



California progress report on wildfires and insurance

The California Department of Insurance continued to take important actions to protect consumers during 2022. These actions among others will make Californians safer from wildfires while expanding consumer options, making insurance more affordable and maintaining a strong market.

Starting in February 2022 with the announcement of the new Safer from Wildfires insurance framework and culminating in October 2022 with the enactment of a new regulation, Commissioner Lara showed the importance of coordinated action across all levels of government to help save lives and prevent losses from wildfires.

BY THE NUMBERS 2023

#1 insurance market in the nation.

#4 insurance market in the world.

8.7 million homeowners insurance policies, most in the nation.

97 percent of Californians have private insurance, with fewer than 3 percent with policies from the FAIR Plan, the state's insurer of last resort.

100 percent of the insurance market will be required to offer wildfire safety discounts starting in April 2023, up from 7 percent when Commissioner Lara took office in 2019.

More than **115** insurance companies writing homeowners coverage, 2019-present.

More than **200** insurance companies writing commercial coverage, 2019-present.

\$469 million recovered for consumers since 2018 due to the investigation of complaints and oversight of insurance companies related to wildfires.

— **Establishing a statewide partnership to create nation's first wildfire safety insurance framework:**

Safer from Wildfires is a product of an interagency partnership initiated by Commissioner Lara and including the Department of Forestry and Fire Protection (CAL FIRE), the Governor's Office of Emergency Services, the Governor's Office of Planning and Research, and the California Public Utilities Commission. Drawing on input from fire science experts, local fire chiefs, and the insurance industry, the partnership completed its work in less than a year, sending a clear and consistent message to consumers and businesses about achievable, cost-effective retrofits and defensible space actions that will make them safer from wildfires.

— **Finalizing the nation's first insurance regulation on wildfire safety discounts and transparency for consumers:**

In order to drive down the cost of insurance through safer communities, Commissioner Lara's new regulation requires insurance companies to provide discounts to consumers under the Safer from Wildfires framework created by the California Department of Insurance in partnership with state emergency preparedness agencies. The new regulation is supported by the California Professional Firefighters, local leaders and residents across the state, the National Fire Protection Association, the California Farm Bureau Federation, United Policyholders, the California Association of REALTORS, the Coalition for Clean Air, and the Community Associations Institute, among others. New rate filings from insurance companies are due to the Department by April 2023.

— **Expanding data and analysis of wildfires to inform policymakers:**

The Department created a [new web portal](#) providing data to the public and policymakers about the impact of wildfires, in order to inform future actions. This includes data on insurance non-renewals from 2015-2021, commercial data with a focus on agriculture, and wildfire loss reporting.

— **Protecting consumers' access to insurance through the FAIR Plan:**

In July 2022, Commissioner Lara presided over an investigatory hearing of the FAIR Plan, California's insurance safety net. The goal of the hearing was to hear from the public and guide additional actions needed for the FAIR Plan to meet the needs of California consumers far into the future. Data shows that the FAIR Plan, backed by private insurers, provides residential insurance to approximately 3 percent of California consumers, while the admitted market provides 97 percent of residential coverage.

Comprehensive insurance solutions for 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:

— Protecting insurance after wildfire emergencies:

In 2022, **Commissioner Lara protected insurance coverage for more than 415,000 residential policyholders** across the state under a law he authored, providing stability and security to homeowners after a Governor-declared emergency -- bringing the total to nearly 4 million policyholders protected since he took office. Consumers can visit the Department's [website](#) to search by fire name or ZIP code.

— Engaging with communities and consumers statewide:

Since 2019, Commissioner Lara and Department Staff have **participated in over 1,200 meetings, town halls and community events**, many in partnership with members of the State Legislature, listening and informing tens of thousands of homeowners and business owners about the growing threat of wildfires to lives and property, including services available at the Department of Insurance.

— Increasing home safety:

Commissioner Lara's new regulation requires insurance companies to submit new rate filings incorporating wildfire safety standards created by the Department. Under his leadership, 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.

— Mandating transparency about wildfire risk:

Commissioner Lara's new regulation requires insurance companies to **provide consumers with their property's "wildfire risk score"** and creating a right to appeal that score, starting in April 2023.

— 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), creating new disclosures and coverage to meet upgraded building codes ([AB 2756](#), Limón and Bloom, 2020), improving safety for domestic workers ([AB 2658](#), Burke, 2020), and authorizing climate resilience districts to help local communities address climate threats ([SB 852](#), Dodd, 2022).

— Expanding FAIR Plan's coverage for homeowners:

Commissioner Lara ordered the FAIR Plan — California's insurance safety net — to increase homeowners coverage limits, which doubled in 2020, and to offer a **comprehensive homeowners' insurance coverage option** in addition to its current limited coverage. The FAIR Plan sued and although a judge ruled the Commissioner has the existing authority to order the FAIR Plan to provide enhanced coverage options benefiting consumers, the FAIR Plan is appealing the decision.

— Expanding agricultural and commercial insurance:

Commissioner Lara supported and is implementing [SB 11](#) (Rubio, 2021). He ordered the FAIR Plan to [increase its commercial coverage limits](#), which have not been raised in over 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), and the group issued **40 state and local policy recommendations** focused on reducing damage and improving recovery for vulnerable communities following a wildfire, extreme heat wave, or flood.

— Pushing a vision for sustainable insurance:

Commissioner Lara announced the first-ever state-level **Sustainable Insurance Roadmap in partnership with the United Nations**. The roadmap marks a strategic shift for insurance's role combating the consequences of climate change for California residents and businesses, toward actively helping reduce emissions and increase community resilience while better aiding recovery from climate-linked disasters.

Have more questions?

Insurance experts are ready to help. Call us at 800-927-4357 or chat on our website at [insurance.ca.gov](#). If you are interested in inviting the Department of Insurance to participate in a community meeting, contact us at crob@insurance.ca.gov.

