



## NEWSBLAST

### Homeowner's Insurance

# More Policy Cancellation Moratoriums Announced

**I**NSURANCE COMMISSIONER Ricardo Lara has announced that he has issued notices to insurance companies ordering them to cease non-renewals and cancellations of insurance coverage for communities with wildfire emergencies – or risk being in violation of California law.

His notices (known as bulletins) cover homeowner's and renter's insurance policyholders living near major wildfires included in emergency declarations by Governor Newsom.

Last year, Lara issued a similar order prohibiting insurers from non-renewing or canceling policies for one year following the largest wildfires in the state's history. A law passed in 2018 gave the insurance commissioner the authority to issue cancellation moratoriums for up to a year. The orders cover homeowner's and renter's policies within the perimeter of a declared wildfire disaster or adjoining ZIP codes.

Once a new fire perimeter is identified, Lara will issue a bulletin identifying ZIP codes that will be subject to the one-year cancellation moratorium.

He has already issued a bulletin that protects more than 25,000 policyholders in Lassen, Plumas and Siskiyou counties covered under Governor Newsom's July 16 emergency declaration for the Lava Fire and the Beckwourth Complex Fire.

### Possible New Cancellation Moratorium Areas

The Department of Insurance is working with the California Department of Forestry and Fire Protection and the Governor's Office of Emergency Services to identify additional wildfire perimeters for any fires where there is a declaration of a state of emergency, including parts of these counties:

- Alpine
- Butte
- El Dorado
- Lassen
- Nevada
- Placer
- Plumas
- Shasta
- Siskiyou
- Tehama
- Trinity

The commissioner's ability to issue moratoriums is a result of a California law that was passed in 2018.

Senate Bill 824, which Lara authored when he was a state senator, prevents insurers from non-renewing or canceling homeowners' policies for people living within or adjacent to a wildfire emergency area. Prior to that, the law only gave that same cancellation moratorium to people who had suffered a total loss from a wildfire.

Those who have suffered a total loss have additional protection from non-renewal under existing state law.

This is the third consecutive year that Lara has invoked his moratorium authority under the 2018 law. The Insurance Department has sent notices to all residential insurance companies alerting them he will issue bulletins for policyholders in wildfire emergency areas.

Get the full list of cancellation moratorium-protected ZIP codes [here](#). The Insurance Department updates this web page as it adds new areas. ❖

### Concerned about your coverage?

If you've received a non-renewal notice or are concerned you may, call us.



**INTERWEST**  
INSURANCE SERVICES, LLC

8950 Cal Center Dr., Bldg 3, Suite 200  
Sacramento, CA 95826

Phone: (800) 444-4134

Fax: (916) 979-7992

E-mail: [newsletters@iwins.com](mailto:newsletters@iwins.com)

[www.iwins.com](http://www.iwins.com)

CA License No.: 0B01094

## Adding Value

# Have You Renovated Your Home? Call Your Insurer



**A**mericans who were cooped up at home during stay-at-home orders since the pandemic started have been busy renovating their homes in record numbers.

Home renovation spending grew 15% in the last year to a median \$15,000, according to a poll by home renovation website Houzz. It also found that higher-budget projects saw an increase to \$85,000 or more in 2020, compared with \$80,000 in the two years prior.

If you spent money on home renovations recently and you haven't informed your insurer about it, you should.

The reason for this is that if that new kitchen increased the cost of rebuilding your home after a claim, your current policy limits may not be enough to reimburse you if you have a total loss. Ideally, you should inform your insurer before you start renovations.

Below we list the main home renovations that you should inform your carrier about:

**Kitchen and bathroom upgrades** – One of the most surefire ways to increase your home's value is to remodel and modernize the kitchen or bathroom.

A kitchen upgrade will cost an average of \$35,000, while adding an average value increase of \$20,000 to your home.

If you spend that much, your homeowner's policy may not have high-enough limits to cover the cost of rebuilding after a disaster or fire.

Please note: If you upgrade your electrical or plumbing systems during a kitchen or bathroom renovation, you could qualify for an insurance discount.

**Flooring** – New or refinished wood flooring also adds value to your home.

Installing wood flooring by replacing another floor, usually has a 91% return on investment. So a \$10,000 wood flooring installation can add around \$9,000 in value to your home, depending on the flooring type you choose.

**Siding** – The average cost of siding replacement in 2020 was \$14,518, and the replacement cost is likely to be higher today due to higher material pricing.

**Adding more square footage** – Some people have added more space to their homes to make it more comfortable to telecommute.

While a home expansion can add value to your home in the resale market, it will also cost more to rebuild in case of a total loss.

You may also need additional insurance if the space you added is not inside your home: like a deck or grandmother's quarters.

## Some final tips

When doing a remodel, make sure that your contractor is licensed, insured and surety bonded before signing the contract.

If the contractor starts but doesn't finish the job, their surety bond will cover financial losses the homeowner incurs.

Also, you need to make sure the contractor has general liability insurance, which covers them for accidental injury to someone other than a worker or themselves.

You will also want to make sure they have workers' compensation insurance. If they don't and one of their workers is injured on the job, they can go to your homeowner's policy to cover their workers' comp claim.

Finally, call your insurer if you've made upgrades or have added expensive fixtures. ❖



## Moonlighting Risk

# Want to Drive for Uber? Better Check Your Coverage

**T**O MAKE ends meet, or to build up their nest eggs, many people have turned to moonlighting as Uber or Lyft drivers.

However, if you are planning to make some spending money, you need to understand that doing so could invalidate your personal auto policy.

Uber and Lyft are so-called “ride-hailing” mobile apps that connect passengers to drivers. With the phone app, passengers can hail a driver to their exact location, track the driver using their phone’s GPS and pay for the ride with a credit card. Drivers keep the app on when they are waiting for customers or driving to fetch a passenger.

There are typically two levels of insurance involved in these ride-hailing arrangements. The driver carries their own vehicular insurance, while the ride-hailing company also has its own liability policy in place. Here’s what you need to know:

### Your policy bans commercial driving

Your personal auto insurance policy may not provide coverage if you are involved in an accident while driving for Uber.

Personal auto policies have an exclusion for “driving-for-hire” – or commercial driving.

This exclusion means that a driver’s standard personal auto insurance would not likely cover them while the ride-hailing application is turned on, regardless of if they haven’t accepted a ride request and have no passengers in the vehicle.

Check your policy or call us and we can find out the extent of any exclusions in your coverage.

### The coverage gap

Some states require ride-hailing companies to carry at least \$1 million per incident excess liability coverage. The policies are designed to deal with liability claims that a driver’s insurance doesn’t cover.

Ride-hailing companies’ insurance only covers third parties (injuries to others that an Uber or Lyft driver may hit and any property damage the third party sustained).

However, physical damage to your car or injuries you sustain would have to be borne by you if you only have a personal auto policy, since the ride-hailing company’s policy would not cover you.

There is another risk in the coverage gap: The ride-hailing operator’s insurance policy will not cover you if you are hit by an insured driver. Again, you would have to pay for that out of pocket if all you have is a personal auto policy. ❖

### How the insurance works

- When the Uber app is off, you are covered by your own personal policy.
- When you have the app turned on, a low level of liability insurance becomes active.
- When a trip is accepted, a higher level of coverage takes effect and remains active until the passenger exits the vehicle.

### Tip: Questions to ask Uber\*

- How much liability insurance does Uber provide while I’m transporting a passenger? Do I need more?
- Will I be charged a deductible and, if so, what is it?
- Is the commercial liability insurance coverage my main source of coverage, or is it contingent on denial by my personal auto policy?
- How do I report a claim?
- At what times am I covered by Uber’s policy?

\* Source: The National Association of Insurance Commissioners

### What you can do

Insurers have responded to the ride-hailing trend. There are two ways you can go to ensure coverage for yourself and your vehicle:

1. Buy a commercial auto policy that is valid at all times.
2. Buy a policy that specifically covers you and your vehicle when the ride-hailing app is on.

**ASK US ABOUT YOUR OPTIONS!**



# Whose Insurance Covers a Friend Using Your Car?



ONE AFTERNOON your friend calls you up and asks: "Dude, can I borrow your car for a few hours today? Mine's in the shop."

You don't think much about it and hand over your keys. But what do you do if your friend has an accident? Will your insurance cover the damage, or does theirs?

Though policies will vary, the general rule is that anyone living in your house is typically covered when driving your car, unless expressly

excluded on the policy.

In many cases, every driver in the same household is actually required to be included on the vehicle's insurance policy.

For those friends or family members who don't live with you but use your car every once in a while, you can typically loan them your vehicle and not worry that they'll be covered.

Permissive use generally applies in these cases. This means that if you give another driver permission to take your car, they will be covered by your insurance.

But, it's not that simple if your friend causes damage that exceeds your policy limits.

In general, the vehicle owner's policy is primary and pays first in the event of a loss. If your owner's policy does not cover the loss or provide enough insurance to fully cover it, the borrower's policy will apply.

For example, assume that your policy has a bodily insurance limit of \$250,000 for injuries to one person, and your friend's policy has a limit of \$100,000.

Your friend borrows your car and has an accident three blocks from your home, and severely injures the driver of the other vehicle. The medical bills alone are \$300,000.

Your policy will pay first up to the \$250,000 limit, after which your friend's insurance will kick in to pay the rest.

## Deductible

Your insurance will also be primary for damage to the car itself, but the borrower's insurance can make up for a difference in deductible.

Suppose your friend has a \$500 collision deductible on his car, and you have a \$1,000 deductible.

The damage to your vehicle is \$6,000, so your insurer will pay \$5,000 for the repairs. Your friend's insurance would pay you an additional \$500 (your deductible, minus your friend's).

## Reasonable belief

One important part of all this is that anyone who borrows your car must have your permission in order for the insurance to cover them. The insurance company will cover your friend if he had a "reasonable belief" that he could use the car.

So, if you told your friend: "Steve, you can use my car whenever you need to," and Steve did borrow it a few times before, that would mean that Steve had reasonable belief that he could use your car.

Permission must come from the vehicle's owner, not from a member of the owner's family. ❖

## BEFORE BORROWING A CAR...

- Make certain that you have the owner's permission.
- Make certain the owner has insurance.
- Check your own insurance to see if it will cover damages the owner's policy doesn't cover.

