

MARKET UPDATE

Personal Insurance and Risk Management Update for Successful Individuals, Families and Trusted Advisors

January 2019

CAL INSURANCE

The home insurance market continues to tighten at a rapid pace. Existing insurers are quick to decline new-home submissions in high-risk areas, including automobiles and other valuables. One insurer has been unable to pay their 2018 losses, and the California Department of Insurance has taken control of the company. Following are suggestions for making a home more attractive to insurance companies:



- **Talk to an insurance broker before making an offer on a home or land.** The rate of insurance companies declining to offer coverage has increased significantly in high-risk areas.
- **Consider using Phos-Chek® Home Defense Fire Retardant.** The do-it-yourself Phos-Chek Home Defense kit, which utilizes an uncolored version of the same fire retardant used by the USDA Forest Service, can be applied using most garden sprayers. <https://phoschek.com/brand/phos-chek-home-defense>
- **Once a carrier agrees to insure your high-risk home, be sure to enroll in their wildfire defense service program, if offered.**
- **Install an automatic wildfire-suppression system.** Stand-alone automatic fire-suppression systems can be installed around the exterior of your home to add an additional layer of protection.
- **Work with your neighbors to become Firewise.** The National Fire Protection Association's (NFPA) Firewise Communities/USA® Recognition Program is a process for neighbors to work together voluntarily to address common wildfire risks. www.firewise.org/usa
- **Review current building codes in your city/county — and then exceed them!** Upgrade to fire-resistive roof, vents, gutters, doors and windows. Offset those costs by the use of fiber-cement siding, which is fire-resistant and half the cost of cedar plank.
- **Incorporate non-combustible roofing materials.** If constructing or renovating a home, choose traditional materials, such as concrete or cement. Tempered and double-pane glass windows, which have been tested under wildfire conditions, can make a home more resistant to heat and flames. Ensure awnings, decks, pergolas and other features are also constructed from non-combustible materials. Consider enclosing your deck to prevent embers from igniting the framing underneath your home.

While fires wreak havoc, **water is the No. 1 preventable loss that homeowners can address.** If you own a home in a cold-weather area, or are renovating or buying a home that is more than 10 years old, take time to install a water-flow alarm and/or water-flow shut-off device. Follow these links to learn more, and check with your insurer to see if a discount is available toward the purchase of a water-defense system:

Sentinel Hydrosolutions • 866-410-1134 • www.leakdefensesystem.com

FloLogic • 877-356-5644 • www.flologic.com

Water Cop • 800-546-3636 • www.watercop.com

If you own a dog, review your personal and excess liability limits to ensure adequate protection of your assets.

4.5 million Americans were bitten by a dog last year, and almost half of the victims were children. According to the Insurance Information Institute, dog bites and other dog-related injuries accounted for an astonishing one-third of all homeowners' liability claim dollars paid out in 2017, costing almost \$700 million. The average cost per claim nationally has risen more than 90 percent from 2003 to 2017, due to increased medical costs, as well as the size of settlements, judgments and jury awards given to plaintiffs.



In the automobile market,

insurers are facing rising repair costs for vehicles equipped with sophisticated safety features with multiple sensors and/or cameras embedded in the bumpers and fenders. Insurers are also maxing out on rental-reimbursement losses, as parts can take weeks or months to arrive. We expect the cost of insurance for cars with sophisticated safety features to receive significant rate increases in the year ahead.



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*Watch for our next update
on Cyber Risks for
Successful Families.*

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