



THE

# Highlander

Sept./Oct. 2024

The Rural Bonny Doon Association Newsletter

RBDA Virtual Public Meeting

## **Understanding the Homeowners Insurance Crisis: How We Got Here, What's Being Done About It and a Look Ahead**

Wednesday, September 25, 7:30 p.m.

Virtual Video Conference

### **Our Guest Panel Members**



*Gail Pellerin  
Calif. Assembly  
28th District*



*Julia Juarez  
Deputy Commissioner  
Calif. Dept. of Insurance*



*Seren Taylor  
Vice President  
PIFC*



*Joel Laucher  
Program Specialist  
United Policyholders*



*Edan Cassidy  
Managing Member  
Cassidy Insurance*



*Dave Reid  
Director, SC County  
Office of Response,  
Recovery & Resilience*



*Jessica Murawsky  
Assistant Manager  
Cassidy Insurance*

All of us have been deeply affected by this growing crisis. We have had our insurance policies cancelled and/or seen dramatic increases in our premiums and now face a very uncertain future. Join us for presentations and a panel discussion, featuring representatives of government, industry, and consumer advocacy groups. We have designed this discussion to give a 360° view of the problem, the efforts underway to fix it, and what the future holds.

Because many of our speakers and expected attendees are located outside of Bonny Doon, this meeting will be entirely by Zoom. Bios of panel members can be found on Page 2 along with **Virtual Meeting Login Instructions**.

### **Update from Supervisor Justin Cummings**

Supervisor Cummings will be joining us to provide the latest information on his work on our behalf as Chair of the Board of Supervisors.



*Justin Cummings*

### **LICA Ordinance and SB-620 Update**

Thanks largely to the efforts of our community, the Santa Cruz County Board of Supervisors (BoS) voted against the proposed so called "Low Impact" Camping Area (LICA) ordinance\* at their meeting on June 25. Dozens of people wrote the Supervisors before the meeting and more than 100 attended in person to voice their opposition. Residents were concerned about fire hazard; lack of phone service in case of emergencies; noise from campers and generators; sanitation; and other environmental impacts. It was inspiring to hear our neighbors argue so eloquently against this poorly conceived ordinance and it was gratifying that the comments convinced the BoS not to approve a county ordinance now, but to wait until the Senate version of a LICA ordinance (SB-620) is passed by the legislature.

Unfortunately, the State legislature is likely to pass SB-620 by the end of August. The bill claims urgency and will take effect immediately if it is passed. The good news is that the bill clearly states that SB-620 only applies to counties that have adopted a local LICA ordinance and that the local ordinance can be more, but not less restrictive than SB-620. This means that if the BoS does nothing, the current state rules regarding campsites still apply and that if they decide to write a local LICA ordinance in the future, we will likely need to again convince them not to approve any ordinance as ill-conceived as the last version.

Leading up to the June 25 BoS meeting, RBDA hired attorney Bill Parkin, who wrote a letter disputing County staff's claim that the proposed ordinance was exempt from California Environmental Quality Act (CEQA) review. County staff argued that the ordinance was exempt because of the "commonsense exemption" that there was no foreseeable impact. To refute this argument, RBDA submitted a 33-page technical report outlining foreseeable negative impacts, to accompany Parkin's legal analysis. (When he was expressing his opposition to the proposed ordinance at the June 25 BoS meeting, Supervisor Koenig cited this RBDA report. He said until he read it, he had no idea that there was an equation that related increases in wildfire frequency to increases in camping.)

The Santa Cruz County Group of the Ventana Chapter of the Sierra Club and Sempervirens Fund also sent letters concurring that CEQA review was required, and the Puma Project submitted comments on how noise can adversely impact mountain lions.

Fortunately, we have the support of Supervisor Cummings, who masterfully directed the June 25 meeting and helped prevent passage of the proposed County LICA ordinance. To their credit, the BoS did vote that any future ordinance would require a full CEQA review (as argued by RBDA, Sierra Club, and Sempervirens).

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## Public Meeting Panelist Biographies

**Gail Pellerin, California Assemblymember, 28th District.** The 28th District includes Bonny Doon, the North Coast and San Lorenzo Valley. She chairs the Assembly Elections Committee, overseeing elections, campaign finance, the California Political Reform Act, and redistricting.

**Julia Juarez, Deputy Commissioner, California State Department of Insurance, Community Relations and Outreach.** With over 25 years of public and private sector outreach, education, and management experience, Julia oversees constituent outreach with federal, state, and local elected district offices and leads the Department's expanded efforts to assist wildfire survivors, local governments, small businesses, and consumers in accessing the Department's many services.

**Seren Taylor, Vice President, Personal Insurance Federation of California.** Seren represents PIFIC's member companies before the California State Legislature and California State government agencies and departments on property-casualty insurance issues including auto, home, flood, and earthquake insurance sold to individuals.

**Joel Laucher, Program Specialist, United Policyholders.** Joel works on behalf of non-profit United Policyholders as a consumer advocate on insurance issues. Previously, Joel worked for the California Department of Insurance for 35 years starting as an analyst and moving up ultimately to Chief Deputy Commissioner.

**Dave Reid, Director, Santa Cruz County Office of Response, Recovery & Resilience.** Previously Dave served the County in a variety of positions for over 12 years. His background gives him a comprehensive understanding of the science behind climate change and how our community and local government can prepare and respond to it.

**Edan Cassidy, Managing Member, Cassidy Insurance Agency.** Edan Cassidy is the third generation Owner & Broker of Cassidy Insurance Agency, where he has worked since 1990. He attended Santa Cruz High and Stanford University, and is a long-time resident of the Santa Cruz Mountains.

**Jessica Murawsky, Assistant Manager at Cassidy Insurance Agency.** Primarily focused on homeowner's insurance and commercial lines, she is highly experienced with California's volatile market. She is passionate about helping our local community, having been born and raised here.

## LICA Ordinance and SB-620 Update

*Continued from page 1*

A CEQA review is expensive, and the financial situation in the County may make spending funds on the review unappealing to the BoS. We will keep you posted when the BoS will be taking this up again. It could be soon.

Please add your email to the RBDA mailing list at [www.rbda.us](http://www.rbda.us) to get real-time updates on this issue and to receive the Highlander by email when RBDA goes digital at the end of 2024.

*\* Brief prior history of the proposed County ordinance: On November 13, 2023, the Board of Supervisors requested that staff draft an ordinance. On March 13, 2024, the Planning Commission denied and requested changes. On May 8, 2024, the Planning Commission voted to recommend that the Supervisors not approve the revised ordinance.*

## What's Happening Around County District 3

*By Justin Cummings*

### SB-620 and LICA

Given widespread community concerns (much of it generated through the RBDA's effective organizing), the Board of Supervisors voted in June to defer action on a local LICA ordinance and require full CEQA review of any proposed County program. However, passage of SB-620 will raise the potential for this issue to return to the Board agenda. It is my hope that the County's constrained budget realities and obvious fire risk will deter my colleagues from reactivating the LICA debate. I believe the Board should opt-out or severely restrict LICAs and I will keep you posted about what's happening on the County's end.

Sincere thanks go to Kathy Toner, Joe Christy, as well as Dave Rubin and new RBDA Board Member Laura Lancaster, who provided an in-depth article in this newsletter (welcome Laura!), for their work to analyze the state and local LICA policy proposals and to get the community involved in the decision-making process!

### **Wood Haul**

I am pleased to report that PG&E has made good progress on its 2024 Wildfire Wood Management work in Santa Cruz County for the CZU Lightning Complex Fire. The most recent figures show that 19 of 30 opt-in parcels have been cleared in the Coastal Zone and 41 of 43 parcels outside the Coastal Zone have been completed!

### **Soper Wheeler**

In our last newsletter, we were soliciting input on the purchase of the Soper Wheeler property off Bonny Doon Road near Smith Grade. Our objective was to re-open the equestrian center and work with the community to determine how we could provide public amenities for the Bonny Doon community and the broader public, which would have included increased firefighting capacity. Unfortunately, due to competing funding priorities on the part of our funder, we were not prioritized, and the constraints imposed to pay back the loan were determined to be infeasible. As a result, the County has decided to abandon the property acquisition. We appreciate the input we received from numerous community members and look forward to working with you all as we move forward.

## ***Look for Measure L on the ballot in November!***

*By Kendra Turk-Kubo, in partnership with Bonny Doon School Board of Trustees*

In the Spring of 2024, Bonny Doon Union Elementary School District hired experts from Stacked, an architectural and engineering firm, to create a new multi-year Facilities Master Plan (FMP). They undertook an analysis of the status of the current school building, campus and community facilities and gathered input and ideas from key stakeholders: staff, teachers, parents and community leaders. Groups consulted included the School Board of Trustees, the Parent Volunteer Association, and the Bonny Doon Community School Foundation. The new FMP includes updates and improvements for the school buildings, the school campus, and the facilities available for use by the wider Bonny Doon community. Information on the FMP is available at: [www.buesd.org](http://www.buesd.org).

The budget for implementation of the FMP was calculated to be \$15.7 million. The district is seeking to raise an initial \$7 million to

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### **Virtual Meeting Participation**

Zoom ([zoom.us](http://zoom.us)) is a video conference platform that is free to use through either a web browser or application, and audio participation is possible through a dial-up connection on your phone. Zoom Meeting Instructions:

To join by internet:

- 1) go to <http://zoom.us/join>
- 2) Enter the Meeting ID. **609 031 3060** and Click join
- 3) Enter passcode: **802339**

To join by phone:

- 1) Call +1-669-444-9171
- 2) When prompted enter the Meeting ID. **609 031 3060**
- 3) When prompted enter passcode: **802339**

## ***The California Homeowners Insurance Crisis, Part 1: Origins***

There does not seem to be a week that goes by without news of large wildfires burning up tens of thousands of acres in California. The largest of these, the Park Fire, now approaches containment after having consumed 429,600 acres and destroyed 709 residential and commercial structures. Meanwhile, we continue to read of insurers leaving California or dropping coverage of thousands of customers, notably homeowners in fire prone wildland areas like Bonny Doon. The biggest such announcement was made in March when State Farm, the state's largest insurer, announced that they would drop coverage on 29,000 homes in high fire danger regions. What had started as a trickle around 2017 has become a flood.

How is it that California got to this point? Before attempting to answer this question, it helps to have a basic understanding about insurance.

### **What Insurance is and How it Works**

Insurance is a contract (a policy) between an insured person or entity (a policy holder) to guarantee compensation in the event of a covered loss. The policy holder pays a small sum (a premium) to the insurer relative to the value of the asset being insured. In return, over the period of the policy, the insurer takes on some or all the risk to the asset. For instance, if the asset is a house, in the case of damage to the property through wildfire, earthquake or other disaster (the risk), the insurer may cover up to the full replacement cost of the home minus an amount (a deductible) the policy holder pays. Insurance policies will typically cover numerous risks (perils) that are outlined in the policy document.

Insurers turn a profit by two different methods: (1) through underwriting (issuing policies) and (2) by investing the premiums in a variety of financial instruments. Issuing policies is profitable provided insured losses do not exceed the premiums that are taken in. Meanwhile insurers can profit from investment returns on their pool of invested premiums. The investment assets also form the monetary reserves that insurers use to cover insurance losses.

On the loss side of the equation, the insurers will incur business expenses, general overhead, advertising, etc., which are all lumped into "underwriting expenses". Then there are the incurred losses which come from paying out policy holder claims. These losses can be substantially greater than an insurer's premiums, investment income and reserves combined. In this event, the insurer risks insolvency while the insurer's customers are left without insurance coverage and the pool of insurers shrinks. A shrinking pool of insurers means that risk becomes more concentrated (higher exposure) in the remaining insurers. In turn, this leads to higher premium rates and an increasing risk of insolvency for the remaining insurers. The profitability of insurers is an essential feature of a stable insurance market.

To protect themselves from insolvency, insurers obtain their own insurance policies to cover large catastrophic events. This is known as "reinsurance" and allows the insurers to transfer a portion of their risk onto another company. The cost of this reinsurance may or may not be passed on by insurers to their policy holders. When large scale catastrophes occur, such as the California wildfires of 2017

## ***Look for Measure L on the ballot in November!***

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implement the highest priority projects through a school improvement bond measure on the November 5, 2024 ballot. Bonny Doon voters will be asked to vote yes or no on a proposed increase in their property taxes to provide the funds.

Please stop by the Bonny Doon School booth at the upcoming Arts, Wine and Brew Fest at Crest Ranch on Saturday, September 21 to learn more.

and 2018, reinsurers act as backstops to the insurance companies with large exposure to claims. The insurers then can recover all or part of claims payouts, ensuring their survival. Reinsurance in this manner helps to stabilize the insurance market and enables the insurers to take on more customers and more risk.

There is a final backstop to insurers, the California Insurance Guarantee Association (CIGA) which is largely funded by assessments on "admitted" insurers (those licensed and regulated by the California Department of Insurance (CDI) to do business in the state). CIGA ensures that policy holders are compensated in cases where an insurer becomes insolvent, and the claims are left open.

Finally, in California as in several other states, the state has an insurer of "last resort", the California Fair Access to Insurance Requirements (FAIR) plan, for customers who are unable to find coverage from traditional insurers. The FAIR plan is a private insurance plan that is managed and funded by the combined resources of private insurers doing business in the state. Insurers are mandated by the state to participate in the FAIR plan; their contribution to the plan is proportional to their share of the California market. The plan offers only fire, smoke and lightning damage coverage for residential and commercial customers.

### **Pooled Risk**

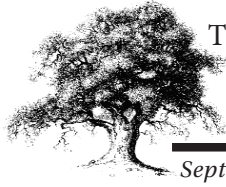
All insurance, whether it be health, homeowners or auto insurance, is based on the concept of pooled risk. Insurers build portfolios of insured customers who represent a distribution of risk. Optimally, the portion of the pool that is low risk outnumber the number that are high risk. If the portfolio of risk is properly balanced, the premiums collected from low-risk policy holders plus reserves should be sufficient to cover the cost of claims by high-risk policy holders when they occur.

By carefully building a large customer base, assessing risk, and computing premiums that reflect the level of risk and its probability, insurers can turn a profit, invest and grow their reserves to cushion against future shocks. Risks are assessed based upon analysis of past data. For instance, an insurer evaluating the risk of insuring a house for fire in a wildland area, such as Bonny Doon, would look at past data on wildfires in the vicinity, their severity and frequency, and make an estimate of how likely such an event might be over the course of the next year. Other factors, such as the replacement value of the house; the distance from the house to a fire station or to main highways; what home hardening has been done by the owner and adjacent neighbors; the proximity of trees and vegetation, wooden structures and other flammable items near the house; whether the house is situated on a steep forested slope, etc., would all come into play. From this analysis, a premium is computed that is in proportion to the probability a wildfire would damage the home within the policy period (typically 6 to 12 months).

*To read the rest of this article as well as Part 2, please see the digital version of the Highlander on the RBDA website, [rbda.us](http://rbda.us)*

More information on this ballot measure can be found in the digital version of the *Highlander* at the RBDA website, [rbda.us](http://rbda.us)

Additionally, residents who have questions on the plan can email school superintendent Mike Heffner at: [mheffer@bduesd.org](mailto:mheffer@bduesd.org). Questions on the ballot initiative should be directed to School Board President Joanna Reynolds at: [jreynolds@buesd.org](mailto:jreynolds@buesd.org)



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Advocating for a natural, safe, and sustainable future since 1957

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*Bonny Doon's voice in preserving our special quality of life, The Highlander, is mailed free 6 times a year. RBDA Public Meetings are usually held the second Wednesdays of January, March, May, September and November. We encourage you to participate. Send correspondence to The Highlander at the above address.*

Access the RBDA on the Internet at:

[www.rbda.us](http://www.rbda.us)

E-mail us at:

[board@rbda.us](mailto:board@rbda.us)

Facebook (RBDA Members Only):

**RBDA, Rural Bonny Doon Association**

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**Bonny Doon Resident  
Santa Cruz, CA 95060**

## Sept. 25th RBDA Public Meeting: Understanding the Homeowners Insurance Crisis

### **Judge Invalidates UCSC Growth Plan Approval**

Shortly before this Highlander went to press Santa Cruz Superior Court Judge Timothy Schmal ruled that the environmental analysis of UCSC's plan to add 8,500 students over the next 20 years was flawed, as the City and County of Santa Cruz and the citizens' group HAWC (Habitat and Watershed Caretakers) contended.

The issue was whether UCSC properly analyzed the impact on the community if the university failed to create housing for all its projected additional students. The finding throws into limbo UCSC's Long-Range Development Plan, with implications that will unfold

### **SC County Rail Trail Update: North Coast Rail Trail Project**

The North Coast Rail Trail Project is the 7.5-mile segment (Segment 5) of the larger Monterey Bay Sanctuary Scenic Trail (MBSST) Network that will connect Davenport to Wilder Ranch and the existing multi-use bicycle and pedestrian trails in Santa Cruz. Following the June 20 groundbreaking ceremony at Wilder Ranch, construction is well underway with work proceeding from the central area of the trail's reach. The Wilder access, Davenport parking lot, and their amenities will be left to the end of the project (expected in 2026) so that trespassers will not be tempted to access the trail prematurely. Phase 3, the overcrossing connecting the new Panther/Yellow Bank parking area to Cotoni-Coast Dairies NM will begin after completion of the trail segment. This assumes that the Bureau of Land Management is ready to advance construction of their facilities on the inland side of Highway 1, which will provide parking and the "southern entrance" access to the "Zone 3" portion of the Cotoni-Coast Dairies property. That connection is needed to realize the goals of the Federal Lands Access Program that provided the bulk of the funding for the project, including design, environmental studies, construction, construction engineering, management and federal permitting.

To make room for the trail alongside the abandoned rails, substantial amounts of vegetation have been cleared from encroachments and acquired land. Environmental Concerns Inc. (ECI) a respected local

over the next year. UC Regents will have to decide whether to appeal. If Judge Schmal's ruling is upheld, until a new Environmental Impact Report (EIR) can be produced and approved, UCSC may have to limit its enrollment to the 19,500 students permitted under the 2008 Comprehensive Settlement Agreement (CSA). If UCSC now has more students than that, as is likely, will they have to disenroll them? Will they have to reject the additional students about to begin a new school year in 3 weeks? More details will be available on the RBDA website, [rbda.us](http://rbda.us).

business, has been retained to develop mitigation plans, implementing replacement requirements for some of the removed vegetation. Working closely with Central Coast Wilds Nursery, ECI implements and manages ecological restoration plans, vegetation management plans, and habitat conservation plans. They will implement and oversee long-term maintenance operations to ensure the success of restoration and landscape projects.

Fencing along the trail will be like the type installed along the Santa Cruz Westside portion, except in areas where agricultural operators have demanded mesh fencing to keep trespassers out of active farming operations. In other areas fencing will only be installed where there are hazards to trail users. Fencing will not be installed between the rails and the trail unless an excursion train operation is instigated.

Once the trail is opened, operations and maintenance will be provided by Santa Cruz County under a 5 year, \$250,000 per year contract with the Regional Transportation Commission (RTC). Still unresolved are conflicts between the Coastal Commission's requirement for 24/7 access to the trail, the 8 a.m. to sunset operating hours of State Parks' beaches that visitors would access from the trail, and Hwy.1 parking lots closure at 10 p.m., which is one of the few enforceable rules to deter camping and late-night partying.