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CALIFORNIA WILDFIRES

California's deadliest wildfire devastated this town. Now an insurer is eager to return

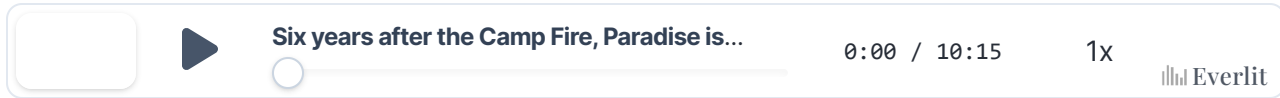


As Paradise recovers from the 2018 Camp Fire, it is building homes faster than anywhere else in California, state figures show. Drawn by strong wildfire safety measures, Mercury Insurance wants to cover a few hundred homes in the town. Florence Middleton/Special to the Chronicle

By **Megan Fan Munce**, Reporter

Dec 23, 2024





PARADISE, Butte County — As he watched the smoke of the Park Fire billow over the ridge into Paradise this past summer, Camp Fire survivor Gary Ledbetter felt a sense of déjà vu. He could recall standing in that same spot, six years earlier, when the shifting winds blew California's deadliest and most destructive wildfire right into his backyard.

Back then, he fled just as the flames reached his roof. This time, he searched his soul, turned on the sprinklers outside his new home and went back inside.

Ledbetter's sense of security was not unfounded. He's one of very few homeowners who can claim to live in one of the most fire-resistant houses scientists can build — what insurance industry-backed researchers call a Wildfire Prepared Home Plus. Yet up until a few months ago, he was struggling to insure it.





TOP: After Gary Ledbetter's Paradise house burned in the 2018 wildfire, his newly constructed home was the first in Paradise to receive the Wildfire Prepared Home Plus designation. ABOVE: Ledbetter at his new home, across from the canyon where the 2018 blaze began.
Photos by Florence Middleton/Special to the Chronicle

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Rebuilding a town where 90% of the homes burned down is a daunting task. But it's also an opportunity for a radical experiment that all of California has a stake in: Is it possible to build a fire-safe town in the footprint of the worst wildfire in state history — and get its residents insured?

At least one insurance company believes so. And it wants the rest of the industry to get on board.

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Counting pennies

It has been just over six years since faulty Pacific Gas and Electric Co. equipment sparked the Camp Fire, which burned more than 18,800 structures across more than 153,000 acres of Butte County and killed 85 people.

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Before the fire, it was already somewhat difficult to find insurance in Paradise, according to Mayor Ron Lassonde.



From left, Mercury Insurance President Victor Joseph, Paradise resident Gary Ledbetter and Mayor Ron Lassonde speak in front of Ledbetter's home. Mercury Insurance executives have toured Paradise to learn about the town's wildfire risk mitigation efforts.

Florence Middleton/Special to the Chronicle

When Ledbetter bought his first home in 2017, he was able to get coverage only through the California FAIR Plan — a privately run insurer of last resort created to serve those unable to find insurance on the private market.

At the time, the FAIR Plan insured about 9% of Paradise, a percentage more than double its presence in the state overall. Since then, its number of policies within the fast-growing town has nearly tripled, to 1,715 out of the 4,274 total homes in Paradise.

Alice Greer, a retired teacher living on a pension, lives in a modest, single-story home with gravel on all sides and just one small spruce tree that lives in a pot. She still pays more than \$13,000 a year for the FAIR Plan — more than 40% of her annual income.

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“I have to watch my pennies. That’s what I get for my retirement,” she said.



TOP: Alice Greer, center, shows her new Paradise home to Mercury Insurance President Victor Joseph, left, and other executives and local leaders. ABOVE: Greer's house includes a gravel front yard designed to reduce the risk of fire.

Photos by Florence Middleton/Special to the Chronicle

On the private market, residents can find themselves paying anywhere from \$1,000 to \$20,000 a year for home insurance, according to Jen Goodlin, executive director of the nonprofit Rebuild Paradise. Even complying with the town's strict wildfire-safety rebuilding standards doesn't guarantee lower costs, she said.

Greer wishes insurance companies would see what she sees: that the Paradise she lives in is wholly different from the Paradise that once burned. She's not the only one who believes that.

No fuel to burn

On a visit to the town this month, Roy Wright surveyed the landscape dotted with rebuilt and rebuilding homes.

“It doesn’t have the fuel load to burn,” he remarked.

Wright, CEO of the Insurance Institute for Business and Home Safety and former chief executive of the National Flood Insurance Program, has watched a lot of homes burn. His nonprofit, based near Charlotte N.C., receives funding from insurance companies to study exactly what makes a house catch fire and how to stop it, including running live burn demonstrations.



A newly constructed Paradise home is inspected during a tour by, from left: Roy Wright, CEO of the Insurance Institute for Business and Home Safety; Jen Goodlin, executive director of Rebuild Paradise; Kelly Butler, vice president and chief underwriting officer of Mercury Insurance; and Victor Joseph, president of Mercury Insurance.

Florence Middleton/Special to the Chronicle

He also has a personal stake in making Paradise safer — his parents and brother live in town and lost their homes during the Camp Fire.

For a fee, homeowners can get an IBHS certification to demonstrate to insurance companies that they've lowered their risk. IBHS offers two levels of designation: Wildfire Prepared Home, where most of their clients fall, and the stricter Wildfire Prepared Home Plus. They've certified more than 1,100 homes in California, including more than 50 in Paradise.

Paradise's own building codes require the same standards as IBHS' standard Wildfire Prepared Home certification — ember resistant vents, covered gutters and no combustible material within 5 feet of the home, to name a few. The town has 95% compliance with the defensible space requirement, Lassonde said. It acts as a sort of herd immunity against the spread of fire.

Wright said there are many more homes in the town that could be IBHS certified with just a few minor changes.



Kurt and Vicki Faria, who lost their Paradise home to the 2018 wildfire that ravaged the town, recently built a near replica of their original home on the same lot.

Florence Middleton/Special to the Chronicle

Kurt and Vicki Faria own one of those homes. The Farias were insured by Allstate before the fire at a cost of \$1,800 a year. But by the time they had rebuilt their home in 2023, the company was no longer offering new home insurance policies in California. They called State Farm, they called CSAA — but no one would cover them.

Now they pay \$7,000 a year for fire insurance through the FAIR Plan and a second policy for everything else. They've reduced the amount of coverage they have on the home and chosen a \$20,000 deductible to make it more affordable.

“It's hard to do anything else. You have to save all year,” Vicki Faria said.

This month, they received a glimmer of hope. The president of Mercury Insurance pulled up to their driveway, walked around their property and handed them a business card.

Solving the insurance crisis

Los Angeles-based Mercury is the fifth-largest home insurer in California, where it does the vast majority of its business. Up until now, though, the company hasn't had a particularly large presence in the state's rural, fire-prone areas.

But Victor Joseph, Mercury's president and chief operating officer, is determined to change that. The company first connected with Goodlin, the executive director of Rebuild Paradise, after an online webinar bringing together insurance companies and towns with residents struggling to obtain insurance. After Goodlin told them about all the town has done to mitigate its risk, Mercury made three visits to learn more and see it all in person.



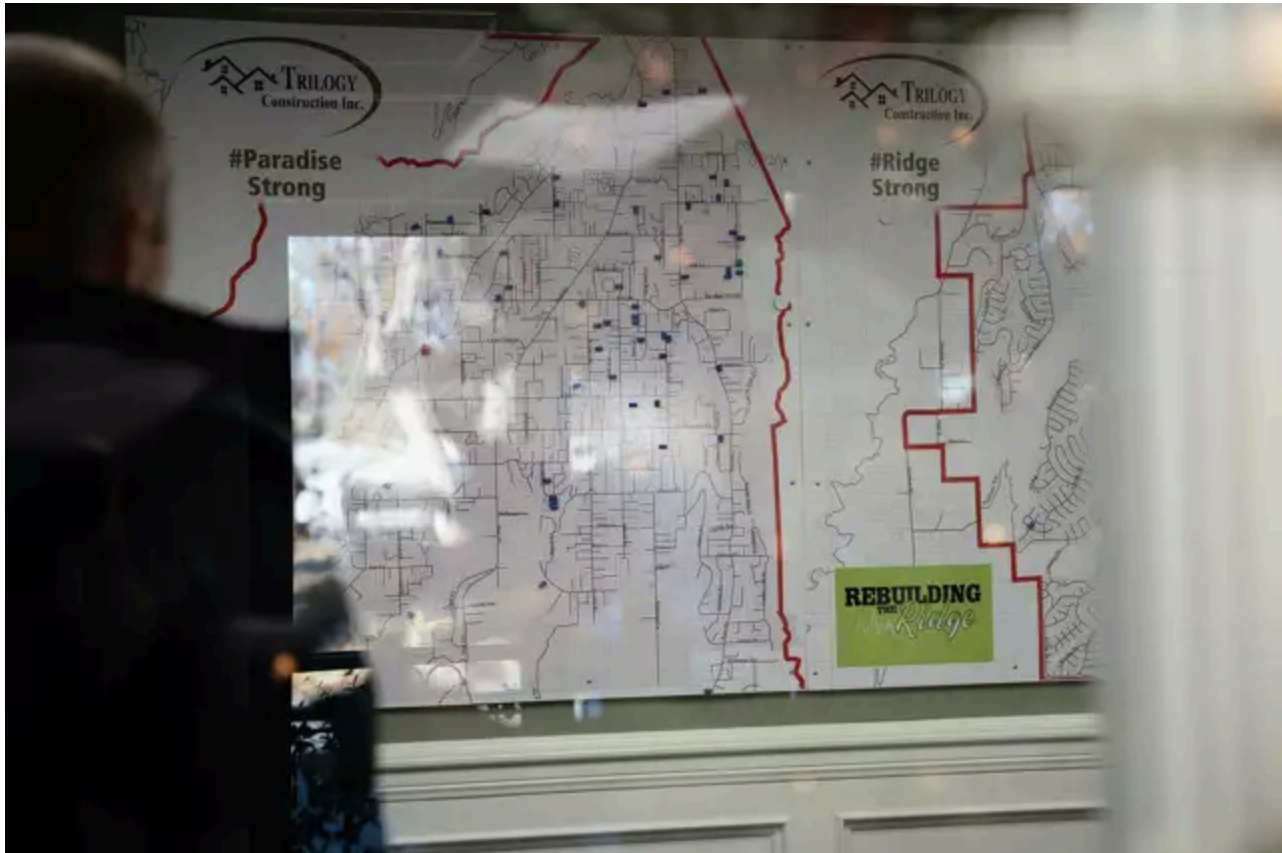
Mercury Insurance President Victor Joseph, left, and Roy Wright, CEO of the Insurance Institute for Business and Home Safety, inspect a newly constructed home in Paradise in Butte County during a tour of the town's rebuilding efforts. Florence Middleton/Special to the Chronicle

Right now, Mercury insures 40 homes in Paradise. It says it is hoping to add about 200 more. An easy place to start is by picking up the homes that are IBHS-certified, or close to it, but still on the FAIR Plan, Joseph said.

On its own, Mercury can only do so much. It's risky for one company to insure too much of any given community because it would be exposed to too many losses if a natural disaster occurred.

Joseph believes that if more insurance companies would write policies in Paradise, it would send a message to homeowners in the rest of the state that risk mitigation is worth it. And if communities around California

succeed in lowering their risk, then companies like Mercury will have more places they can comfortably write insurance.



TOP: A map of Paradise indicates homes constructed by Trilogy Construction Inc. after the 2018 wildfire that burned more than 90% of the town. ABOVE: Mercury Insurance executives, local government officials and representatives from the Insurance Institute for Business & Home Safety and Rebuild Paradise tour newly built homes in Paradise to talk about the town's rebuilding efforts.

Photos by Florence Middleton/Special to the Chronicle

“We feel an obligation. When you see what the state is doing and you see what the town is doing, how can you not come back?” he said. “Paradise has figured it out, and we have to throw everything behind supporting them and telling that story.”

Insurance Commissioner Ricardo Lara, who was elected to his office the same month that the Camp Fire burned, said he has witnessed Paradise's rebirth over the course of his tenure.

By the end of this year, Lara has promised to enact several reforms that aim to incentivize companies to write more policies in fire-prone parts of the state like Paradise. In exchange, insurers will be able to access new tools they've been asking for — including using wildfire catastrophe models that will include recognition of risk mitigation efforts.

Have you struggled to find insurance in California?

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NEXT

“When more insurance companies do their part and recognize these groundbreaking changes, that's how we solve California's insurance crisis,”

Lara said in a statement to the Chronicle.

A success story for all of California

Ledbetter didn't build a fire-resistant home because he wanted cheaper insurance. He built it because he never again wanted to lose everything in the blink of an eye.

Both he and Wright say it's pure happenstance that the first Wildfire Prepared Home Plus in northern California — the second ever in the U.S. — belongs to a survivor of the state's worst wildfire. In all of California, there are fewer than 50 of these homes, about five of which are located in Paradise.

For the first two years of his new home's existence, it was insured by American National. But Ledbetter lost that policy when [the company left the California homeowners market](#), and he was forced on to the FAIR Plan.



Paradise resident Gary Ledbetter gazes out at Feather River Canyon, which lies just behind his home and was the origin of the deadly 2018 Camp Fire. His house was the first in Northern California to be certified a Wildfire Prepared Home Plus. Florence Middleton/Special to the Chronicle

Ledbetter, who invested time and money into researching fire science as he rebuilt his home by hand, hoped his story could be used as proof to others that risk mitigation is worth the cost. But all he had to show for himself was an expensive FAIR Plan policy.

Then, two months ago, Mercury agreed to cover his home — dropping his premium from \$7,000 a year to \$1,400. Now he feels like the success story he aspired to be.

His sense of peace, though, is still precarious. Every morning, he wakes up to a view he couldn't see before the fire because it was blocked by dense trees. It's a view of the canyon where the Camp Fire first sparked.

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If one night, he falls asleep without lowering the tempered glass wall that protects his backyard patio, he'd be vulnerable once again to a fire sweeping up through the canyon.

But when a red flag warning is called, he doesn't let it keep him up at night. Instead, he worries about those that have newly moved into the community.



The view of Feather River Canyon, where the Camp Fire started in 2018.
Florence Middleton/Special to the Chronicle

Paradise, once a town of 26,500, has yet to fully rebound from the fire. But in the past four years, its population has more than doubled from 4,000 to 10,600. Many of the new residents are families who moved in after the fire, who didn't experience the race to get out as the flames beat on their backs or the feeling of returning home to nothing.

“They don't have that sensitivity regarding risk. I think that breeds a little apathy, and that's dangerous,” Ledbetter said. “If you're going to invest in a home, you should understand the risk associated with where you live and do something about it.”

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Megan Fan Munce

REPORTER



Megan Fan Munce is a reporter on the climate team covering California's home insurance crisis. She writes about the California FAIR Plan; State Farm non-renewals; pullbacks by other insurers such as Allstate and Farmers; policy initiatives from the California Department of Insurance; and how homeowners in the Bay Area and elsewhere are navigating the challenges.

Munce first joined the San Francisco Chronicle as part of the two-year Hearst Journalism Fellowship, spending her first year of the program at the Houston Chronicle. She grew up in San Jose before attending Northwestern University's Medill School of Journalism.

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