Lisa Halverstadt (00:05:18):

Hello, everyone. Is mic on? Yeah. Everyone hear me? Okay. Very close. I'm Lisa Halberstadt. I'm a reporter for Voice of San Diego. Welcome to us 2023. Thanks so much for being here. I, in case you're not familiar with us, I should say, sorry, I've been running from panel to panel today. Voice of San Diego is a nonprofit investigative news organization that public officials accountable and giving you the public the information that you need to be advocates for good government and the nonprofit. We do depend on members and donors like you to make our work possible. So, thank you very much straight to the board. I'd like you to take a moment to recognize our sponsors who helped make the best possible. A special thanks to the College of Arts and Sciences at University of San Diego for being our partner for its six year, and to how matters this year for being an event partner with us. Also, thanks. Go to a A R P, the Burnham Center for Community Advancement, the San Diego County Water Authority, the San Diego Foundation, Atlantis American, California, American Water, Cox, the San Diego Policy Federation, Burnham Moore Center Real Estate at sd, not School of Business, planned Parenthood s Development, climate Action Campaign, Nova Brewing, and our media partner, K p s. And now, without further ado, I'd like to pass the mic over to how c e o Neil Chase, who will lead panel.

Neil Chase (00:06:58):

Thank you, Lisa. And, and thanks to you and the voice people you've been running from panel to you guys do so much work with on every year. Yeah. Yeah. And we really, really appreciate being here. It's great to partner with these folks. We are in, in the, if you have the event app, there's a place in there to put questions. And the idea is that if you'll share your questions as the session goes on we can collect those questions. Lisa, because she never gets a break, is gonna look at those questions, edit 'em up, you put the related questions together and such, and, and pass 'em up here to me so that we can get your questions in, in front of these folks all through the, the session. I wanna welcome with you, this is a, a topic that is so important to everybody, and we're gonna find out in this session.

Neil Chase (00:07:42):

I think important people aren't thinking about it yet. Two fabulous people with us to talk about this topic. Valerie Brown is the Deputy Executive Director of United Policy Holders, and we're gonna ask her to explain that in just a minute. You're also on the consolidate plan advisory board in the city of San Diego. Before I wanna talk about that. I'm especially interested in your, your on the ground work with people who, who are affected by disasters, right? Which is very, very hands-on, very supportive in the moment that something happens to you. Dr. Lloyd Dixon is a senior economist at the Rand Corporation and Director of Rand Center for Catastrophic Risk Management and Compensation, which is why his name tag looks like it's got a paragraph on here. Look at this. And he, he defies the Bay Area College War by having a undergrad degree from Berkeley and a PhD in Stanford.

Neil Chase (00:08:34):

<Laugh> have it, whatever you think. And he is somebody who is fascinated because he's looking at this as from, as an economist, as somebody who's looking at the, the big picture and not just about fires. We'll talk about his broad experience of doing a lot of different things. Valerie, I wanna start with you and ask you just to talk about United Policy Holders. Not to make the pitch for it, but what is it that you do and where do you encounter people who are having these problems with, among many other things, not having housing fire insurance.

Valerie Brown (00:09:04):

Yeah. So United Policy Holders we're a, a small national nonprofit based in California up in the Bay Area. And we started with a concept. So we had a whistleblower from State Farm who was looking at the Loma Preda earthquake. Determining fraud had happened with insurance companies, specifically with State Farm, obviously. Paired with my current ed who was an attorney who worked with plaintiffs on insurance issues, they realized there was a problem they were working on, there ought to be a nonprofit to help people with these issues. And then the Oakland Hills wildfires hit in 1991. So fast forward, we immediately stood up a program called Roadmap to Recovery that exists to this day. And what that does is provides really practical hands-on guidance to people to how to navigate the insurance claims process, because it's really complicated, especially when you have a total loss and you're juggling all those pieces.

Valerie Brown (00:10:00):

A kitchen fire is one thing, a total loss with my foundation needs to be ripped out. I need to list everything that I ever owned in my home. I have to deal with building code upgrades, and my building department doesn't know how to help my contractor with that. It just gets really complicated. And so, from that concept of the roadmap to Repub Recovery, we've ended up with a program three programs that cover all facets there. So we work with disaster survivors on that practical how to, you can get through this. And we lean very heavily on volunteers who are previous catastrophic loss survivors. So my community burned in oh seven United Policy holders came in, that's how I met them 15, 16 years ago. They brought in the Cedar Creek fi, the Cedar Fire folks from 2003 in Scripps Ranch who were mentors for our community.

Valerie Brown (00:10:51):

And it's those volunteers of, I did this, that we just sent a bunch of people from the 2017 Tubbs Fire to Maui to help those people in that wildfire. Right. So, but back to the three programs. So the roadmap to recovery is what happens after disaster, helping people through the insurance process, the roadmap for preparedness, which, which, which is the space that I'm here today, is what people wish they had known before they had a loss with insurance. So that if they have a loss, they're adequately insured and they can get moving on their lives much faster. And the third one is called advocacy in Action. And it's where we work with regulators and legislators and disaster survivors to improve the protections for consumers on insurance issues. And that's basically in a nutshell. One other thing, I am also the San Diego County, V O A D, voluntary organizations active and disaster chair. So anytime there's a disaster in San Diego County I'm point person for that. That has nothing to do with my day job. It's just a volunteer thing that I do. I do.

Neil Chase (00:11:53):

So you often meet people on maybe the worst day of their lives, one of the worst days,

Valerie Brown (00:11:58):

One of the worst days through

Neil Chase (00:11:59):

One of the most challenging things. And you came to this for your own experience?

Valerie Brown (00:12:03):

Yeah. My, my community burned in oh seven. I live in Rancho Bernardo, and I was I think it was a volunteer for about three days. And the San Diego Foundation came in and, and hired local long-term recovery coordinators. I did that for about three years. And up came, excuse me, United Policy Holders came into my community because of those Cedar Fire folks that I mentioned. They brought in that program because that's what helped them get home. And so I met up and ended up liking them so much that I started volunteering with them. And so their ED would call and say, Hey, do you wanna drive to Lake Arrowhead? There was a fire there in 2008. Can you help the department of insurance with a workshop we're doing?

Neil Chase (00:12:44):

That's great. Yeah.

Valerie Brown (00:12:45):

And just, just go wherever. They put me on a red eye to DC one time to do a, a conference with fema. It's like, I'll go wherever. Four years ago, I ended up going on their staff.

Neil Chase (00:12:54):

That's amazing. How many people here have, how many people own a home? Let's start with that. How many people have opened an envelope from insurance company the past couple years? Had a minor nightmare. Yeah, it's real, right? Lloyd, you're an economist who looks at catastrophes. You heard you're a professor of catastrophes. Right. and you, it's fascinating hearing you talk earlier about some of the things that you think you've looked at. This is not unique to fire, this is not unique to wildfires. There, there's a, there's a range of risks we have as humans in a built environment. I would love to hear you talk just a little bit of the background, some of the other kinds of disaster impacts you've looked at, and, and are there, are there themes the same?

Lloyd Dixon (00:13:44):

Well, I think I know first pleasure to be here, nice to be on the panel. I think a, a theme of what what I've looked at a lot is, is the, the appropriate pub public-private relation public private partnership of insurers and the government addressing some of these risks. So in some cases, the insurance market is just not well suited or just doesn't have the, the tools, the capacity to deal with certain types of risks. And you need some kind of government involvement on some level. So I got in started insurance probably it sort of around nine 11 really. And so we looked at the role insurance played in compensating victims from nine 11, and then soon thereafter, just sort of by coincidence I, I did a lot of work on the National flood insurance program.

Lloyd Dixon (00:14:30):

And so there's an example where flood private market wasn't interested in, in just, it didn't have the type of characteristics of risks that they were able to ensure. So we set up a government program in that case. So, you know, what I've been looking at is you know, the strengths and the weaknesses of the public sector and the private sector and you know, how they can work together to create a, a, a, you know, a vibrant insurance market. So in the case of so, so I'll talk about earthquake for one second. I'm on the California earthquake a designee to the governing board, the California Earthquake Authority. And in that case, after the Northridge Earthquake insurers did not wanna provide earthquake coverage anymore. And we could go into the details of that, that caused a lot of dislocation in the housing market.

Lloyd Dixon (00:15:14):

And so we set up the California Earthquake Authority in this case, in the wildfire case, you know, the, what's what's been happening is from the insurer's point of view, they just aren't able to have the, the, the flexibility, the charge, the rates they need to, to, to make it attractive for, to them to be in the state. And so you've seen over the summer, over the last year, the headlines about money insurers withdrawing state Farms saying, you know, we're not gonna write any new policies. Farmers limiting the number of policies, U S S U S A A saying, they're not gonna write new policies. And so you know, we've been looking at some of, what, what are the reasons for that, you know, what are the implications for that? And, you know, what what what can be done about that.

Neil Chase ([00:15:56](#)):

Yeah. Yeah. I, I was looking back, your background, talking about some stuff you've worked on, hurricanes, the Impact pandemic, and the latest one you talked about was landslides and Alaska's. Yeah,

Lloyd Dixon ([00:16:05](#)):

Yeah, yeah, yeah. The, the Southeast Alaska, they're just the way the topography works, it's, you know, the ocean, and it's just really these steep mountains that are relatively recent volcanoes, and they have all this ash on 'em, and when it rains, which it rains there a lot, it gets wet. And it just, it causes landslides. And they've had a lot of homes lost deaths. And there's really no landslide insurance. And it's, it's kind of comparable to the lack of flood insurance. And so we were looking at, from the Alaska State's point of view, what could they do to sort of create some availability of of landslide insurance,

Neil Chase ([00:16:38](#)):

California equal opportunity by disasters, right. <Inaudible> and pandemic fire, we, we have 'em all. That's right. And the hurricane last this year, right? I mean, we haven't had that yet in, in our lifetimes. Let's talk a little bit about the underlying economics here, right? I think we all buy insurance, and we think we sort of understand that we pay some money for insurance. We usually don't get anything back for it, but goes into a pool and the person needs it, gets it, is it that simple? How, how do you, how do we understand the insurance business? Because we get these, you know, and we don't pay attention to it until you get that bill that is Strat or worse, you get that notice that we're not covering you anymore, you gotta go find a new insurance. What do we need to understand about how the insurance business works to be good consumers on that product?

Valerie Brown ([00:17:24](#)):

Yeah. So, so just

Neil Chase ([00:17:27](#)):

<Crosstalk>

Valerie Brown ([00:17:27](#)):

No, no, no, no, no, no. I, I, I I'm not going there. So one of the first things that, that assumption, that's a fallacy that the premiums that we pay cover those claims out. So I believe last year it was I think it was nationwide stat. It was a 104% payout, so 4% above the premiums collected. And for through quarter three of the current year, I know it was at least 120% above the, you know, so 20% above premiums collected at that point.

Neil Chase ([00:18:01](#)):

So they're dip into whatever reserves they have or, or

Valerie Brown (00:18:04):

Exactly <inaudible>. And the more, and, and, and, and just in case you don't watch television or read the news we're having more disasters and more large scale disasters and catastrophes across the country and across the world. And so those one-off offense when Cedar Fire happened that was considered a 100 year fire, that does not mean what you think it means. It just means the odds are right. So we have another 100 year fire four years later. We've

Neil Chase (00:18:33):

<Crosstalk> those odds, right? Those are,

Valerie Brown (00:18:34):

Yeah, that,

Valerie Brown (00:18:36):

And, and climate change is driving some of these things, our, our environment we're building out into areas. So that's that piece, right? Risk is increasing because more people are living in areas that are risky to live. But we also have to have places to go. And the other piece with insurance is, you know, there's this sense of entitlement. I've had my, I've been paying them premiums for 30 years, why are you dropping me? It's not personal. They are a for-profit business and they have to balance their portfolio. And that includes looking at the risk and risk is increasing.

Lloyd Dixon (00:19:11):

Yeah, I would, I would So just add to that. So, oh, sorry. Yeah. Sorry. I thought it was angle

Valerie Brown (00:19:17):

Up. Yeah.

Lloyd Dixon (00:19:18):

Does it? I

Neil Chase (00:19:20):

Mike's wanna be

Lloyd Dixon (00:19:23):

Maybe there we go. Okay, there we go. Yeah, I would add to that you know, I think what you, what you're looking for in the market is risk-based rates, so that the, your, in the, the rate your premium you pay, you pay for your insurance is based on the risk of your property. Think of the, the expected value, like over the next hundred years, what's the, you know, the chance of different losses and you want a premium that reflects that. So with wildfire increasing due to climate change and other factors, you know, risk has been going up, rates are going up. So and that means insurance is expensive. And from a social point of view, that sends a, a, a, a good market signal that maybe people don't wanna live in. Those cer, you know, we don't want people to build in those cer those areas that you know, it sends a signal about the risk of living in a certain area.

Lloyd Dixon (00:20:11):

Now the problem is that it creates, you know, some real affordability problems for people who have lived in those areas for a while. The risk goes up, they used to be able to afford it, and now they can't. So that's a real social social issue. So get to that in a minute. But, you know, overall, as far as the functioning of the, the, the market, you know, I think it is appropriate that, you know, we want premiums to reflect the risk, and for a number of reasons, which, you know, means insurance is gonna be expensive. And you know, that's in, in some cases in certain areas. So, you know,

Neil Chase (00:20:48):

Is <inaudible> recent that we're seeing so much higher premiums? Is because there's more risk? Is that all climate change?

Lloyd Dixon (00:20:56):

Well, I think it's both. It's you know, the, there was California did this fourth climate change assessment assessment not too long ago or three or four years ago, and looked at the effect of climate change on wildfire risk. And, you know, there's definitely a upward swing in the wildfire risk due to, due to climate change. So there's no question about that. And then also expanding population. People like to live in, you know, pretty areas. So you've got a lot of population growth and, and in, in the, in the, in the risk areas. So I think it's, it's it's both.

Valerie Brown (00:21:30):

Well, and, and the other thing to, to factor in there is that, like during Covid, when we had so many fires in the west, just too many fires in the west building materials and labor just went sky high. And so while there were a lot of battles, people had to be paid out to get their policies paid to rebuild those insurers absorbed that cost. And that's not something, you know, a a a pandemic clamping down on labor and materials. It's not something insurers would've ever baked into their modeling. If I can be very blunt, and maybe, maybe Lloyd has done that, but I wouldn't have expected that.

Lloyd Dixon (00:22:10):

Well, the other thing too is after a big event where there's, you know, huge demand on the construction sector, it just, it makes it worse, right? It just yeah.

Valerie Brown (00:22:18):

The larger, larger of the disaster, you have a surge and insurers cover that with something called that extended replacement coverage that could be 5%, 10, 20, 50. I've seen a policy that was a hundred percent additional. But, you know, we as consumers need to understand it's meant for that surge because a thousand homes, 10,000 homes were lost in an area. And you're, you're battling for resources and you're having to pay extra 'cause you're bringing people in from different areas to do the work. Materials are more costly. It's not meant for the world shuts down.

Neil Chase (00:22:52):

And, and that's another thing we've seen that didn't used to be the case, right? We're saying dozens of homes, hundreds of homes, paradise hubs, fire the volume of homes that could be lost at once in a fire that is bigger and than before. So another capital.

Lloyd Dixon ([00:23:08](#)):

Yeah. Right. They call that, they call that demand surge, you know, after you know, the demand for construction and materials demand surge

Neil Chase ([00:23:16](#)):

<Inaudible> sterile. Yeah. Right. You mentioned Northridge 1994 earthquake. And talk a little bit about the effect that had on passing California, because it wasn't, it was devastating what it did the day it happened, but the, the knock on so long, yeah.

Lloyd Dixon ([00:23:32](#)):

No, at that time insurers were required to cover earthquake and the homeowner's policy. So or to offer coverage you know, for earthquake. And so but given the size of the losses, insurers just didn't wanna do that anymore. And so what happened is that it really caused a problem in the housing market. So people who needed to get you know loans and buy insurance weren't able to the insurers weren't out, weren't willing to offer any insurance, whether it was you know, earthquake or not, because they didn't wanna also have to offer, offer the earthquake. So, so there was a big economic effect. And then and then that's when the California earthquake authorities started. I'll just say that totally, totally similar situation is after nine 11 the you know, the insurers in nine 11 terrorism was included in business insurance policies. And so insurance paid out a huge amount of money in nine 11 billions of dollars. But insurers no longer wanted to do that. And that caused a reduction in certain construction projects and that in certain areas. And so that was really the impetus, similar impetus for the National Terrorism Risk Insurance program is, is what we have. Yeah.

Neil Chase ([00:24:51](#)):

So you mentioned the California Earthquake Authority. How many people here own a home and don't have earthquake insurance? Let's be honest, right? Is it because of the cost, or is it because it hasn't occurred to you? We don't know enough about it. Cost. Cost and what you get back, the deductibles too high, the deductible high, and what you get back, that's a mean get no money back. The deductible takes it, right?

Valerie Brown ([00:25:19](#)):

Yeah. The deductible might be 15%. So it, it does feel pricely costly. Sir,

Neil Chase ([00:25:25](#)):

I don't wanna put you on the spot, but since you're on the board, <laugh> help us understand what we're not understanding about C

Lloyd Dixon ([00:25:31](#)):

Yeah, that's a really good question. Yeah. The deductible, you know, you can have a $50,000 deductible, easy, easy for these things. And so the, the CEA is in a real bind right now because in order to you know, protect itself and, and have the money to pay policies, it has to buy a lot of reinsurance. And so reinsurance is what insurers buy to protect themselves. So's a reinsurance market. So c e a is like the largest buyer of reinsurance in the, in the world. The single, the single largest buyer buys you know, eight I think it's like $12 billion of insurance every year. And the cost of it is just going up and up. So so what happens is it can't afford to provide the, the cost of providing full coverage is just huge. I mean, it, it's, it's just enormous. So the only way you can effectively in, in effect, ration this limited amount of reinsurance is to have these high deductibles so that no one household can suck up all this all that reinsurance capacity or, or, you know, a significant or

Valerie Brown (00:26:34):

Portion of it for, for you as a consumer, if you do have a earthquake insurance and you're wanting to protect yourself on that deductible, there's a new tool out called parametric insurance that can cover most of that gap. Jumpstart, I think, is one of the providers. So, so there are some tools for that, but just, I have earthquake insurance and I also have a home in Rancho Bernardo that's very, it would be very expensive to rebuild. And my premiums were creeping up. And then I realized when I did the math that I didn't, I wasn't actually adequately insured, and I don't have a half a million dollars sitting in my bank account for, to help rebuild my house. And I know I'm paying for the risk of, you know, they say Lightning doesn't strike twice. I don't believe that anymore. <Laugh>. So I e even though we had a fire 16 years ago, I am insured as if it were gonna happen tomorrow.

Valerie Brown (00:27:26):

And so what I did is when I raised my, I, I'm more than doubled my amount of coverage. I added earthquake insurance. I raised my premium from 2,500 to $5,000. My premium now is 200 more dollars a a year than it was prior. And I'm gonna put it in context for for folks who are born and bred Californians who've never left the state. I have insurance on a house in North Carolina, little home my premium there for a 1100 square foot house is half of what I'm paying here. I have a 28 square foot, 20, 2800 square foot house here, much nicer house, much more amenities. And my coverage is still, as Lloyd was saying, does not reflect the risk that I have here. So while for us, you know, going year to year, looking at what we pay and what our budget is, it's still, we're still one of the more competitive insurance markets for consumers.

Lloyd Dixon (00:28:27):

Yeah. Yeah.

Neil Chase (00:28:29):

You start to say 28 square foot. I'm gonna believe that California, right? <Laugh> <laugh>,

Valerie Brown (00:28:34):

I have a closet. If anyone would like a place to rent,

Neil Chase (00:28:37):

It's on Airbnb. It, it does raise the question like so many people just said, they're not, they have a home, they're not on on the ca ca plan. We all get the piece of mail every year encouraging you to do it. It's not like nobody's ever been asked, right? How do we get over that mental thump to, to say, okay, I guess I need to do it, then I'll do it. Is it, it's a math, it's, well,

Valerie Brown (00:29:00):

I, I would say it's the math, but the other part is you know, knowing your risk. And then, you know, in, especially in communities, they one of the things C C E A does, and they, they have different grant programs to help do mitigations to help, you know, bolt your foundation, things like that, that help.

Those are things that could potentially be driving a discount on insurance once we get mitigations recognized for wildfire in these types of things. Just like you see with the fortified homes in the hurricane prone areas, the, you know, when if you have the roof that will withstand winds of a certain amount, you're gonna get a discount on your insurance.

Lloyd Dixon (00:29:37):

Yeah. C e A has a if you mitigate your home, like B Brace and bolt it first, they have a program called Brace and Bolt that provides grants that you can go on their website and, and there's you can sign up for that and there's a waiting list. But, but there is a program, but if you do mitigate your home through, you know, bracing the founda, I mean, bolting the foundation to the, the the structure you can get a, you know, 15, 20% deduction in your premium. So, but still expensive, but at least you know, that's the way, and I think that that brings up a, a question or a point about earthquake and wildfire that, you know, mitigation is, you know, the, the best thing that's the way to reduce insurance costs in the case of wildfire. It's complicated because, you know, it's not just what you do on your home, it's what the whole area does. Mm-Hmm. <Affirmative>. And it's just the topography.

Neil Chase (00:30:27):

<Inaudible> won't throw the brush around their house.

Lloyd Dixon (00:30:28):

Yeah, exactly. And it's the, it's the whole community. And you know, as we were talking about before, wildfires so large and almost doesn't matter what you do, right. In, in certain circumstances. So but mitigation is you know, that's a, that's an important tool in all this.

Valerie Brown (00:30:45):

And, and that mitigation works. Everyone's seen the picture from Maui, the one house that was standing, and they had not done a lot of mitigations, but they had started with the ones that could handle, a lot of them were low cost. It was that ongoing maintenance, clearing the debris around the house. They had, they had swapped out their roof. They had done a couple of things that made a huge impact for them in a wind, wind-driven wildfire situation. I, I'll be frank though, you could do all the mitigations, and it doesn't matter if you left the window out, you're out grocery shopping, you can't go in and close it. Your house might burn from embers blowing in. There is no 100% solution. All we can do is increase our odds and the mitigations are really important,

Neil Chase (00:31:26):

Calculating the odds. It's fascinating to hear you, Valerie, talk about the robust insurance you have given that you spend so much of your time on the ground face-to-face with people who just have this, this worst day of their lives, right? Yeah.

Valerie Brown (00:31:39):

Talk

Neil Chase (00:31:39):

A little bit about what your organization does, what, what it's like in a situation where you first go into a place where there's just been on fire.

Valerie Brown (00:31:45):

Yeah. So I, I, as I mentioned, we've sent staff and volunteers out to the Maui Fire. I haven't been out yet. So the last deployment I had was for the Marshall Fire in Colorado. So that was the 30th, you know, so New Year's Eve, or day before New Year's Eve, sorry. And people were out shopping and, and then suddenly it, in within three hours, their homes are destroyed. And so I flew in, I think I was there the second day after the local assistant center opened. And it's just mind-numbing. And so people, you know, we all think that, you know, because of the advertising, we think that our insurance company is gonna treat us like a friend, a neighbor, right? You know, we've heard those jingles all our life. Advertising is really good. That's why they, they use these terms. And so we think that we are in a friendly relationship, and we might have that friendly relationship with the agent, but they're, but the other side of the house, the claims handling side of the house is very much process driven. They have you know, their, their book that they have to follow. And no matter what the agent says, no matter what you ask, they have to follow their process. You know, think of it in quality assurance terms, right? They have a process, they have to do it. And that's really hard for people in a total loss or a partial loss to have that realization hit. Because what you want and expect is people just to wrap their arms around you and make everything as, and

Neil Chase (00:33:04):

Give you a big shock.

Valerie Brown (00:33:05):

Yeah. Give you a big check. Because remember, you've been paying these premiums for 30, 40, 50 years. And so that's really hard for people to see. And, and what was always shocking to me, E was talking like I had someone in a condo association and he realized he had enough, he'd lost his home. He had enough additional living expenses to basically rent a place in Boulder County for four months. They have a, a season, a, a time of the year where you can't pull a permit because of the weather. So they only have like an eight month building season. He was underinsured, so he was not gonna be able to build that first year entirely 'cause it was gonna take him that long to settle his claim. And when the realization hit of the math, you know, he was just ready to declare bankruptcy, walk away. And that's really hard. And that's just the, the math of rebuilding the home. That's not the reality of the inventory is if you have that loss, if you read your policy, and that's what I'm talking about, the fact that people don't read their policy, and I know it's, I know it's odd.

Neil Chase (00:34:09):

It's be real.

Valerie Brown (00:34:10):

Well, you, I mean, that's true. Let's, let's talk about the logistics of the policy, right? You get your policy after you buy it, right? So you're not comparing apples to apples. You don't know what you're comparing. You're d you're, you're stating your wishes. You're working with an insurance company. They have their a la carte menu that you're shopping from, and then you get the package, but you don't know the terms, you don't know how you get paid, what that looks like, all of that stuff, right? That's all in their, in their playbook that the adjusters handle. So you're looking at that and you know, you don't even know how to do the math, just to be frank, right? Can anybody in the room tell me what the cost per square foot is to rebuild a home in San Diego County that's a one-off that has a wildfire damage foundation? And it's not a custom home, you're a track home. So you would've insured to be a track home, but you're in effect doing a semi-custom home.

Neil Chase (00:35:02):

I barely understand that question, right?

Valerie Brown (00:35:05):

This was my world in oh seven that I got thrust into. 'cause Fortunately for my community, 85% of the people in, in rb, Poway and Escondido in Rancho Santa Fe had insurance. 75% of them were underinsured by a quarter of a million dollars or more, but 85% of them had insurance, which meant they could replace their home.

Neil Chase (00:35:30):

Is how does that, is that high compared to other communities?

Valerie Brown (00:35:34):

I would say like for the, the, the campfire, less people insured a lot more retirees. 'cause That's one of the things that falls off when you quit. You know, people always get in trouble for not paying their property taxes when their mortgage goes away. 'cause You've been on autopilot for 30 years. You don't think about the fact you've dropped your insurance 'cause you didn't make payment. And especially if you are they're set up to go to you. And, and if you just look at them, you're like, oh, I get this deck page every six months. I toss it in the pile. You never open it to see, it's a notice for payment, right? So it's really easy for people to fall off. And a lot of retirees make that budget decision of, I can't afford insurance because of everything else. Property taxes are going up.

Valerie Brown (00:36:17):

You know, all of these things. Cost of living. And so when you're, when you're juggling, that's a calculated risk decision. People make that maybe I can't afford it. But what you can't do is not afford to replace your home if you're homeowner. So going back to what it looks like when, you know, with the people that that came in, so there was the, the, the, the fact that to claim the dollars for your, your personal belongings, your furniture, all of those things, you have to provide a detailed list. They wanna know what you own, when you bought it, where you bought it, what, what price you paid, and what condition it's in. I can't tell you what's in my junk drawer, much less my closet.

Neil Chase (00:36:57):

Can you do this?

Valerie Brown (00:36:58):

I do this for a living. I do our contents workshops. So did anyone know that the average American male owns 37 shirts? <Laugh>? Do you know how much 37 shirts cost? I don't either, because I don't know where any of you shop and that matters. It might be a $12 shirt, it might be 120, it might be a $1,200 shirt, I don't know. And because it's individualized to you, you have to go through that and put that information and it just, it's just re-traumatizing. It's, it's, it's, it's just a very bad position to be in.

Neil Chase (00:37:33):

So do you help people through that?

Valerie Brown (00:37:34):

Yes. So we do our educational workshops. We have a group called Survivor to Survivor with previous disaster survivors that provide that emotional and mental support to help people through. I do pricing parties for that kind of thing. We do pro bono legal clinics for people. We do pro bono financial decision making clinics. Because when you look at your gap, remember that $250,000 gap I was talking about in oh seven, where are you gonna come up with that money? What if you don't qualify for an S b A loan? 'cause Remember SS b A will loan you my fire, it was 200,000 and now it's 500,000, which is amazing. But, but it's a loan, 2.9% interest. Very, you know, it, you have to qualify for it and you have to be able to pay it back. You can't get a HELOC on a house that's destroyed and Yeah. Hold that. I'm sorry. And some people, and, and the other part is that you you don't wanna pull money outta your 4 0 1 k Don't jeopardize your long-term financial future to replace that home. You might be making a really hard decision of, is this, when you're building that a d u with your kids that you were thinking about doing in five years, is this the time you move closer to family? 'cause You can't afford to rebuild in California. That's the kind of side by sidecar work we do at United Holders.

Lloyd Dixon (00:38:55):

And I'll just add the, in some cases I think people, you know, don't buy earthquake insurance because they'll figure female will be there in some way or another. But, you know, first you know, there, there's the SBA a option, but that's limited and it's alone. And then FEMA aid is limited. It's you know, I think what's the, the maximum is 30. It's,

Valerie Brown (00:39:11):

It's 41,000 now.

Lloyd Dixon (00:39:13):

41.

Valerie Brown (00:39:14):

Yeah. 41,000. And that's there's a Congress requires something. There's no duplication of benefits under the Stafford Act. The average award is 5,000. And if you have insurance, you have to prove you have a gap insurance that is under the 41,000 of their limit. So if you've got a $85,000 in insurance, you're not getting any money from fema. Yeah. Because you've already exceeded the benefit. 'cause Their job is not to make you whole, it's to provide a safety net to help people get moving forward. Insurance is what drives community led recovery.

New Speaker (00:39:49):

That's it. A hand raised boldly. We'll take that and break our timing on questions. I I just wanted to know the, the question. You didn't understand that Valerie asked it. She could answer it. How much that,

Valerie Brown (00:40:01):

Oh, you wanna know the answer <laugh>. Okay. So for a two story house in Rancho Bernardo that has a very simple foundation, and my house is on rock. So I'm not pylons. I I, I'm, I'm a simple foundation for a two story house. And he's laughing 'cause he knows I'm being very qualifying here within earthquake stuff. It's about 375 a square foot. As of, of six months ago when I renewed my policy, and I'll be really frank when I, the first time in oh seven, or excuse me, in oh eight, when I increased my coverage, my insurance company accused me of planning to commit insurance fraud because I more than doubled my coverage. And to them that hit the fraud alert of what is she planning to do and why would she do this? Because people do these things. You've seen it in the news. People take out a life insurance policy on a spouse and then the spouse dies and, and then there's a, there's a dramatic court hearing and all of that stuff. So for them, kudos that they're paying attention, right? And so I had an argument and now my file says, give her whatever she wants because just, I had an argument with her c e o and <laugh>. And so my file is flagged and I know it's flagged 'cause they tell me, I still flagged.

New Speaker (00:41:13):

But not all of us have access to the, the ceo, the insurance company.

Valerie Brown (00:41:16):

Well, and, and, and nor should you, so when I went and renewed this time, it got interesting because remember, your insurance, your property and casual insurance is the cost to repair or replace your home. It's not based on your tax value of your home. It's not based on what it, what somebody would buy your home for. In the real estate market, apples, orange is pineapples. Right? And what's interesting when you're talking to your insurance company, like for me, I just, full disclosure, I have U S A A I went above their million dollar threshold for insuring. So I had to go to special claims underwriting, which was fine, special underwriting, sorry, no claims there. And and first she was balking at doing it. And then she pulled up Zillow and she's like, oh, your house is worth more than that. We're fine. And I'm like, but it's not apples and pineapples. You job is an insurance company, is to ensure me, me, for the cost to repair, replace my home, not what my house is worth on the real estate market. And so, you know, again, a little education opportunity with the insurance company.

Neil Chase (00:42:22):

Thank you for making me smarter. So 3 75 square foot for your 20 square foot.

Valerie Brown (00:42:29):

Yeah, my phone. Yeah. My, my house is worth more on the real estate market than it would cost to rebuild it. So obviously if we had a wildfire rich of Bernardo tomorrow, I would prefer to sell my house before the wildfire comes. Right? But well then there's taxes. Nevermind. Maybe not. There's

Neil Chase (00:42:47):

Wildfire. No, you go wow. Fascinating. Let's talk a little bit sure. I'm trying to get on a thing to answer question. Do pictures of the interior comes?

Valerie Brown (00:42:58):

You would, you would wanna have documentation of whatever you can provide. So let's just be frank. When you're evacuating, don't depend on a file in your house. You may or may not remember to take it with. You have things in the cloud store with another relative photos of your finishings and fixtures. If you do an addition on your house, you wanna not only document it for yourself, you wanna share that with your insurance agent because if you've done a renovation or an addition, that should increase the amount of insurance you have. But for your contents, that video photos are great, but again, they, they want more details than you're gonna have. So I would tell you all from this point, my challenge to you is set up a throwaway email account that you have the, the credentials to get into. And every time you make, make a major purchase, when they ask you, do you wanna print or email a receipt, have 'em email it there and start from this point doing that. And when you make major purchases, or if you like, I have, I'm old, so I have that my file of like all my warranties and, you know, appliances and all that, that my purchase prices because my husband's that person and so I maintain the files. I went back and scanned all of those and I have those in that, in that on the, on the cloud in that email account. But that's only a piece. That's not what I buy every day.

Neil Chase (00:44:16):

Sure, sure. I've got questions here that's saved, but another three hours to get through with all the stuff to talk about. The app does work for Q&a. I've used it as if you having trouble with it. But here's the instructions here on how to use it. Lisa's been fielding those questions and we have some, some good questions coming in. One of the questions is, how will the, the, the insurance companies pulling outta California and affect renters? And what does that, what does that, if I own a house, I know the insurance companies pulling out means I'm gonna have trouble getting insurance. Does it matter renters? What does it mean to renter?

Valerie Brown (00:44:47):

Yeah. Renters are actually, and depending on the area you are, they're even having a hard time finding renter's insurance. So we have a survey on our, our website that I encourage all of you up here. I've got it here. If you're, whether you're a homeowner or renter, please fill it out.

Neil Chase (00:45:04):

Pass this out. Yeah.

Valerie Brown (00:45:05):

But we, we've been running a survey since 2017, year to year. And what we're finding of, of the people who are dropped 65 of 65% of the people we that take our survey have been dropped. And, and the other 35 have had their premiums increased. Basically they're reporting one or two of those things. The most common reason, 60%. It's location brush around the home, you know, thinking wildfire risk that we're, that we're so conscious about now is about 17%. So location is that driver. And that's where renters are finding they're getting dropped. What are the interesting things, and this goes back to what Lloyd was talking about. 'cause This, the California Earthquake Authority not only has a mitigation program with grants, but they also provide you a discount, right? So they tell you what to do to protect your home, and they provide a financial incentive in the terms of grants short term to help you do the work.

Valerie Brown (00:46:03):

And then long, long-term you get that premium discount. But what we found with wildfire specifically over the last six years is that 90% of the insurance companies didn't provide a reason for keeping the, the, of the steps. People could do those mitigations so they could keep their policy. And that's what, you know, we're getting into today, is the idea that everybody, we need government doing their part to protect our open spaces to provide these grant programs for mitigation. We need homeowners to step up and do their part to protect their properties, but we also need the insurance companies to be a partner and recognize the work and be proactive in this. Yeah.

Lloyd Dixon (00:46:40):

To, to comments on that. So first on the how it affects renters. We'll also, you know, the, the, the landlord's insurance payments are gonna go up. So, I mean, so that could you know, end up getting translated into rent sooner or later. So there's that component as well as the actual renter per their personal property on the, on the, on the, on the home, which the take up for, that's not real high, right? I mean, there's not no, there's not very many. I I, I haven't actually looked at that, but I know in the looked at that in the flood insurance program and they sell very few rental policies yeah. In the, in the, in the national flood insurance program. So there's a, that's a gap in coverage that, that people have.

Neil Chase (00:47:19):

Those landlords getting the same letters we're getting and saying, yeah, yeah, exactly.

Valerie Brown (00:47:23):

Or we're dropping you. Yeah. Yeah. And, and for renters it's even more imperative because they're not going to get, I mean, they're, they're gonna have to fight for whatever they get from fema. Remember that average award is about $5,000, which might be your first month's and your first month's rent here. And I don't even think that that's adequate San Diego rates. 'cause My daughter was telling me it was three 3000 a month to rent a studio here. But the, but all of your belongings, you know all if you're, if you have a family member or you are a renter, it is literally, you know, you, depending on the size of the policy you want, it might be the equivalent of that. The Starbucks coffee I had this morning, $5, $5 a month, we'll buy you a much more coverage than you're gonna get from a female award.

Neil Chase (00:48:11):

You're a better insurance salesperson than most insurance sales <laugh>.

Valerie Brown (00:48:14):

Well, I, I know that's odd to say, you know, I work with a consumer advocacy group that helps people with insurance, but we all want a very healthy ecosystem where the work and the risk is shared so that the system works. 'cause Right now we've got homeowners who can't sell their home

Neil Chase (00:48:32):

Sure.

Valerie Brown (00:48:32):

Or buy a home because they can't find insurance.

Neil Chase (00:48:35):

And we we're hearing that not only from, you know, we're hearing that from wealthy people, we're hearing that from well-known people. Like it is not about the amount of money. Somebody's asking about the way to do the kind of calculations you were talking about, about the cost to replace your home cost insurance and stuff. Is that available to stuff that you're sharing?

Valerie Brown (00:48:51):

No, it's all gonna be anecdotal, just to be frank. So what usually happens is in a disaster you're gonna hear of people in the community who are rebuilding and they'll be able to tell you what their price per square foot was on their contract. And that's where you're getting a lot of it. Because I'm, I've been working the last, I guess six years now in Southern California on wildfires. I have a pretty good feel for what the rates are.

Neil Chase (00:49:19):

It's call you

Lloyd Dixon (00:49:20):

The rebuilding right now.

Valerie Brown (00:49:21):

So, so for, for practicality purposes, for all of you in the room, it's not gonna, when you Google it, you're gonna see the same rate that FEMA and S b a and it seems like the insurance companies all use is, it looks like it's 150 a square foot. What's the cost of new construction in California that is looking at thousands of homes and track built and, you know, those are master plan communities, very low cost compared to building a one-off home. So you could, if you're friends with a contractor or you know, one, you can ask them what they're looking at for a, it's not a custom home, but it is truly a semi-custom build because it's a one-off.

Neil Chase (00:49:58):

So something like your three $75 times your square foot in ballpark.

Valerie Brown (00:50:02):

Yeah, that's close enough for me. I know I would still have a gap.

Neil Chase (00:50:05):

Yeah.

Valerie Brown (00:50:06):

But my gap is manageable. I'll just scale down my house, you know? Well,

Lloyd Dixon (00:50:10):

Isn't it the case that all the insurers now are required to give you a replacement cost thing every two years? I think that was a law that recently

Valerie Brown (00:50:19):

Passed. Yeah. So, so on your statement, you'll see that there's a calculation, and I know it feels like it feels the exact opposite of how it should be because you're not a construction professional. You don't know how to build houses, you don't know how much it should cost. They're the professionals who are paying people out, and you would think that it would be their responsibility to adequately insure you. But especially in the state of California after the Everett versus State Farm case in 2007 they decide the, the courts decided that you as a homeowner are the person responsible for setting the value of your property and casualty insurance, not the insurer.

Neil Chase (00:50:59):

That's

Lloyd Dixon (00:51:00):

True. But, but now the insurers are required on request to run their model for you. They're their replacement. So you can call up your insurer and they are required to give you an estimate of your, of your home.

Valerie Brown (00:51:10):

Right.

Lloyd Dixon (00:51:11):

I think once every two years. I

Valerie Brown (00:51:12):

Right. And, and, and that typically they use a system called Xactimate. Right. That while it's supposed to index to your zip code, it, it usually is. I mean, just, this is just anecdotally from seeing thousands of cases in the last several years, it seems to index about 20% lower. It just is not as precise as an actual builder's quote.

Neil Chase (00:51:39):

Sure. And,

Valerie Brown (00:51:39):

And even from cost of materials. But it is a really good gauge. I mean, if you took it and got it from your insurance company and you said, I need a little more, that's that extended replacement coverage we were talking about. Right? That costs more. You've got that cushion to cover it.

Neil Chase (00:51:53):

Lloyd, with your with your hat on for a minute the, the insurers either refusing new coverage or actually pulling outta the state of California. What does that do to housing production and the housing that we saw definitely need in California anyway? How, how much impact does that have on, on, on new housing ion?

Lloyd Dixon (00:52:13):

Yeah, it's it's you know, it creates an issue. First it creates an issue for the, the existing market in the sense of when people sell their home you know, the rates increasing rates, the new buyer presumably realized that the, those high insurance rates and will not wanna pay as much for the property. So, you know, it does decrease the, the current property values and also the the lack of availability and coverage and the increased cost just increase. It just adds to some of the barriers to building to building, to building new housing. So there's, I mean, I would say that, you know, as far as the, the health of the market, you know, the reason the insurers are, are you know, pulling out or, or withdraw or reducing their coverage is in, in their view, they're just not, they're not able to charge the rates that are appropriate.

Lloyd Dixon (00:53:04):

And there's a number of reasons for that. You know, things that they, they think are prohibit are, are, are getting in their way. And you know, we can go into the details of that, but there's three or four regulatory aspects of, of how insurance the insurance, the insurance companies are regulated in the state that are affecting them in a way that makes it not very attractive to Right. Coverage in the state. So, you know, one of the things recently that's, that's happened is there's been, the insurance commissioner's Commissioner Laura and he recently, a couple weeks ago announced some reforms where it will give the insurers a little more flexibility and and in getting rate approvals to increase the rates. So that means the rates go up you know, is the, is the, you know, is the, is the, now if you live in a low risk area, if you live in an highly urbanized area with no wildfire risk, your rates may not change at all. But which is a appro

Neil Chase (00:54:01):

That's not where the new housing

Lloyd Dixon (00:54:03):

Yeah, yeah. Which is, which is, you know, appropriate. You don't really want the, the low risk areas subsidizing the the high risk areas. So so you, you may not, they might not see any areas, but, you know, one way, so what do we do about that problem? Is there, you know, what do you do about that affordability issue? Well, you know, one thing that's, that's, you know, possible is to set up a kind of affordability program. So for example, in the American, the Affordable Care Act in the health in health area, you know, really high risk, high risk people and for their health insurers are in effect subsidized in their health coverage healthcare coverage. And so you could think of a program that that that was created that provided assistance for high insurance premiums to certain families or certain people who really needed it.

Lloyd Dixon (00:54:52):

You wouldn't wanna provide it to everybody because you don't want the high, you know, income households to benefit from a, from a kind of a, a program like that. But that's a possibility. So the National Flood Insurance Program is, is Congress directed FEMA to consider a, a program like that for flood insurance. And so that's possible, but, you know, you gotta, who's gonna pay for it? You know, you gotta set it up figure out who qualifies for it. But you know, that's a potential 'cause you know, rates are, are gonna, are gonna be high in certain areas and there's really no way around that. I, I don't think, lemme

Neil Chase (00:55:29):

Ask one policy question for a minute. Should the city San Diego, should municipalities be restricted, be stopping building in high risk areas? And would that actually address this problem in lower <inaudible>? Right.

Valerie Brown (00:55:44):

I, I don't, I don't think restricting where without protecting what's already there is gonna move the risk. 'cause The risk is already there.

Lloyd Dixon (00:55:55):

I mean, I might, I I I, I'm generally of the, the mind that as long as the insurance premiums reflect the risk of building a certain area, fine, go build there. You know, but, you know, you've gotta pay for the risk to be there. So, you know, that's been a big debate in the, in, in many insurance, but particularly in the flood insurance program, it's like you know, should, so

Neil Chase (00:56:15):

Rates have to reflect the risk. Yeah. Which you're an economist. Yeah. But if, if an insurance company won't gimme a policy on my home. You, you're gonna go to available,

Valerie Brown (00:56:28):

You're gonna go to the California Fair Plan.

Neil Chase (00:56:30):

Let's talk about the fair plan.

Valerie Brown (00:56:31):

So, and so the fair plan is the insurer of last resort in California. I know everyone hears the horror stories about it, but it's only about 300,000 policies in the state as of the March numbers that I have. So it's not a lot of people who are on it, but those premiums are gonna reflect the risks. So that's when you're hearing people talking about $12,000 a year premiums, that's the, the, they're under the, the fair plan. And so what's interesting is the fair plan doing, they've embraced what Lloyd said. It's, they're they're offering those, if you do mitigations, they're gonna give you a substantial discount. So I believe it was just approved with the safer from wildfires, legi, the press conference that the insurance commissioner had. So they're offering for, if you do the mitigations, that pr that are, have been identified as protecting your home more from wildfire, your home, you are gonna get a 10% premium discount.

Valerie Brown (00:57:24):

If you do the more maintenance issues on your landscaping, the home site, you're gonna get additional 5%. And part of that is you're gonna pay for the risk you've got. But if you take these steps with what I heard recommended was if you'll take that discount and plow that into doing the mitigations on your home, keep doing mitigations on your home and property, you're gonna end up as you handle those things being less risky to ensure and you should be able to go back into the, the more reasonable pool. I don't know that that's gonna work, but that's one of the strategies I heard last week in a, at a conference with Cal Fire. Can

Neil Chase (00:58:03):

You talk about last week there was a whole series of debate over in the legislature this year about the package of reform that didn't happen. Right. And then the Insurance Comm Commissioner came out with something couple weeks ago about what they're gonna do or at least try to pursue the legislature.

Lloyd Dixon (00:58:18):

That's right. Right. That's right. Yeah. So the, yeah, I couldn't get to the legislature. I don't really know the nitty gritty of what, what held up some agreement in the legislature. But in the end, the insurance commissioner said that you know, the Department of Insurance would in effect do most of the things that were on the table for the the legislature. And the question is, you know, exactly, does the insurance commissioner have the discretion to do all of them? Or do they need, does he need some kind of legislative approval? But yeah, that's that's that's, that's

Neil Chase (00:58:50):

What are the chances when the insurance commissioner does something and actually happens without lawsuit and everything else. But then general, they're gonna allow insurance companies to raise our rates as long as they keep doing coverage in high risk areas. That's right. You're gonna have to pay more to get coverage, which sucks, maybe sucks less than having fair plan because the fair plan, it's not just sort of an unlimited thing that'll take whoever falls off insurance. Right. Eventually, doesn't it break at some

Valerie Brown (00:59:15):

Point? It, it, it, it, it break. It will break. And it's also, it's, it's not a comprehensive property and casualty policy. It doesn't have your liability, your a l a, your additional living expenses, sorry for the acronym. It may or may not have your content. So you usually have to pair that with what they call a difference in conditions policy. And so those two things make the equivalent of a standard homeowner's policy. And, and just going back to rates, I mean, so obviously we've, we've had lot, a lot more losses and we're finding, you know, they're more and more expensive to rebuild right. In the state 'cause Right. The way it stands right now is California's unique. We have prop 1 0 3 that basically limits how insurance companies can set their rates in the state. And we, it doesn't operate like this in other states.

Valerie Brown (01:00:03):

So they have a, a, you know, it's a more unique model here to protect consumers. But with the, the repeated risk and, and rising damage you know, the insurance companies have basically said, it's not sustainable for us. You State Farm, when they said no more new policies, you have to understand they were writing 20% of the policies in the state. They're, while they're a hundred ins, a hundred plus insurance companies writing policies in the state, no one had that level of market exposure the way they do. And so for them, it, you know, it's a threat to their business model.

Neil Chase (01:00:36):

Does that suggest that there's less chance of the other insurers pulling out, don't have that much, much exposure? Does that mean we're actually gonna, the, the market forces? I guess that goes to the Economi question. If there are a hundred people writing insurance and a couple of the big ones pull out, will the other ones have a financial incentive to stay in somewhere?

Lloyd Dixon (01:00:54):

Well, first, I, I, so California, there are like a hundred, there are like a hundred insurers that are admitted. The term is admitted to do to write insurance in the state. But you know, it's more like 12 are currently writing new, new policies. So

Valerie Brown (01:01:09):

I think writing new policies, different new policies, policy, and then, and then there's the surplus lines, which are non-admitted, which are not guaranteed if they go bankrupt. That's right. So

Neil Chase (01:01:17):

You can give,

Lloyd Dixon (01:01:18):

So, but my point is that you know, even if State Farm pulls out, you know, that or stops writing new policies, the, the, the, the, the environment has still gotta be attractive to a, a smaller company, another company to write that policy. And so, you know, they've gotta have the rate flexibility to do that. So it really depends on you know, are the, you know, can, can the, the, the carrier get the, the, the rate that they need. So I, you know, going back to your sort of question earlier about, you know, will there, will there be coverage? I do think overall the insurance market's pretty competitive. There's a lot of companies out there. There's a lot of capital, there's a lot of retirement plans that wanna invest in the, in the insurance. So it seems like that's a pretty competitive in, I don't know if innovative is the right word, but, you know a market. And so you'd expect that you know, given the right premiums that there, there would be coverage available

Neil Chase (01:02:14):

Money. Yeah,

Lloyd Dixon (01:02:14):

Exactly. And, and then I'll just me say one more thing and then the fair plan that the, the, the issue with the fair plan is that if the fair plan runs outta money, they assess all the insurers in the state to, for their shortfall. So that creates another problem for insurers. So because, you know, they're subject to this, you know, quote assessment risk that they'll be assessed.

Lloyd Dixon (01:02:35):

Yes. That's another factor. It's not just the premiums. They have the, which happens in other states too, like Louisiana, Mississippi, and Florida. But this risk, this is, is called the, the risk of being assessed by their, their the fair plan. And that can be a, you know, a significant factor for insurers deciding whether they want to write in the states. So you don't want the fair plan to get too big mm-hmm. <Affirmative> and you know, be, be too large. So you, you really do want the, you know, kind of, it's called the, the voluntary market which means the insurers voluntary, voluntarily write this policy to to, you know, to thrive.

Neil Chase (01:03:13):

We, if we have more time, I would go into the idea of what happens when you do get dropped, but Valerie, this card that you passed out has information and a link to where there's the word drop in big red letter on there's more cards up here if you need about what to do if you actually get dropped. It's much different from seeing rates go up. We're not getting policy on new place. Right. So that's tremendously important. I want thank both of you understand something so hard to understand an

Lisa Halverstadt (01:03:56):

In the audience here, everybody. So yes, please matters. Right. Just a reminder too, if you're unable to attend another session at this time we'll be posting the recordings to the members only page of our website next week. And next up in this room we will have a pretty spicy session. The cost of waters backed down, so that should be fun. It wasn't spicy <laugh>, I think it was depressing what you guys think. I, I got some of that in the questions, looking at your questions. I also wanted to let everyone know that our live podcast is going to be starting at four. The attorney general have a little bit of a flight issue, so we'll be starting just a little bit later. But still running on time. And I'm gonna be heading over actually to the theater. I'm gonna be having a panel interested, but thank you again. The next panel will be starting at two 30.