

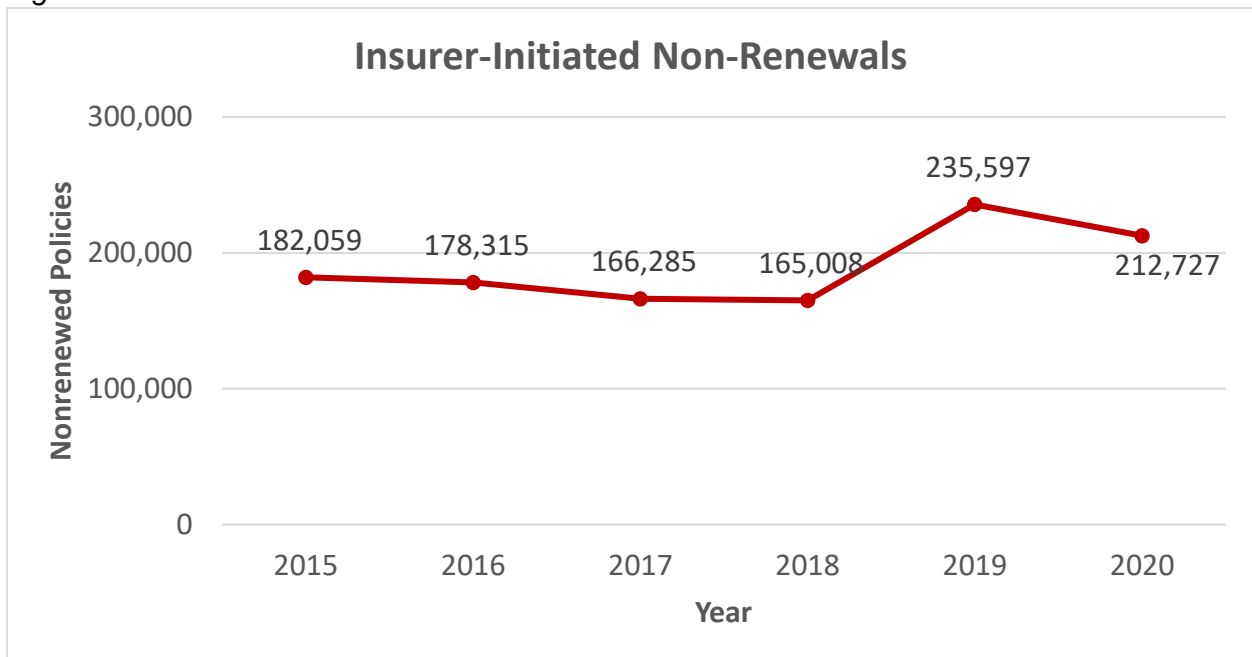
FACT SHEET: Data on Insurance Non-Renewals and FAIR Plan

The Department of Insurance collected data on the number of new, renewed, and non-renewed policies issued by insurance companies writing \$5 million or more in premium in homeowners and dwelling fire lines of insurance from January 1 to December 31, 2020, representing approximately 98.8% of the homeowners' insurance market. The Department also collected data from the FAIR Plan, California's insurer of last resort. The Department has previously released this information from 2015 to 2019.¹

Insurance company-initiated non-renewals decreased in 2020

In 2019, there was an increase in insurer-initiated non-renewals following the devastating catastrophic wildfires of 2017 and 2018. While presently insurer-initiated non-renewals are still at higher levels than they were before the 2017 and 2018 wildfires, there was a 10% decrease – about 22,870 policies statewide -- in insurer-initiated non-renewals in 2020 compared to 2019.

Figure 1.



¹ In some instances, a few insurance companies corrected their 2015 to 2019 data with this reporting year. This has caused minor differences in the data when comparing data from prior CDI reports.

FAIR Plan policies continued to grow

Figure 2 shows that policyholders continue to face challenges obtaining residential property insurance. While the number of new FAIR Plan policies rose slightly in 2020, the number of renewed FAIR Plan policies also increased at a sharper rate.

Recent public remarks from the FAIR Plan indicate the increase of new policies continued in 2021 ("[California's wildfire insurance crisis is easing. Why some carriers are returning](#)," *Sacramento Bee*, November 13, 2021).

In addition, Figure 3 shows that between 2015 and 2020, the FAIR Plan's market share increased, but still remains less than 3 percent of the overall statewide homeowners market today.

Figure 2.

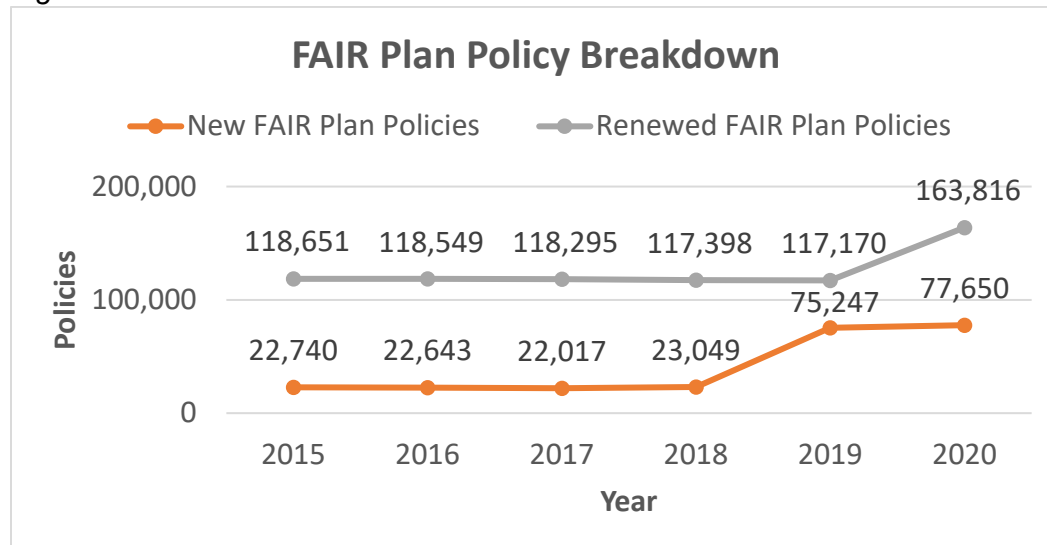
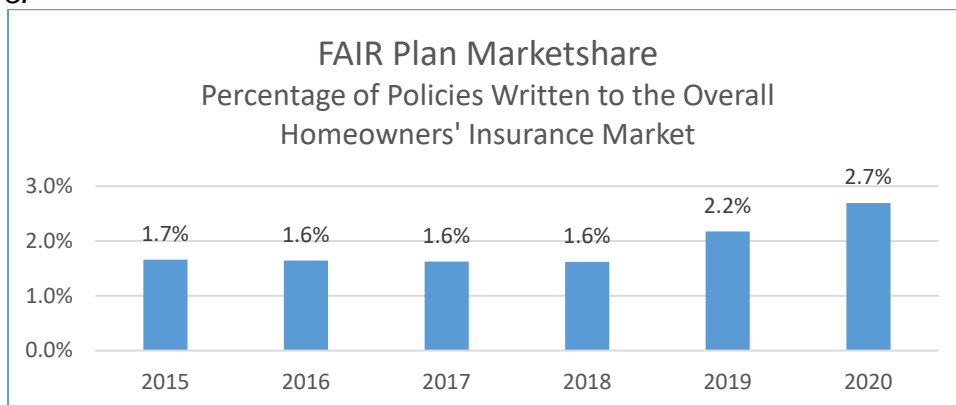


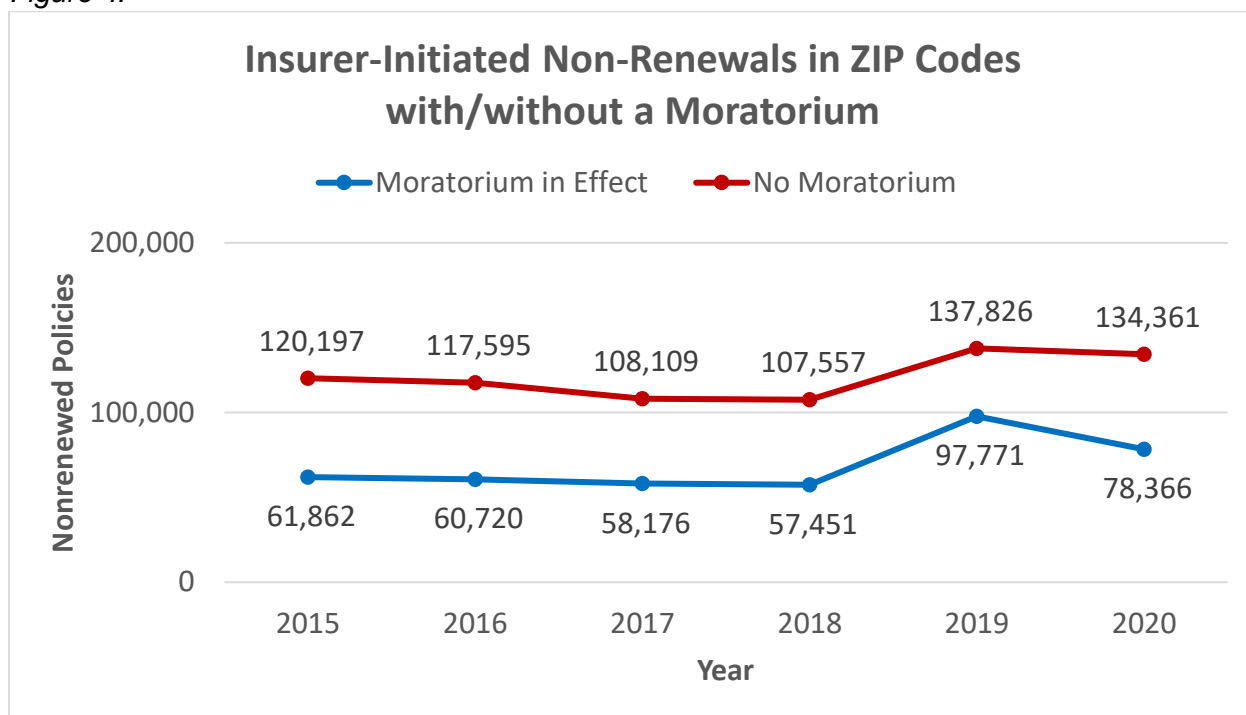
Figure 3.



Non-renewal protections contributed to overall decrease

Senate Bill 824 (Lara, Chapter 616, Statutes of 2018) established a mandatory one-year moratorium on insurance companies cancelling or non-renewing residential insurance policies in ZIP codes within or adjacent to a fire perimeter after a declared state of emergency is issued by the Governor. SB 824 was implemented for the first time in late 2019, and then subsequently for state of emergency declarations in 2020. Moratoriums may have contributed to the decline in the overall non-renewals initiated by insurers, with Figure 4 showing steeper decreases in non-renewals in ZIP codes that were under moratoriums compared with those that were not under moratoriums. While non-renewals in ZIP codes that were not under moratoriums decreased slightly between 2019 and 2020 — from 137,826 to 134,361, or a 2.5% decrease — the number of non-renewals in the ZIP codes that were placed under moratoriums dropped further, from 97,771 to 78,366, a 20% decrease.

Figure 4.



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Appendix A: Number of New, Renewed, and Non-Renewed Homeowners' Policies in the State

Voluntary Market			FAIR Plan					Surplus Lines	
Year	New	Renewed	Non-renewed	Non-renewed	New	Renewed	Non-renewed	New	Renewed
			Insured-Initiated	Insurer-Initiated					
2020	1,053,508	7,642,354	788,599	212,727	77,650	163,816	28,099	7,750	8,276
2019	1,134,372	7,518,855	781,815	235,597	75,247	117,170	26,804	11,912	9,620
2018	979,638	7,546,700	749,179	165,008	23,049	117,398	22,154	8,247	11,547
2017	978,576	7,510,275	751,807	166,285	22,017	118,295	21,740	6,660	11,034
2016	956,610	7,476,478	738,436	178,315	22,643	118,549	21,979	7,431	9,213
2015	944,639	7,412,985	717,522	182,059	22,740	118,651	20,944	6,503	7,881

Noteworthy:

1. Decrease in non-renewals in 2020 from 2019 but still elevated compared to the number of non-renewals in 2015 through 2018 in the voluntary market.
2. FAIR Plan continues to write more new policies in 2020 and, with a 50,000 plus increase in new policies written in 2019, it resulted in most policies being renewed in 2020.
3. Surplus lines wrote less new policies in 2020 as well as renewing less in 2020 compared to 2019.

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Appendix B: Number of New, Renewed, and Non-Renewed Homeowners' Policies in ZIP Codes with an SRA' Presence

Voluntary Market			FAIR Plan			Surplus Lines			
Year	New	Renewed	Non-renewed	Non-renewed	New	Renewed	Non-renewed	New	Renewed
			Insured-Initiated	Insurer-Initiated					
2020	577,721	3,828,972	421,142	126,736	65,795	89,849	19,062	5,085	5,538
2019	606,795	3,750,008	406,536	151,075	63,461	43,296	15,727	8,390	6,802
2018	507,309	3,795,487	386,862	87,140	13,538	36,562	9,358	6,508	9,142
2017	498,423	3,777,648	383,409	85,349	11,830	33,681	8,354	5,138	8,594
2016	493,002	3,763,190	377,209	92,553	10,964	31,153	7,965	5,800	6,770
2015	477,749	3,738,748	364,599	93,405	10,750	28,265	7,003	4,886	5,635

State Responsibility Area (SRA): CalFire created a fire map depicting moderate to very high fire hazard severity zones in California that was adopted on November 7, 2007. We were able to conjoin the fire zones with ZIP codes to identify the ZIP codes affected. However, we have no means to determine to which extent.

Noteworthy:

1. Similar trends occur in SRA as noted in the statewide appendix (Appendix A).
2. Over 80% of the new FAIR Plan policies written in 2019 and 2020 are written in ZIP codes with an SRA presence. Prior to that the ratio was around 50%.
3. Most of the Surplus Lines policies are written in SRA ZIP codes but the percentage has been decreasing the last two years from 4 out of every 5 policies to now 4 out of every 6 policies.

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Appendix C: Number of New, Renewed, and Non-Renewed Homeowners' Policies in 10 Counties² with the Highest Exposure to Wildfire

Voluntary Market			FAIR Plan				Surplus Lines		
Year	New	Renewed	Non-renewed Insured- Initiated	Non-renewed Insurer- Initiated	New	Renewed	Non- renewed	New	Renewed
2020	37,904	162,652	22,521	13,314	21,585	25,214	4,831	753	986
2019	43,760	150,314	18,207	18,098	24,343	4,103	3,029	2,062	1,593
2018	21,404	165,307	15,291	5,940	2,437	1,878	687	1,978	2,719
2017	17,589	169,462	14,647	5,074	1,199	1,196	484	1,585	2,383
2016	18,178	171,393	14,612	5,081	727	878	380	1,968	1,215
2015	17,009	175,306	14,620	5,977	632	562	269	1,026	1,027

² The ten counties ranked by highest exposure first are as follows: Tuolumne, Trinity, Nevada, Mariposa, Plumes, Alpine, Calaveras, Sierra, Amador, and El Dorado

Noteworthy:

1. Approximately 30% of the new FAIR Plan policies written in 2019 and 2020 are in these 10 counties with the highest exposure to wildfire, whereas less than 5% of new policies written in the voluntary market are in these counties.
2. The number of insurer-initiated non-renewals in the voluntary market are still elevated from years prior to 2019 but lesser in 2020 than 2019.
3. A 63% decrease in new Surplus Lines policies written in these counties.

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Appendix D: Number of New, Renewed, and Non-Renewed Homeowners' Policies in Counties where 25% or more of the homes are in high wildfire risk areas

Voluntary Market			FAIR Plan			Surplus Lines			
Year	New	Renewed	Non-renewed Insured-Initiated	Non-renewed Insurer-Initiated	New	Renewed	Non-renewed	New	Renewed
2020	107,626	620,789	74,010	31,204	32,952	35,367	7,480	1,394	1,802
2019	113,940	603,699	69,259	35,790	33,531	7,084	4,925	3,249	2,677
2018	82,363	626,500	61,364	17,277	3,791	3,658	1,336	3,084	4,195
2017	74,863	629,233	58,753	17,195	2,154	2,534	941	2,398	3,750
2016	74,099	631,429	57,145	17,419	1,553	1,861	791	2,907	2,094
2015	71,886	633,940	56,157	18,310	1,314	1,234	587	1,624	1,794

³ Counties where 25% or more homes are in high fire risk. Ranked by highest exposure first: Tuolumne, Trinity, Nevada, Mariposa, Plumas, Alpine, Calaveras, Sierra, Amador, El Dorado, Mono, Lake, Mendocino, Siskiyou, Butte, Lassen, Shasta, Tehama, Santa Cruz, Humboldt, Napa, Del Norte, Modoc, and Placer

Noteworthy:

1. Similar trends are occurring in counties where 25% of the homes are located in high to very high wildfire risk areas but at a lesser degree to those in the top 10 counties.