

Property Insurance Rates and You

You may be wondering how your home insurance rates are determined. According to the California Department of Insurance, insurance companies base your rates on essentially three sets of criteria:

1. Home Details

What kind and size of home you own, the value of your home and the age of your home are what constitutes part of your rate.

2. Territory

Where your home is located is also considered. If the area of your home has a higher level of theft, loss from fire or other natural disasters, then your rates will likely be higher than in other areas.

3. Fire Protection Class

Your home will be assigned a “class” of fire protection based on the proximity and number of fire stations and fire hydrants, and fire station response time.

Several different insurance companies were contacted and each were asked if a home located over a natural gas storage facility would garner a rate increase and 100% of the companies stated that it would not.

If an insurance company attempted to raise rates based on proximity to a natural gas storage facility, they would have to prove, to the Department of Insurance, that losses with this type of facility are higher than in areas without this type of facility. Furthermore, an insurance company would have to show that there was also a greater risk associated with this type of facility.

If you would like more information, please visit the Department of Insurance’s website: <http://www.insurance.ca.gov>