

# Conejo Simi Moorpark Association of REALTORS® Hot Issues: Insurance Crisis Cancellations and Higher Costs



## REMIEDIATING THE PROPERTY INSURANCE CRISIS – IN FAVOR

CSMAR is urging mayors and local representatives to compel the California Department of Insurance to urgently address the current property insurance crisis. All properties in California, even those not physically damaged by wildfires, have been impacted due to large insurance coverage increases. Due to our recent experience with wildfires, and the continuing threat of uncontrolled wildfires, insurance rates have climbed drastically, increasing costs for homeowners, HOAs, and apartment owners. Recently, we have seen a mass exodus of insurance companies from the California market. Many property owners have had their policies canceled and are forced to turn to the State Fair Plan, a plan of last resort.

While the state of California regulates rates, it has not allowed insurance companies to raise rates when there are significantly higher claims due to the dramatic increase in the number of significant fires in the state. Open space has not been managed appropriately which has caused much more destruction when fires occur resulting in a dramatic increase in claims.

## CSMAR

Conejo Simi Moorpark Association of REALTORS® (CSMAR) boundaries contain five cities: Thousand Oaks, Simi Valley, Moorpark, Westlake Village, Agoura Hills; in two counties: Ventura and Los Angeles. We also have three Municipal Advisory Councils areas: Oak Park, Santa Rosa Valley, and Casa Conejo. A great deal of coordination is required in dealing with overlapping rules, regulations, and ordinances which may affect real estate and property rights. Our Board of Directors has adopted Position Papers on issues which affect real estate the most. We believe it is important to articulate our positions on these issues to our roughly 2,000 members, citizens, and those in civic leadership positions.

## WHY CSMAR IS IN FAVOR

Every resident of California is impacted by increased rates, drastically increasing the cost of housing for every Californian. Many homeowners are now forced to obtain coverage with the California Fair Plan which is much more expensive than private insurance coverage. In addition, the California Fair Plan has lower limits which leaves many properties severely underinsured. Another consequence of this situation is that home buyers are forced into purchasing homes with non-warrantable loans which are more expensive. Fannie Mae has been deleting underinsured property from the secondary market which makes loans more expensive and has caused many properties with common area homeowner associations to be removed from government back loans.

The California Department of Insurance has partnered with Cal OES, CAL FIRE, the California Public Utilities Commission, and the Governor's Office of Planning and Research to implement the "Safer from Wildfires" program which is a ground-up approach to wildfire resilience with three layers of protection—for the structure, the immediate surroundings, and the community. This program addresses some of the wildfire issues, but more is needed to address the insurance availability and cost issues. CSMAR urges the California Department of Insurance to encourage insurance companies to stay in California and do everything in their power to add new insurance carriers.

