

California Insurance Information

Recent Updates from the CA Department of Insurance Factsheet

Inflation is creating unprecedented financial stress to insurance markets. **Increased costs** of rebuilding, supplies, materials, auto parts along with labor shortages, among other costs, are affecting insurance markets.

Reinsurance is harder to find and is costlier as catastrophes grow around the world. As risk grows, insurance markets are contracting to protect solvency, meet financial obligations and regulatory mandates.

NATURAL DISASTERS & GLOBAL INFLATION HAVE INCREASED INSURED LOSSES AND COSTS WORLDWIDE LIKE NEVER BEFORE

**TOP 12
COMPANIES =
85% OF CA
HOMEOWNERS
MARKET**

The property insurance market in the country is changing quickly, **especially in large states like California.**

Insurance companies will not write in high-risk areas, unless they can cover 100% of consumer claims, their expenses, and earn a fair return. Rate filings are also more complex now and can take longer than 6 months to review.

The FAIR Plan has increased to **3%** of the CA market – becoming the insurer of first resort, not last resort, for many.

RECENT ACTIONS FROM TOP INSURANCE COMPANIES

Insurance Group and Ranking (2022)	Market Share	Major Actions in Homeowner Policies 2023
1. State Farm	21.22%	Paused new policies and initiated non-renewal of 72,000 policies by 2025
2. Farmers (10 companies)	14.9%	Writing new policies with 7,000 monthly limit
3. CSAA (2 companies)	6.9%	Writing new policies with no change
4. Liberty Mutual (6 companies)	6.6%	Writing new policies with no change
5. Mercury	6%	Writing new policies with no change
6. Allstate (5 companies)	6%	Paused new policies. Rate increase application (pending)
7. USAA (4 companies)	5.7%	Restricted underwriting to low-risk only
8. Auto Club	5.1%	Writing new policies with no change
9. Travelers	4.2%	Limited new policies. Rate increase application (pending)
10. American Family (3 companies)	2.8%	Writing new policies with no change
11. Nationwide (2 companies)	2.5%	Limited new policies
12. Chubb (8 companies)	2.2%	Ceased writing high-value homes with higher wildfire risk, and non-renewed some high-value homes



**Information provided from the CA Department of Insurance*



Insurance Consumer Benefits

- **Insurance Availability in At-Risk Areas** — Requiring insurance companies to write no less than 85% of their statewide market share in distressed areas identified by Insurance Commissioner.
- **Returning FAIR Plan Policyholders to Market** — With first priority given to homes and businesses following "Safer from Wildfires" regulation.
- **Cat Models/Mitigation** — New models will recognize mitigation and hardening requirements to appropriately price rates and discount benefits; presently not available in current rate making process today.
- **Modern FAIR Plan** — Expanding commercial coverage limits to \$20 million *per structure* closes coverage gaps for HOAs, affordable housing, and infill developments.



**THE LARGEST
INSURANCE
REFORM SINCE
VOTERS PASSED
PROP. 103 IN 1988**



POTENTIAL DISCOUNTS ON THE FAIR PLAN

**EL DORADO & PLACER
COUNTIES FIRE RISK
REDUCTION LIST
(SCAN CODE)**



California insurance companies must take **Firewise USA** recognition into account and provide discounts. Present the certificate to insurers when applying. For the CA Fair Plan, this will lower rates by 10%. The certificate does not have to include the homeowner's name or address.

If the insurer refuses to provide discounts, please contact the **CA Department of Insurance at 1-800-927-4357** to file a complaint.

In July 2024, El Dorado & Placer Counties were placed on the California Board of Forestry and Fire Protection's Fire Risk Reduction List. This recognition highlights local agencies throughout the state that meet the best practices for local fire planning and may reduce rates. For the CA Fair Plan, this will provide a **5%** reduction.

Home hardening and defensible space improvements can also reduce a homeowner's insurance by **14.5%** on the CA Fair Plan. These improvements can be expressed on the application form and should also be noted for other insurance providers, but discounts will vary by insurer.



This project was funded due to the Southern Nevada Public Land Management Act, which authorized the sale of BLM administered federal lands within a designated boundary in the Las Vegas Valley and required proceeds to be used on projects to fund federal, state and local projects that benefit communities and public lands.