

# San Francisco Chronicle

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## Thousands of homeowners in this wealthy Bay Area city are set to lose insurance: ‘No good options’

By [Michael Cabanatuan](#)

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Orinda homeowner Steve Cohn stands for a portrait at his home on Thursday April 26, 2024 in Orinda, Calif. Cohn was notified by his agent his home would not be covered by home insurance when the current policy expired. Cohn said he has been with the same insurance company for 40 years since he built his home. Lea Suzuki/San Francisco Chronicle

The talk of the town in Orinda — the small, affluent city nestled on the eastern side of the wooded Berkeley Hills in Contra Costa County — is not about a recent spate of home burglaries or the downtown movie theater going dark two nights a week to save on electricity.

Instead, the buzz is all about the [California home insurance crisis](#) — a far drier subject, but a particularly dire one in Orinda.

- **California map:** [ZIP codes State Farm won't renew insurance policies](#)

[Like many others](#) statewide, Orinda residents have been hit by major insurance companies notifying customers that their homeowners policies won't be renewed.

But the recent news that California's largest home insurer, State Farm, [would not renew 30,000 homeowner and other personal residential policies](#) statewide in the coming months has had an outsized impact on Orinda.

[A Chronicle analysis](#) of data provided by State Farm to the state Department of Insurance found that 1,700 homeowners in Orinda will lose their State Farm coverage — the most in any ZIP code in the state. The non-renewals affect about 55% of Orinda homeowners with State Farm policies, the largest percentage in the Bay Area.

Since State Farm insures roughly half of the 7,000 homes in Orinda, that means the company's non-renewals will hit close to a quarter of the city's homeowners. And that comes on top of other insurers that have taken similar actions over the past two years.

“State Farm's blow was a massive impact on top of everything else,” said Darlene Gee, Orinda's mayor. “It has had a measurable impact in terms of how people are feeling, the concern, the frustration.”

On a visit Wednesday to Orinda's downtown, anchored by the Art Deco Orinda Theater, it was easy to find people who were affected by the home insurance crisis or had a friend or neighbor who was.

“It's an issue with the whole city,” said Shahrooz Haghighi, a resident, as he hurried into Peet's for his morning coffee. “It seems like the insurance companies don't want to insure people living in a woody area anymore.”

State Farm spokesperson Sevag Sarkissian referred the Chronicle to a statement released by the company when it announced the non-renewals as well as an industry statement explaining California's insurance problems, but did not respond to questions about why Orinda was hit so hard by the promised non-renewals.

Some policyholders said they were told by their insurance agents that the decision was based on the area's fire risk.

Regardless of the reason, those hunting for new homeowners' policies are finding little, if anything, available.

Yasaman Nazmi Lee is head of her Orinda neighborhood's Firesafe group, which aims to reduce fire danger. She had already lost her policy from another insurer before State Farm's announcement, and has called virtually every insurance company and some brokers as well.

She found few options other than one company that offered coverage for homes valued at up to \$1.2 million — something not commonly found in Orinda or much of the rest of the Bay Area, where the average house price is about \$1.25 million.

“There's nothing out there,” she said. “I've spent a lot of time on this and there are no good options.”

Others are just starting their search but expect the same results.

Some, like Alexander Gailas, 75, an Orinda real estate agent and resident, said his insurance agent warned him that he'll likely have to go with the state-created FAIR Plan, designed as a last resort home insurance provider for those who have exhausted all other options.

The program, however, offers limited coverage, has a \$3 million cap and covers only property damage and home replacement — not water damage, liability and other areas usually included in home insurance policies. People getting FAIR policies often get so-called wraparound policies from private insurance companies to help cover those issues.



Orinda homeowner Steve Cohn stands for a portrait at his home on Thursday April 26, 2024 in Orinda, Calif. Lea Suzuki/San Francisco Chronicle

While FAIR insurance offers less coverage, it typically costs more. Steve Cohn, an Orinda resident who's been told he'll lose his State Farm coverage, pays about \$4,000 a year for his insurance now. Signing up for the FAIR plan will cost about \$10,000, he said, and a wraparound policy for other coverage will add about \$3,000 to the bill. And the [cost to join the FAIR Plan will be rising](#), the president of the plan said on Thursday without offering details.

The dearth of available homeowner's insurance is causing concern not just over the risk of being uninsured but about what happens to those who are still paying mortgages on their homes. Most mortgage companies required their customers to have homeowners insurance in order to obtain or keep their home loans.

"What are the thousands of people, like those in Orinda, supposed to do?" Lee wondered.

Gailas said he hasn't yet encountered any homebuyers who've been unable to obtain insurance and get a mortgage, but he expects the insurance crisis will soon affect the real estate market.

"Of course it will," he said. "It will make the challenge of closing a transaction a lot harder" and could possibly limit sales to people able to pay cash, he added.

Gailas said the crisis was a long time coming and that he was not surprised when insurers stopped issuing new policies.

"I just didn't think it was going to happen to longtime customers," he said.

Carl, 76, an Orinda resident who's been a State Farm customer for 50 years, said he was so angered by the non-renewal notice that he penned a letter to the company's CEO, Michael Tipsord. He asked that his last name not be used, saying he fears it could hamper his search for a new insurer.

"To now be told that our 50 years of loyalty and hundreds of payments to State Farm mean nothing to you is shockingly beyond reason," he wrote. "State Farm must reassess your denial of 50 years of loyal customer payments and reverse your sudden and arbitrary repudiation of your responsibilities to your reliable, long-term customers!"

He categorized the response he received from a lower-ranking State Farm official as unresponsive and unhelpful.

"I got a letter back from somebody saying 'Tough s---, we're canceling your liability insurance and earthquake insurance as well,'" he said. Those types of policies typically require homeowners policies.

Mayor Gee said that while Orinda has a deserved reputation as an affluent city, the situation will create hardships, particularly for longtime homeowners.

“Orinda is lucky,” she acknowledged. “We are generally collectively a very well off community, but we have residents who have lived here 40-60 years. Their property value may be high, but with their liquid cash flow and fixed income, they are desperately worried.”

There's little the city can do, she said, other than lobby its legislators and California Insurance Commissioner Ricardo Lara to take action – and soon.

“There doesn’t seem to be any urgency on the state level,” she said.

State Department of Insurance spokesman Gabriel Sanchez said Lara is “confident our Sustainable Insurance Strategy will improve conditions for the overall market. California is on track for enacting the state’s largest insurance reform in over 30 years. “

Last September, Lara announced a set of regulations known as the Sustainable Insurance Strategy. Consumer advocates widely agree the reforms will allow insurers to raise their rates higher in order to persuade companies to write new business. Those reforms are scheduled to be adopted by the end of the year, but it could be much longer until insurance companies begin using those reforms and coming back.

Meanwhile, Sanchez said, the Department of Insurance has experts ready to assist affected State Farm customers so they have no lapse in their coverage. They can contact the department at 800-927-4357 or [insurance.ca.gov](http://insurance.ca.gov).

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