



NEWSBLAST

Wildfire Threat

Insurers Must Consider Mitigation When Pricing Policies

A NEWLY ENACTED regulation will require insurance companies in California to recognize and reward homeowners who take steps to harden and protect their homes from wildfire risk. The regulation is aimed at bringing relief for homeowners in high-risk areas who have been hit with skyrocketing homeowner's insurance premiums and policy cancellations.

The new rules require insurers to submit new rates for properties whose owners have taken steps like installing fire-proof exteriors and creating a defensible space around their homes. The rules bar insurers from using rates that do not take into account the following factors:

Community-level mitigation

Rates must reflect the wildfire risk of each community, taking into account any protection designations the community has received for its efforts to reduce risks to property owners, like:

- **Fire Risk Reduction Community listed by the Board of Forestry** – This is for towns that meet best practices for local fire planning.
- **Firewise USA site in good standing** – The city has created a committee to conduct a wildfire risk assessment and taken steps to protect the town.

Property-level mitigation efforts

Insurers' rates must reflect reduced wildfire risks to homes whose owners have taken mitigation efforts to protect their properties. There are two types of mitigation efforts:

Defensible space

Rates must reflect efforts to reduce potential fuels and ignition sources, such as:

- Clearing vegetation and debris under decks.
- Clearing vegetation, debris, mulch and combustible materials within 5 feet of the home.
- Using non-combustible materials in any improvements to the property, such as fire-resistant roofs, siding, decks, fences and gates.
- Removal or absence of combustible structures such as sheds, detached garages or other structures within 30 feet of the home.

Building-hardening

Taking steps to use fire-resistant materials and other structural changes, like:

- Installing a Class-A fire-rated roof.
- Installing enclosed eaves.
- Installing fire-resistant vents.
- Installing multi-pane windows, including dual-pane windows or functional shutters, which when closed cover the entire window and do not have openings.
- Ensuring at least 6 inches of non-combustible vertical clearance at the bottom of the exterior surface of the building, measured from the ground up.

Caveats

The rules do allow insurers to take into consideration factors that increase or decrease risks to homes, as long as they can show that they "substantially" are related to the risk of wildfire loss. These considerations cannot result in rates that are excessive, inadequate or discriminatory. They include:

Fuel – The insurer may take into account various types of fuel and the density of those materials near the home, including trees, grass, brush and other vegetation.

See 'Materials' on page 2



A home saved by defensible space in Colorado.
Source: Boulder Mountain Fire



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Holiday Risks

Ways to Put Safety First This Thanksgiving

AS THANKSGIVING approaches, people across the country are preparing to celebrate this family holiday with their loved ones.

But, it is important to put safety first. By spending a few minutes reviewing these tips, you can have a safe and happy holiday.

1. Prevent food poisoning

Before cooking a turkey, defrost it properly. If the bird is still frozen in the middle, some parts of the turkey may be uncooked after removing it from the oven.

Always keep a defrosting turkey in the refrigerator on a pan to prevent its juices from dripping into crisper drawers or onto other food containers.

Keep in mind that a turkey weighing 15 pounds takes several days to defrost. Cook a turkey until its internal temperature reaches at least 165 degrees Fahrenheit.

If there are leftovers, be sure to refrigerate them within a couple hours of serving dinner.

2. Prevent fires

Fires occur on Thanksgiving more than any other holiday. There are at least three times as many fires on Thanksgiving as there are on a normal day, studies have found.

3. Travel safely

Thanksgiving is one of the busiest holidays for travel.

Since most people are focused on arriving at a destination and having fun, they can overlook safety precautions. Remember:

- Keep an emergency kit in your car.
- Try to travel on less busy days that are not as close to the holiday itself.
- Start the trip with a full tank of gas.
- Check tires and fluids before embarking on a long road trip.
- Never drive distracted. Pull over to make a call, answer a text message or eat.
- When flying, follow the Transportation Safety Administration's rules for liquids and gels.
- Follow the airline's requirements for baggage weight and packaging certain items such as food.
- Plan for travel and parties in advance so you can include safety precautions. ❖



Kitchen safety tips

- Do not leave any pans on the stovetop unattended.
- When using oven mitts, food wrappers and other flammable items, keep them far away from stovetops.
- Keep children out of the kitchen to avoid burns or injuries.
- When using pots and pans with handles, point the handles toward the back of the stove to avoid tipping one over.
- Do not wear loose sleeves or baggy clothing that may drag across a stove.



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Use Non-Flammable Materials on Your Home's Exterior

Slope – The insurer may take into account the position of the home on a slope relative to potential sources of ignition, and the steepness of the slope between those sources and the home.

Access – The insurer may take into account the ease or difficulty of firefighters to reach the property, including road width, shoulders and availability of multiple access points.

Aspect – This factor reflects the direction the slope faces.

Home characteristics – Rates can reflect the materials used in the construction of the home.

Wind – Rates can reflect the typical wind speed and direction.

The takeaway

The new rules include an appeal process for homeowners who disagree with an insurer's assignment of their home's wildfire score or other risk classification.

The regulation took effect Oct. 17 and insurers have 180 days to submit new rate filings that take the new rules into account. ❖

Insurance Discounts

More Insurers Track Driving With Smart Phone Apps

INSURERS ARE experimenting with new technology that tracks how many miles you drive, your driving patterns and other nuances in how you drive, in order to price policies and offer discounts.

As part of the process, insurers will typically require that policyholders download an app that will track your driving. Many of these apps rate your driving and good drivers can earn discounts and rewards for safe driving, based on the data collected by the app.

Insurers are betting that by giving drivers an opportunity to earn discounts for safe driving, they will install the apps on their smartphones and “gamify” the driving experience. If people can earn discounts, they may in turn become more mindful of how they drive.

How it works

The apps typically use your phone’s GPS, accelerometer and gyroscope to rate your driving. Insurers claim that the apps can also detect phone-related distractions, which contribute to about 15% of vehicle accidents and some 3,500 deaths annually in the U.S., according to the National Highway Traffic Safety Administration.

After that, data from the app will be used to generate the premium for the next policy. If the insurer thinks you are riskier than it thought, it could raise your rates. At the same time, if you are a safe driver, you could benefit from safety discounts you receive.

While some apps gather information on your driving during the entire policy period, others will track you initially for two weeks while you drive.

Using these apps is optional and policyholders need to opt into the program. Discounts can vary from insurer to insurer, from about 5% to 30%, based on your driving habits and performance.

Besides apps, some carriers offer policyholders plug-ins or dongles that are to be kept in the vehicle and usually pair with an app.

Some of these devices go beyond what a smartphone app can offer, such as measuring left and right turns, acceleration, braking speed and the time of day that you are driving.

These apps can give regular feedback to the driver, telling them in what areas they can improve their driving. Some even give drivers a letter grade, which again gamifies driving by encouraging the policyholder to improve their performance.

Concerns

There are obviously privacy concerns with this approach, since people could be sharing their location data with their insurer at all times.

And, not everyone is willing to share that much. A recent Pew Research study surveyed drivers about if they were willing to trade giving the insurer detailed information about their driving and locations in exchange for possible safe driving discounts. It found that:

- 45% of respondents said they found the trade-off unacceptable.
- 37% said it would be acceptable to let insurance companies track their driving behavior for a discount.
- 16% said it depended on the circumstances.

There are some drawbacks. The app will track you wherever you go, and the data could be subpoenaed for court cases.

The phone could also think you are driving a vehicle, even when you are a passenger. That’s not good if your driver takes risks and speeds.

Some people have complained that the app even tracked them when they were buzzing along on a commuter train or in an airplane while it is taxiing before take-off.

That’s why some apps are taking the extra step of only tracking drivers when their phone connects to their vehicle’s Bluetooth. ❖



Does Insurance Cover Crashes with Deer, Livestock?



ONE OF THE most unpleasant accidents for a motorist is hitting a deer or other wild animal or livestock.

The times of year that motorists are in areas with deer, moose or elk are most likely to collide with one of the creatures are October and November, during mating season, as well as spring after the does have given birth to a new generation.

But if you live in or are ever driving through a rural area, there is always a chance of stray cattle wandering onto the roadway.

Since most of these animals are significantly larger than a human being, the damage to the vehicle can be substantial in an accident.

Are you covered for hitting an animal?

The key coverages that would pay for your car repairs are either collision or comprehensive. It all depends on the nature of the accident. You should have these coverages anyway, but they are optional and sometimes people don't purchase them to avoid the additional premium.

Comprehensive coverage – Comprehensive coverage would cover the cost of repairing the damage if you hit the animal as it walked on the roadway. Accidents with animals walking in front of your vehicle are covered by comprehensive because these accidents are considered out of your control.

Collision coverage – This coverage would pay if the animal you hit was lying dead in the roadway (possibly having been hit by another vehicle). Collision pays because if it was motionless on the roadway, there is a reasonable assumption that you should have been able to stop or maneuvered around the creature to avoid hitting the carcass.

What about your medical bills?

If you are injured in the accident, your car insurance would

typically not pay for your injuries to be treated. However, you can buy a rider to your policy called “medical payments coverage,” which may cover your medical costs after you are hurt in an auto accident, even if you are at fault.

But, it is usually capped at a fairly low amount, like \$10,000.

You should realistically expect that you will need to use your health insurance to pay for any medical bills in a situation like this.

Tips to avoid animal collisions

- Be especially alert when driving in areas near forests and farms, and especially at dawn or dusk when animals are most active.
- Watch your speed, especially at night.
- Constantly scan your surroundings. If you have passengers, ask them to keep an eye out for animals.
- If you see one animal, there may be more since they will often travel in groups.
- If you see animals on the road, take your foot off the gas and gently brake. You may want to consider putting on your hazard lights to alert drivers behind you.
- Most importantly: Always wear your seatbelt.

If you hit an animal

- Pull over to a safe location and turn on your hazard lights.
- If you get out of your car, stay off the roadway.
- Call 911 if anyone is injured.
- Call the local police if the animal is injured, blocking traffic or is creating a hazard for other drivers.
- Do not approach the animal, especially if it is wounded.
- Inspect your vehicle and document any damage. If there's damage, call the police and your insurance company to report the accident.
- If your vehicle seems unsafe to drive, call a towing company.
- If you can drive your car, check underneath for any leaking fluid. Also check for broken lights or other damage that could make it unsafe to drive. ❖

