warned that confusing, inhibiting policy-making would leave local elected officials "in the dark" and residents facing possible loss of their homes. Lafayette staff recommend council authorized Mayor Gina Dawson to issue a letter that was similar to the letter sent by Orinda, but introducing language and concerns unique to Lafayette.

In council discussion, council member John McCormick said, "This letter seemed gentle to me. I mean, we're on a crisis of unprecedented proportion and we're writing like, we respectfully ask that you look into this matter. We are well beyond that phase." He went on to say that "homeowners [are] just the tip of the spear," suggesting apartment builders, business owners, and property developers across the industry are losing contracts or forgoing projects due to the difficulty of obtaining fire insurance coverage.

Mayor Dawson agreed that putting "some fire" and being expressive when crafting the letter was a good idea. Council member Wei-Tai Kwok came to the issue and read the Orinda letter while keeping in mind that the city of Orinda has for ten years worked hard with the Moraga Orinda Fire District to be good citizens and has raised funds to control vegetation and imposed measures to reduce risk. "And yet, insurance companies are not only not rewarding us for reduction of risk, they're not renewing policies. That's the way I read the letter and cities that are doing something, shouldn't they be rewarded?" Coverage isn't a matter of city jurisdiction, but the measures taken to harden homes, Kwok said, should be taken into consideration. With homeowners experiencing rate increases, drastic policy changes, and non-renewal notices, council member Karl Anduri emphasized that, with the State requiring Lafayette add 20% more housing, the situation would only get worse. How additional housing could be built in extreme high fire risk zones, such as those in Lafayette, when fire insurance was not available, became the rhetorical question left hanging when Dawson opened the meter for public comment.

The first speaker, Dave Clark, posited it would be a mistake to simply mirror the Orinda letter. His home went through the State Farm non-renewal letter, and he encouraged the council move forward with writing letters, while also considering ideas from public comment letters submitted and available online.

Returning to council, council member Susan Candell said she had experienced a State Farm cancellation. After reaching out to an independent fire insurance broker, she was told she was only eligible for the State FAIR plan - a far cry from the near dozen carriers the agent used to be able to suggest. His response to her mentioned an increasing number of restrictions on continuing policies, such as months-long approval terms and covering insurance other than fire, which requires a separate contract. She said not being able to obtain fire insurance "is frightening" and the data used by approval registries for risk projection is dated. "If they don't address this this cycle, next year we [will] have a calamity."

Council supported sending a letter to Governor Gavin Newsom, but emphasized the need to include real solutions, not just complaints. 3,142 out of 10,000 residences in zip code 94549 is significant market share; Dawson said a vague letter her family had received implied that more non-renewals might be in the pipeline. Anduri asked if mortgage lenders were known to be "stepping in" to offer policies, a question to which there were no answers at the meeting.

Niroop urged council to speak with their counterparts in other cities as they form plans for letters and other

actions taken. It was decided and received unanimous approval by council to accept staff's recommendation to compose a letter that will be sent to Governor Newsom, Insurance Commissioner Ricardo Lara, State Senator Steve Glazer, and Assembly Member Rebecca Bauer-Kahan.

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