



California progress report on wildfires and insurance

The California Department of Insurance reports the first positive movement in several years on addressing the impact of wildfires on the state's homeowners insurance market – despite continuing challenges ahead.

As the Sacramento Bee reported in November, “Despite the ever-increasing risk of wildfires from climate change and other factors, California has lately become a better place to do business” (“[California’s wildfire insurance crisis is easing.](#)” Nov. 9, 2021).

Key findings from [our annual report](#) on non-renewals and the FAIR Plan (released December 20, 2021) indicate:

- **Insurance company non-renewals decreased in 2020:** The number of homeowners non-renewed by insurance companies **fell by 10 percent statewide** compared to the previous year – a decrease of 22,870 policies.
- **Mandatory moratoriums helped contribute to overall decrease in non-renewals:** [Areas under mandatory moratoriums](#) as authorized by Senate Bill 824 (Lara, 2018) made up more than 80 percent of the statewide reduction in non-renewals. More than **4 million policyholders have been protected** under this law over the past three years.
- **FAIR Plan coverage continues to grow:** FAIR Plan policies increased for the second year to 241,466 – while still only representing **less than 3 percent of the overall statewide residential market** of 8.7 million policies today. Our data underscores the need for continued actions Commissioner Lara has taken to strengthen FAIR Plan coverage for consumers and businesses.



Commissioner Lara and Department of Insurance staff met with California Farm Bureau Federation President Jamie Johansson and residents of Paradise in summer 2021 to announce support of Senate Bill 11 (Rubio), which expanded the FAIR Plan to cover agricultural risks.

Comprehensive insurance solutions to protect all Californians

Under the direction of Insurance Commissioner Ricardo Lara, the Department of Insurance has undertaken the following comprehensive actions to secure a competitive market and protect consumers:

- **Increasing availability of insurance:** Farmers, Allstate, and CSAA – **#2, 3, and 4 in the state for market share** – among other insurance companies have committed to the Department of Insurance that they will increase the number of new homeowners policies written in the state and cease or limit non-renewals.
- **Engaging with communities and consumers statewide:** Since 2019, Commissioner Lara and Department staff have participated in over 60 town halls and community events, many in partnership with members of the State Legislature, listening to tens of thousands of homeowners and business owners about the growing threat of wildfires to lives and property.
- **Increasing home safety incentives:** At Commissioner Lara’s urging, insurance companies have significantly expanded **premium discounts now available to 2 out of every 5 consumers**, providing up to 20 percent discounts for wildfire-hardened homes.
- **Making us Safer from Wildfires:** Commissioner Lara initiated a first-ever partnership with the emergency preparedness and response agencies in Governor Newsom’s Administration to create consistent and achievable wildfire safety measures for homes and communities with input from consumer groups, fire chiefs, and researchers. Launched in January 2022.
- **Expanding FAIR Plan’s coverage for homeowners:** Commissioner Lara ordered the FAIR Plan – California’s insurance safety net – to raise homeowners coverage limits, and to offer a comprehensive homeowners’ insurance coverage option in addition to its current limited coverage. A judge [ruled in July](#) the Commissioner has the existing authority to order the FAIR Plan to provide enhanced coverage options benefiting consumers.

- **Creating additional consumer protections post-wildfire:** Commissioner Lara **partnered with the State Legislature on laws** increasing payouts and evacuation benefits for wildfire survivors ([SB 872](#), Dodd, 2020) and creating new disclosures and coverage to meet upgraded building codes ([AB 2756](#), Limón and Bloom, 2020)
- **Expanding agricultural and commercial insurance:** Commissioner Lara supported and is implementing [SB 11](#) (Rubio, 2021) to expand the FAIR Plan for agricultural and farm risks. He ordered the FAIR Plan to [increase its commercial coverage limits](#), which have not been raised in at least 24 years. The Department is taking [additional steps](#) to secure a competitive commercial insurance market for family farmers, vintners, ranchers, and other outdoor and rural businesses.
- **Implementing first-of-its-kind Climate Insurance Report:** Commissioner Lara convened the [Climate Insurance Working Group](#) under SB 30 (Lara, 2018), issuing **40 state and local policy recommendations** focused on reducing damage and improving recovery for vulnerable communities following a wildfire, extreme heat wave, or flood.



Wildfire safety regulations: Commissioner Lara proposed regulations requiring insurance companies to factor consumers’ and businesses’ wildfire safety actions into their pricing of residential and commercial coverage. The new regulations also provide consumers with transparency about their “wildfire risk score” that insurance companies assign to properties. They are expected to be in effect by summer 2022.