

Insurance industry and consumers in crisis in the Golden State

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Many Del Norte County homeowners are in crisis mode. The rampant inflation in the country has finally hit home.

Approximately 50,000 plus (and growing) California homeowners are in literal shell shock after opening their mail to learn their homeowners insurance policy will not be renewed. Many carriers are telling California SAYONARA. The latest big carriers to decline new business are State Farm and Allstate which are declining all new clientele. The current spate of lightning-struck fires merely aggravates an already critical condition impacting homeowners up and down the state.

Carriers point to the passage of voter-passed Proposition 103, wildfires and out of control inflation as primary reasons California is simply no place to do business.

The carriers are taking a beating in satisfying claims. Carriers cannot survive without steep premium increases.

The Independent Insurance Agents and Brokers of California (IIABC) released a statement reflecting a dire future for the insurance industry.

It reads, “The insurance marketplace is tightening up and its happening fast for home and auto insurance. Carriers are pulling a full hard stop on issuing any new policies across the country. States hit the hardest are California, Florida, Louisiana and Texas, with Oregon not far behind.”

Insurance companies claim they cannot operate profitably in the current inflationary market. Voter-passed Proposition 103 directs the carrier to apply to the Department of Insurance for approval of any increase above seven percent.

Meanwhile the cost of claims has dramatically risen over the last 24 months. The IIABC warns if you’ve not impacted by the inflationary disruption, you will be soon.

The IIABC states premium rates are unrealistically low so carriers cannot operate profitably; the carriers simply pull out of the market. If the Department of Insurance declines the rate increase, carriers simply shut down new business.

The cost to rebuild your home or vehicle due to rising costs of materials, parts, lumber and labor continue to spiral out of control. Everything is inflating; medical care continues to skyrocket, Litigation is expensive and settlements are rising at unprecedented rates.

In California, Fair Access to Insurance Requirements offers fire and flood coverage at rates near current market conditions. Your agent can explain the Fair Plan to you.

The Independent Insurance agents emphatically states rates are unsustainable.

What can you do to stay afloat?

- * Consider raising your deductibles.
- * Make sure you are taking every possible discount available.
- * Do not let your current policy lapse.
- * Bundle all your insurance needs under a single carrier.
- * Don’t make frivolous claims.
- * Don’t get driving citations. Follow the laws.

Independent insurance brokers respectfully ask you to not blame the messenger for this sobering reality.

Please be civil when you work with your broker. The agent is your strongest ally. The association is fighting to reform these injustices with new legislation in Sacramento.

