

BLOG

A New Normal for Personal Insurance in Northern California

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The personal insurance industry has changed significantly during the past six months and the changes continue to unfold daily. To help give context, over a twenty year span, from 1999 up to 2017 the insurance industry paid \$5.1 Billion for wildfire claims compared to the fourth quarter of 2017 where the industry paid out \$6.8 Billion for that quarter alone. In 2018 the Woolsey and the Camp Fires cost the industry close to \$20 Billion in insured losses.

Needless to say these costly fire damage claims have put a significant strain on the insurance industry, prompting carriers to take action and consumers are feeling the heat.



The personal insurance market is changing

Obviously, premiums are increasing. More problematically, more insurers are declining to renew policies due to risk factors such as encroaching brush or recent claims history. They're also tightening underwriting standards, not just for brush, but also for earthquake and water damage claims. And with all the rebuilding activity, higher demand for contractors is increasing insurance replacement values. Some carriers are pulling out of the northern California market all together, potentially making some homes uninsurable and adversely impacting the real estate market.

How to change with the times

As the new normal takes hold, adapting to this new reality of risk is paramount. Here are some concrete steps you can, and should, do:

- **Talk to your broker.** Make sure you discuss your home, valuables and liability coverage limits to ensure that they are enough to make you whole following a covered loss.
- **Ask about higher deductibles:** Higher home deductibles can allow for some premium relief.
- **Install a water shut off valve:** To minimize the potential for an unwanted water damage claim, installing a water shut off valve can prevent this. Most companies give premium credits for having one installed.
- **Fire/Harden your home:** Maintain defensible space around home, clean out gutters regularly,

clean debris from roof, Use a class A roof covering, install ember resistive vents, protect windows. Tell your broker if you have ember resistive vents because some insurers do give discounts for having them installed.

- **Consider investing in fire-resistive landscaping:** such as trees, shrubs and ground cover. The Davey Tree blog has an [excellent list](#).
- **Closing Escrow on a home:** When you become interested in purchasing a home, reach out to your broker immediately to ensure that your property is not located in a fire hazard zone and uninsurable. Your broker will need time to shop and find a market.

Need more ideas or want to take a closer look at where you fit on the new insurance landscape? [Drop a line to me direct](#) or connect with one of experts: privateclient@risk-strategies.com

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