



Lookout
SANTA CRUZ

NEWS QUIZ

Lesson Plan

SANTA CRUZ COUNTY AGENTS SAY NEW INSURANCE RULES OFFER HOPE FOR HOMEOWNERS, EVEN AS FIRES RAGE IN SOUTHERN CALIFORNIA



Quick Take

Santa Cruz County agents see a glimmer of hope in new state regulations aimed at enticing insurance companies back to the California market, though questions about access and affordability remain.

Grade Level: 9-12 Lesson time: 30 minutes

Overview

Lookout's News Quizzes are a great way to get students interested in local news in an easy and quick way. These quizzes test reading comprehension while getting students more informed on issues and happenings in the community.

Instructions

Have students read the article, answer the 10 questions and then share any observations.

Question 1

What do local insurance companies say about the new state regulations and what are they still uncertain about?

Local insurance companies say that they are hopeful that the new planned state regulations will allow them to write more home insurance policies. But they are uncertain when it comes to access and affordability for residents who need to protect their homes from natural disasters.

Question 2

Why are home owners forced to pay more money for their home insurance?

There are less options to choose from because less insurance agencies are covering environmental disasters like wildfires

Question 3

What new Sustainable Insurance Strategy is being implemented now to help insurance companies?

This new strategy allows insurers to use sophisticated computer models to predict wildfire risk. Rather than relying solely on historical data about losses, insurers will be able to set rates based on models that incorporate the likelihood of future wildfire disasters.

Question 4

What is the California FAIR Plan and why are people choosing it over traditional insurance companies? Give an example of why people are choosing the FAIR plan.

1. It is a pool of insurers required by the state to provide fire-insurance policies for people who can't get insured by other carriers.
2. The FAIR Plan has become the cheaper option. A client looking for a policy for his nearly \$6 million home went with a \$15,000 annual policy through the FAIR Plan after the second-best option was \$55,000 a year.

Question 5

What are some of the worries that professionals in the insurance field have about the new FAIR Plan?

1. Edna Vilozny, an agent with Farmers Insurance since 2010, said, "It is a little scary, I think as a consumer, because [the state] is giving a lot of freedom to the insurance company to hopefully do the right thing and rate appropriately."
2. Consumer Watchdog says the new regulations could significantly increase the cost of premiums and they don't expand access enough.
 - a. "This plan could drive the price of home insurance up by 40%" Jamie Court, president of Consumer Watchdog, said in a statement.



CRITICAL THINKING

Bonus Question

How do you think the new state regulations for home insurance might impact homeowners and insurance companies in the long run? Consider both positive and negative aspects.

An opinion on the question, both a positive and negative aspect for homeowners and insurance companies.