the avenue
CENTRAL COAST REALTY

MONTHLY NEWSLETTER

(805) 548 2670
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SAN LUIS OBISPO, CA 93401
THEAVENUESLO.COM

San Luis Obispo County Market Update

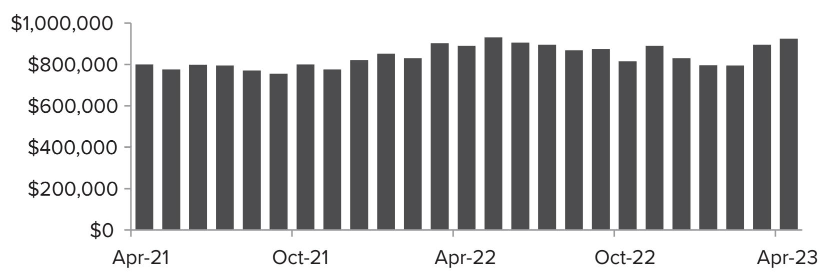
Most Recent Trends At A Glance Reported: **April. 2023**

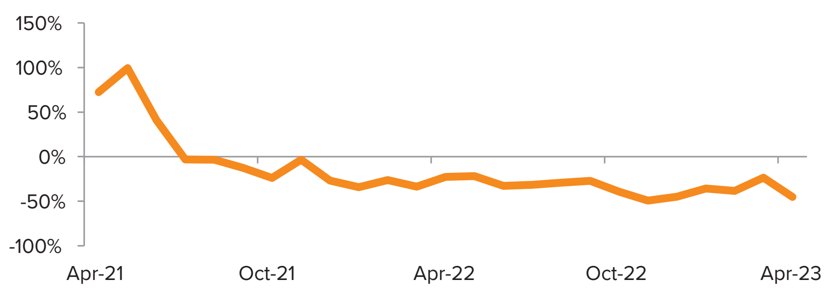
MEDIAN PRICE

For SF Detached Homes

$925,000

3.4% MTM
3.9% YTY





HOME SALES

For SF Detached Homes

-45.2% YTY

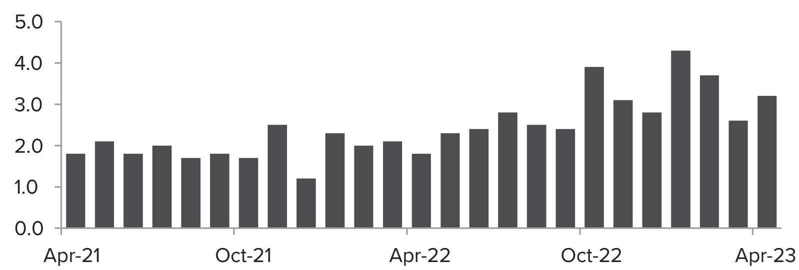
-10.1% MTM
-36.2% YTD

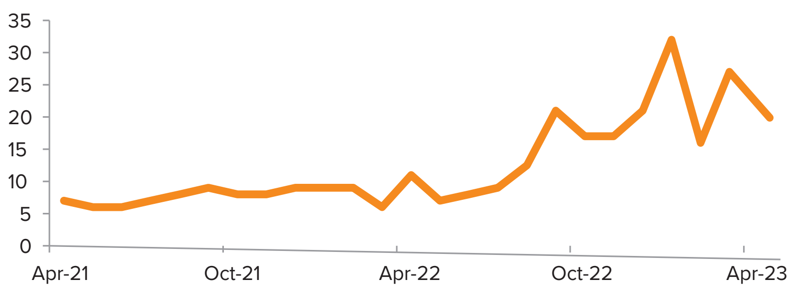
UNSOLD INVENTORY

For SF Detached Homes

3.2 Months

23.1% MTM
77.8% YTY





MEDIAN TIME ON MARKET

For SF Detached Homes

22 Days

-18.5% MTM / 100% YTY

INTERESTING FACT

MOST EXPENSIVE HOME SOLD IN SLO COUNTY THIS PAST MONTH

3300 Mira Loma Way
Paso Robles, 93446

Selling Price:
$3,500,000

3 BED / 4 BATH
2,561 square feet

PRICE PER SQ-FT:
$1,366.65

PUBLISHED JUNE 2023

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CA Homeowners Insurance Under Fire

Allstate and State Farm, two of the country's biggest insurance companies, recently announced that they would no longer insure new homes in California. Insurers have been shrinking their coverage areas in California for the last few years, especially in wildfire-prone regions.

WHAT HAPPENED:

On May 26th, State Farm announced that it would no longer accept new applications for business or personal property and casualty insurance. They cited "historic increases in construction costs outpacing inflation, rapidly growing catastrophe exposure, and a challenging reinsurance market" as the reasoning behind their decision. Following the news from State Farm, Allstate announced that it had quietly stopped issuing new policies back in November of last year.

WHY?

The intent behind these actions is up for debate. Some believe the rationale put forward by the insurance companies; that the costs are too high and their business is at risk. Others believe the insurers are simply boycotting California in an effort to persuade the Insurance Commissioner to allow them to raise rates.

Rate regulation falls under the purview of the California Insurance Commissioner (a position currently held by Ricardo Lara). This elected position was created with the passage of Prop 103 in 1988. The commissioner is required to review and approve changes in insurance rates before they go into effect. This measure has saved consumers well over $100 billion in premiums over its 35 years and likewise has made California an especially tricky market for insurers to navigate.

Last October, Commissioner Lara implemented the nation's first "wildfire safety regulations", directing insurance agencies to provide premium discounts to property owners who mitigate wildfire risks as well as giving penalties to carriers that cancel or refuse to renew coverages. Earlier this year, both State Farm and Allstate filed requests with the Department to raise their rates. State Farm asked for a 28.1% increase and Allstate 40%. If approved, these would incur over $1 billion in homeowner rate hikes.

It is true that California has experienced eight of the largest fires in US history and three of the top five deadliest fires over the past six years. It's also endured some of the most damaging mudslides and flooding in state history, alongside skyrocketing construction costs. California also has over 2 million homes in locations designated as high-wildfire risk areas.

A HISTORY OF BLACKLISTING THE GOLDEN STATE:

It's worth nothing that this isn't the first time insurance companies have pulled out of California. It happened in 1994 after the Northridge earthquake. The Insurance Commissioner at that time (Chuck Quakenbush) ran elections that were largely financed by insurance companies and he caved to their requests. Whether or not this is an attempt to repeat those results, many Californians are left scrambling for coverage.

THE FAIR PLAN:

California's FAIR Plan was established in 1968 as a safety net for Californians and is available to California residents and businesses who cannot obtain insurance through a regular insurance company. It guarantees coverage for high risk properties, however, it is intended to be temporary. FAIR policies are stripped down and pricey. Because of this, they're considered insurance plans "of last resort". However, they do meet the minimum requirements needed to allow a buyer to get a mortgage and close on a home. A FAIR Plan policy will not cover theft, flood, earthquake, hail, vandalism or personal liability. The FAIR Plan's fire coverage is significantly limited compared to standard homeowners policies, however for many Californians this may be their only option.

NEW AND CURRENT POLICYHOLDERS:

According to the Department of Insurance, current customers with any of the agencies in question will not lose their insurance. The Department also promises you'll be able to renew your policy as its term ends. They say approximately 115 companies continue to write residential policies, depending on the home's features, its wildfire risk score and the community in which it resides. The truth is however, that many of those companies are small and may not be able to handle the inundation of new requests. A number of these insurers do offer DIC (difference in coverage) plans though. These products compliment a FAIR Plan policy, so that consumers who buy both have similar coverage to a traditional homeowners policy.

Although we can't say what will happen; there is a possibility that other agencies will follow AllState and State Farm's lead. Because of this uncertainty, it's imperative to lock in as soon as possible, so you aren't left out in the cold.

California's Department of Insurance can help consumers with insurance coverage or claim questions using their consumer hotline at (800) 927-4357 or by chatting online at www.insurance.ca.gov.