

California Department of Insurance



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The Insurance Market

- Inflation is creating unprecedented financial stress to insurance markets.
- Increased costs of rebuilding, supplies, materials, labor shortages, among other costs, are affecting insurance markets.
- 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.



California Context

**Top 12 Companies =
85% of State's Homeowners Market**

The property insurance market in the country (specifically in large states like California) is changing quickly.

Since 2022 alone — 7 of top 12 insurance companies have paused or restricted new business despite rate increases approved or pending with Department of Insurance.



How did we get here?

- FAIR Plan has increased to 3% of CA market – becoming the insurer of first resort, not last resort, for many.
- Insurance companies will not write in high-risk areas unless they can cover 100% of consumer claims, their expenses, and earn a fair return.



Safer From Wildfires

Protect your home or business

+

Protect the immediate surroundings

+

Protect the whole community



CA FAIR Plan & Wildfire Risk Score

- In August 2023, the CA FAIR Plan began offering insurance discounts
- The CA FAIR Plan is offering 20 million dollar coverage per location for commercial policies, including HOAs
- Wildfire Risk Score - regulation allows consumers to request and appeal their property risk score



California Sustainable Insurance Strategy

- **Insurance Availability in At-Risk Areas** — Requiring insurance companies to write no less than 85% of homes and businesses in distressed areas.
- **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.
- **California-only reinsurance costs** — Protecting consumers from paying for other global catastrophes.
- **Modernizing FAIR Plan** — Expanding commercial coverage limits to \$20 million *per structure* closes coverage gaps for many.



Concentration of FAIR Plan policies and wildfire risk



Areas of higher concentration of FAIR Plan policies and wildfire risk



Areas of lower concentration of FAIR Plan policies and wildfire risk



Getting Help

- **Visit website at**
www.insurance.ca.gov
- **File a Complaint/Request for Assistance**
- **Consumer Hotline: 1-800-927-4357**
or Consumer Live Chat via website

