

RE: CALIFORNIA MORATORIUMS ON NON-RENEWALS AND CANCELLATIONS OF POLICIES INSURING RESIDENTIAL STRUCTURES IN OR ADJACENT TO WILDFIRE ZIP CODES (November 10, 2021)

SUMMARY: As currently in effect, CA's wildfire moratorium prohibits an insurer from canceling or refusing to renew any "policy of residential property insurance" insuring a residential property or dwelling located in or adjacent to wildfire zip codes designated by CDI, for a one-year period after a declaration of emergency.

Designated zip codes and applicable time periods:

Emergency Proclamations regarding specific named wildfires and county information are released by the Governor. These trigger the moratorium, which begins on the date of the Proclamation in the specified counties. CDI provides specific zip code information after a review of the wildfire zone associated with the Proclamation. Upon issuance, PRS issues email blasts and follows those with informational notices. The informational notices can be found on ReferenceConnect in the Markel Library.

What types of policies are subject to the moratorium?

CDI provides that "no admitted or non-admitted insurer shall cancel or non-renew any homeowners, condo unit owners, mobile homeowners, or residential renters insurance policies due to wildfire risk that are located in a ZIP Code identified by this bulletin or any subsequent bulletin as subject to Section 675.1, subdivision (b)(1)." Certain commercial lines policies may also be subject to the moratorium if considered a "policy of residential property insurance." See *chart on right*.

Can we remove non-dwelling coverages or make premium adjustments on renewal?

At this time, premium adjustments are not subject to the moratorium, however any changes in pricing or coverage must be in line with our existing filings and approvals, and in accordance with any applicable CA regulations as well as the language of the policy.

Moratorium applicability to Commercial Lines:

Does the policy insure loss caused by fire, lightning, windstorm, tornado, and/or earthquake?

Does the policy insure a residential structure "dwelling" and/or contents used exclusively for residential purposes? (i.e., residential property disclosure forms were provided at issuance)

Does the insured residential structure consist of four or less dwelling units?

IF 'YES' TO ALL THREE QUESTIONS → THE POLICY IS SUBJECT TO THE MORATORIUM

Policies subject to the moratorium may not be non-renewed or canceled based solely on the fact that the insured structure is located in an area in which a wildfire has occurred, *except in the following circumstances:*

- (1) If willful or grossly negligent acts or omissions by the named insured, or his or her representatives, are discovered that materially increase any of the risks insured against.
- (2) If losses unrelated to the post-disaster loss condition of the property have occurred that would collectively render the risk ineligible for renewal.
- (3) If there are physical or risk changes to the insured property beyond the catastrophe-damaged condition of the structures and surface landscape that result in the property becoming uninsurable.