



Bay Area

BUSINESS

Insurance companies in California must offer coverage in wildfire-prone areas under new regulation



Jose Fabian

By

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New California insurance regulations will make it easier to get policies, but not cheaper



Insurance companies in California will have to offer coverage to homeowners in wildfire-prone areas under a new state regulation that was announced Monday.

The new regulation aims to give residents access to more insurance options after companies pulled coverage from various areas.

Insurance companies will be legally required to write policies in those areas "equivalent to no less than 85% of their statewide market share." Coverage won't increase to that threshold immediately. Instead, companies will be given a requirement of a 5% increase every two years.

"Californians deserve a reliable insurance market that doesn't retreat from communities most vulnerable to wildfires and climate change," said California Insurance Commissioner Ricardo Lara.

The regulation is the latest in Lara's Sustainable Insurance Strategy. Lara previously announced that companies

would be allowed to use catastrophe models and climate change to set higher rates.

According to Lara, the use of catastrophe models will ensure "reliable rates."

"Under the system of historical data, insurance consumers are paying balloon premiums and rate spikes after major wildfires, without increased availability," the press release stated.

The requirement to cover wildfire-prone areas was the last step in Lara's Sustainable Insurance Strategy.

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Jose Fabian is a web producer for CBS Bay Area where he reports on local crime, politics and breaking news. He studied political science and journalism at Sacramento State and was born and raised in Northern California.

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