

## FACT SHEET: Summary on Residential Insurance Policies and the FAIR Plan

Published January 13, 2025

### Overview

The California Department of Insurance (Department) annually collects data on the counts of new, renewed, non-renewed, and canceled policies reported during the prior two calendar years by insurance companies writing \$5 million or more in written premiums in homeowners and dwelling-fire insurance lines. This data represents approximately 98% of the California homeowners' insurance market.<sup>1</sup> To better understand insurance availability in the residential marketplace, the Department also collects policy counts from the California FAIR Plan, which provides basic fire insurance coverage for properties unable to secure coverage from a traditional insurance carrier.

This Fact Sheet includes new 2023 data, presented with residential fire policy counts from 2015 through 2023. The first section documents overall trends in the number of new and renewed FAIR Plan policies compared to the overall statewide numbers. The second section documents the proportion of FAIR Plan policies in select counties that have higher concentrations of homes at high wildfire risk. The third section compares the number of wrap-around "Difference-in-Conditions" policies to the number of FAIR Plan policies. The fourth section reviews trends in non-renewals. The non-renewals presented are the total non-renewals for each year.

Past research shows that 75-80% of non-renewals are initiated by policyholders, for instance when they buy or sell a home or change insurance company. The remaining 20-25% of the total non-renewals are initiated by insurance companies for a variety of reasons. These include wildfire and other risks that no longer meet companies' underwriting guidelines, fraudulent or missing information in applications, a claim history or liability loss, or companies exiting the market.

Finally, the appendices at the end of this Fact Sheet provide the raw policy counts for the state and selected groups of counties based on fire risk. Fact Sheets from previous years can be found at the Department's [website](#), along with additional wildfire-related datasets and resources to understand property insurance availability related to wildfire risks in California.

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<sup>1</sup> Policy counts include residential policies of 4 units or less: homeowners' policies (HO-2, HO-3, HO-5, and HO-8, or equivalent); dwelling-fire policies (excluding dwelling fire contents only coverage); landlord/business-owner policies; and mobile/manufactured home policies. It excludes data from renters (HO-4) and condominium (HO-6) policies.

## Results and Observations

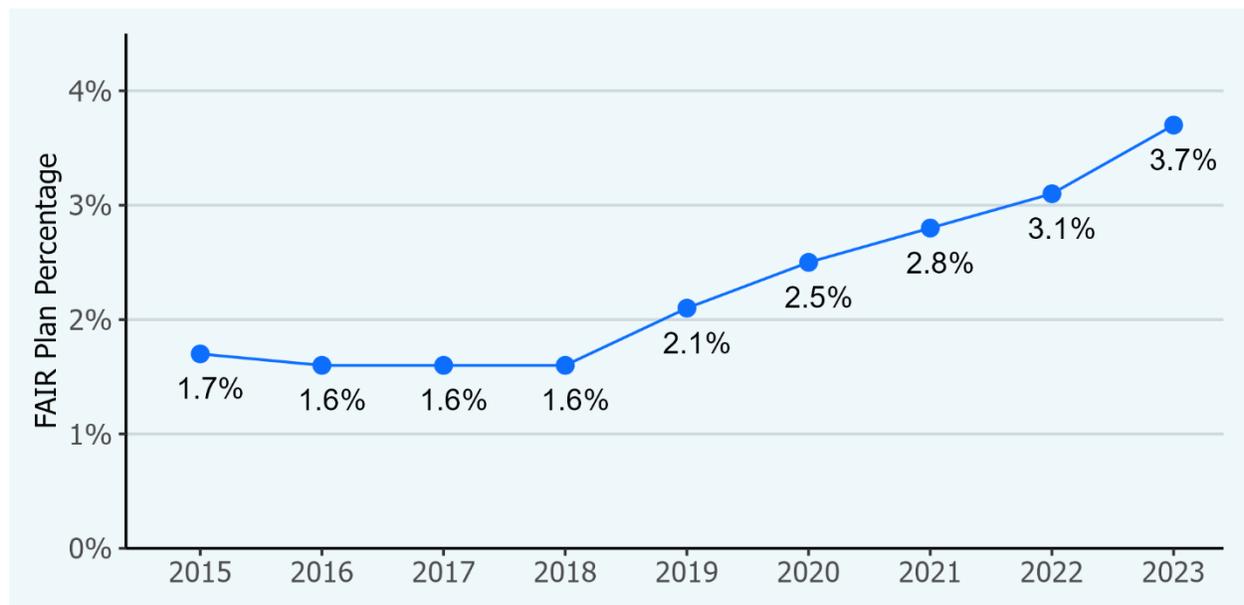
**1. Policy count data for 2023 shows a multi-year trend of FAIR Plan growth from 1.6% of the residential market to 3.7% of the residential market.**

The number of new and renewed FAIR Plan policies continued to increase in 2023, as shown in Table 1 below. The FAIR Plan reported 49,823 more new and renewed policies in 2023 compared to 2022, representing an 18% increase over that time frame. This increased the proportion of FAIR Plan policies to the total number of statewide policies in the residential market from 3.1% in 2022 to 3.7% in 2023 (see Figure 1).

*Table 1. Annual Counts of New and Renewed Policies*

|                         | 2015      | 2016      | 2017      | 2018      | 2019      |
|-------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>FAIR Plan</b>        | 141,391   | 141,192   | 140,312   | 140,447   | 189,790   |
| <b>Voluntary Market</b> | 8,357,624 | 8,443,088 | 8,488,851 | 8,526,338 | 8,642,265 |
| <b>Surplus Lines</b>    | 14,384    | 16,644    | 17,694    | 19,794    | 21,532    |
|                         | 2020      | 2021      | 2022      | 2023      |           |
| <b>FAIR Plan</b>        | 222,091   | 246,807   | 275,131   | 324,954   |           |
| <b>Voluntary Market</b> | 8,580,231 | 8,605,653 | 8,512,683 | 8,300,730 |           |
| <b>Surplus Lines</b>    | 27,778    | 28,417    | 24,659    | 41,514    |           |

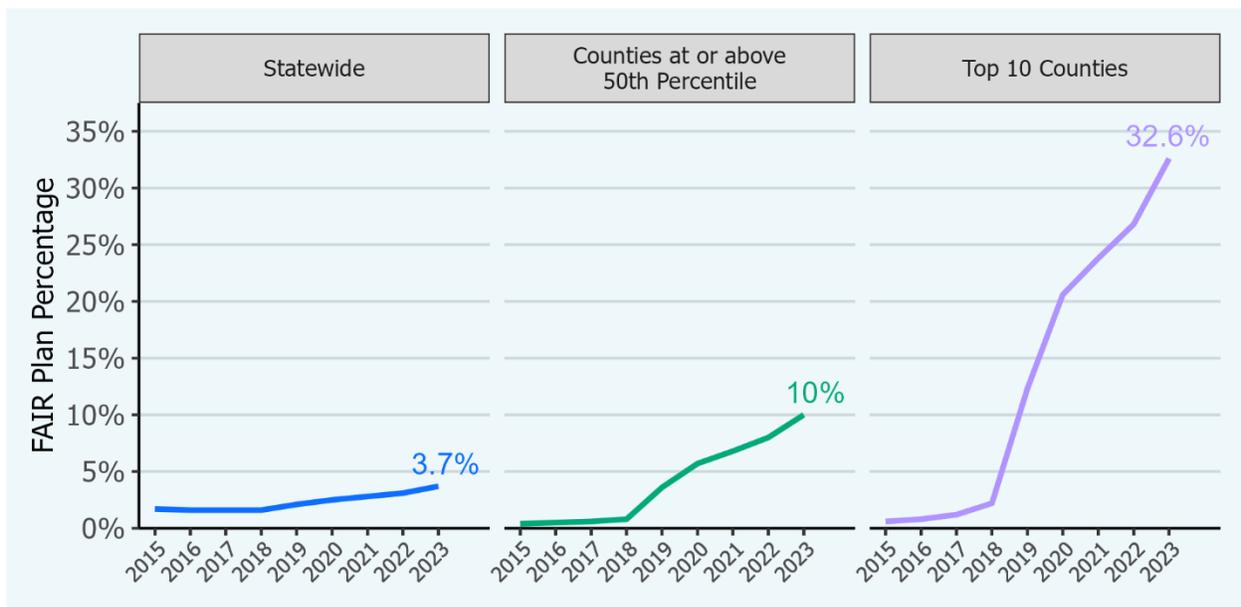
*Figure 1. New and Renewed FAIR Plan Policies as a Percentage of New and Renewed Residential Policies in the Overall Market*



**2. FAIR Plan policies have increased the most in counties with higher concentrations of homes at high wildfire risk<sup>2</sup>.**

The increase in new and renewed FAIR Plan policies is mostly occurring in counties that have more structures at high wildfire risk. Figure 2 compares the percentage of FAIR Plan policies in the top ten counties with homes at high wildfire risk, the top 50<sup>th</sup> percentile of counties (29 counties) with homes at high wildfire risk, and all 58 counties statewide<sup>3</sup>. After the large wildfires of 2018 and 2019, the proportion of FAIR Plan policies in counties with more homes exposed to wildfire quickly outpaced the statewide growth in FAIR plan.

*Figure 2: Percentage of FAIR Plan policies in Counties with Homes at High Wildfire Risk*



<sup>2</sup> Prior fact sheets identified counties with 20% or 25% or more homes at high fire risk. In order to align this report with section 2644.4.8(a)(1)(B) of the recently adopted [catastrophe modeling regulation](#), we are now using the same definition of a distressed county: “A county shall be a distressed county if the percentage of structures situated in that county that are at high or very high wildfire risk is no lower than the 50<sup>th</sup> percentile of counties in the state, as determined by the Commissioner.”

<sup>3</sup> The top ten counties with homes at high fire risk, ranked by highest exposure first, are as follows: Tuolumne, Trinity, Nevada, Mariposa, Plumas, Alpine, Calaveras, Sierra, Amador, and El Dorado.

Counties at or above the 50<sup>th</sup> percentile of structures at high fire risk (alphabetically): Alpine, Amador, Butte, Calaveras, Del Norte, El Dorado, Humboldt, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Modoc, Mono, Monterey, Napa, Nevada, Placer, Plumas, San Luis Obispo, Santa Cruz, Shasta, Sierra, Siskiyou, Tehama, Trinity, Tuolumne, Ventura.

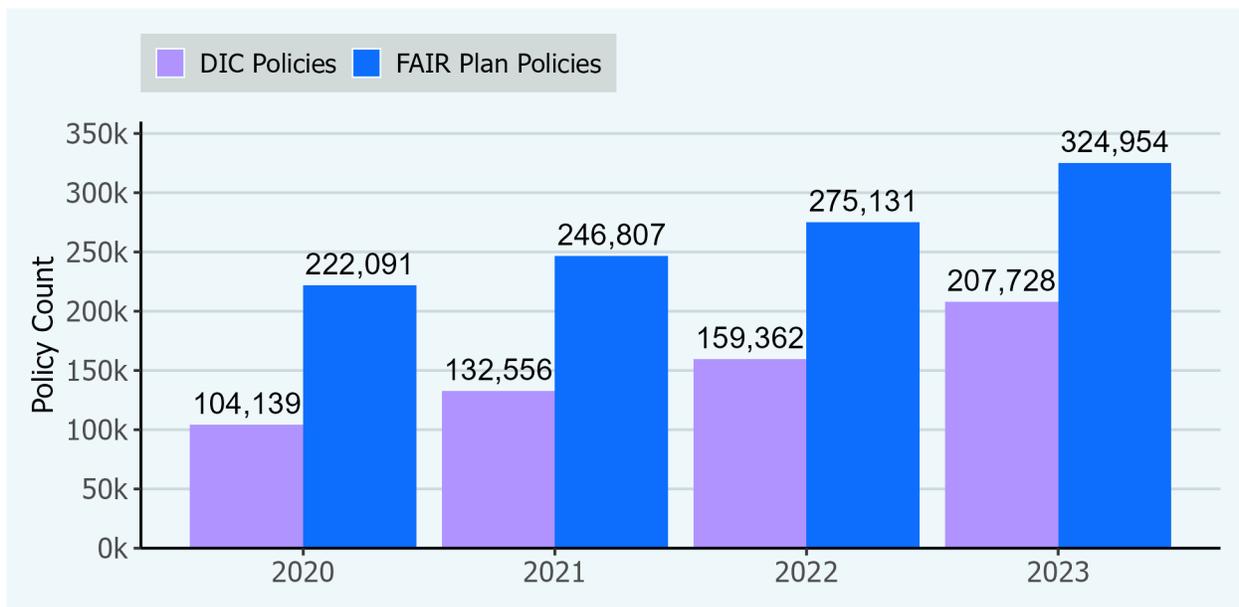
See “Percentage of Dwelling Units by County in High to Very High Wildfire Risk,” <https://www.insurance.ca.gov/01-consumers/200-wrr/upload/Availability-and-Affordability-Report-Appendix-C.pdf>

**3. For every two new or renewed FAIR Plan policies, there is one new or renewed “Difference-in-Conditions” policy. This proportion has remained consistent, even as the FAIR Plan has grown.**

DIC policies (often called “wrap-around” policies) provide supplementary protection for perils currently not covered under the FAIR Plan<sup>4</sup>. Examples of such perils are water damage, theft, and liability coverage. From 2020-2023, the number of new and renewed DIC policies has been approximately 115,000 less than the number of FAIR Plan policies. This suggests that many homeowners with FAIR Plan policies do not have an accompanying DIC policy, which is notable because to cover the same perils that would be covered by a traditional homeowners’ policy, each FAIR Plan policy would have to be paired with a DIC policy.

Figure 3 shows the number of new and renewed FAIR Plan policies next to the number of Difference-in-Conditions (DIC)<sup>5</sup> policies for 2020 to 2023. The ratio of DIC policies to FAIR Plan policies has remained consistent since 2020, indicating that as FAIR Plan policies have increased, the number of DIC policies has grown proportionally.

*Figure 3. New and Renewed Difference in Conditions (DIC) Policies and FAIR Plan Policies*



<sup>4</sup> Although most commonly used to supplement a FAIR Plan policy, a DIC policy may also supplement other types of residential fire policies offered in the admitted and surplus lines markets. As such, it is possible that the proportion of DIC policies to FAIR plan policies could exceed 100%.

<sup>5</sup> DIC policies were included by companies in prior reporting years, though some companies did proactively exclude DIC policies in their filings. Counts of DIC policies only includes the Admitted market. It is possible that additional DIC policies could be part of the Surplus Lines market.

**4. Non-renewals and cancellations fluctuate since 2018.**

Figure 4 shows the number of non-renewed and cancelled policies as a percentage of new and renewed policies in select counties with higher concentration of homes at high fire risk, and statewide. From 2015 to 2023, the proportion of non-renewals to new and renewed policies tends to fluctuate around 10%. The proportion of non-renewed and canceled policies to the number of new and renewed policies increased noticeably in 2019, particularly in the counties with more homes at high fire risk. However, the proportion of non-renewals began to drop in the subsequent years before climbing again in 2023 as some larger insurers began to reduce their presence in California<sup>6</sup>.

*Figure 4. Comparison of Non-Renewed and Canceled Policies to New and Renewed Policies in Selected Counties. Percentages were calculated as (Non-Renewed + Canceled Policy Counts) / (New + Renewed Policy Counts).*



<sup>6</sup> See, e.g., <https://calmatters.org/economy/2024/03/california-home-insurance-market/>

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*Appendix A: Statewide Policy Counts*

| Year | Voluntary Market |           |                          | FAIR Plan |         |                          | Surplus Lines |         |
|------|------------------|-----------|--------------------------|-----------|---------|--------------------------|---------------|---------|
|      | New              | Renewed   | Non-Renewed/<br>Canceled | New       | Renewed | Non-Renewed/<br>Canceled | New           | Renewed |
| 2023 | 724,037          | 7,576,693 | 788,485                  | 92,447    | 232,507 | 27,198                   | 25,480        | 16,034  |
| 2022 | 933,752          | 7,578,931 | 899,690                  | 66,120    | 209,011 | 34,031                   | 12,257        | 12,402  |
| 2021 | 1,091,089        | 7,514,564 | 1,037,767                | 64,866    | 181,941 | 36,132                   | 14,647        | 13,770  |
| 2020 | 1,007,422        | 7,572,809 | 898,064                  | 73,190    | 148,901 | 28,262                   | 13,659        | 14,119  |
| 2019 | 1,102,130        | 7,540,135 | 1,022,638                | 73,557    | 116,233 | 25,543                   | 11,912        | 9,620   |
| 2018 | 979,638          | 7,546,700 | 914,187                  | 23,049    | 117,398 | 22,154                   | 8,247         | 11,547  |
| 2017 | 978,576          | 7,510,275 | 918,092                  | 22,017    | 118,295 | 21,740                   | 6,660         | 11,034  |
| 2016 | 966,610          | 7,476,478 | 916,751                  | 22,643    | 118,549 | 21,979                   | 7,431         | 9,213   |
| 2015 | 944,639          | 7,412,985 | 899,581                  | 22,740    | 118,651 | 20,944                   | 6,503         | 7,881   |

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*Appendix B: ZIP Codes with a State Responsibility Area (SRA)<sup>7</sup> Presence*

| Year | Voluntary Market |           |                          | FAIR Plan |         |                          | Surplus Lines |         |
|------|------------------|-----------|--------------------------|-----------|---------|--------------------------|---------------|---------|
|      | New              | Renewed   | Non-Renewed/<br>Canceled | New       | Renewed | Non-Renewed/<br>Canceled | New           | Renewed |
| 2023 | 351,641          | 3,742,663 | 415,224                  | 79,095    | 167,019 | 22,019                   | 15,324        | 11,308  |
| 2022 | 476,398          | 3,755,281 | 470,540                  | 56,746    | 142,350 | 25,233                   | 7,494         | 8,193   |
| 2021 | 558,524          | 3,734,307 | 541,918                  | 55,052    | 114,901 | 25,723                   | 9,261         | 9,021   |
| 2020 | 528,320          | 3,769,769 | 480,713                  | 61,897    | 80,923  | 19,268                   | 8,643         | 9,083   |
| 2019 | 606,638          | 3,759,090 | 560,182                  | 62,072    | 42,819  | 13,769                   | 8,390         | 6,802   |
| 2018 | 507,309          | 3,795,487 | 474,002                  | 13,538    | 36,562  | 9,358                    | 6,508         | 9,142   |
| 2017 | 498,423          | 3,777,648 | 468,758                  | 11,830    | 33,681  | 8,354                    | 5,138         | 8,594   |
| 2016 | 493,002          | 3,763,190 | 469,762                  | 10,964    | 31,153  | 7,965                    | 5,800         | 6,770   |
| 2015 | 477,749          | 3,738,748 | 458,004                  | 10,750    | 28,265  | 7,003                    | 4,886         | 5,635   |

<sup>7</sup> State Responsibility Area (SRA): In response to California Public Resources Code Section 4201-4204, the California State Fire Marshal 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, this fact sheet does not attempt to describe the degree of overlap between individual ZIP Codes and zones.

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*Appendix C: Top 10 Counties with the Highest Percentage of Structures at High Fire Risk<sup>8</sup>*

| Year | Voluntary Market |         |                          | FAIR Plan |         |                          | Surplus Lines |         |
|------|------------------|---------|--------------------------|-----------|---------|--------------------------|---------------|---------|
|      | New              | Renewed | Non-Renewed/<br>Canceled | New       | Renewed | Non-Renewed/<br>Canceled | New           | Renewed |
| 2023 | 7,791            | 124,537 | 21,599                   | 17,038    | 48,351  | 5,252                    | 1,029         | 1,694   |
| 2022 | 12,038           | 137,805 | 17,440                   | 12,246    | 43,369  | 5,978                    | 538           | 1,175   |
| 2021 | 16,888           | 140,843 | 23,739                   | 13,829    | 36,184  | 6,488                    | 948           | 1,450   |
| 2020 | 20,317           | 143,167 | 24,949                   | 20,122    | 23,114  | 4,868                    | 1,147         | 1,564   |
| 2019 | 43,785           | 150,732 | 35,963                   | 23,743    | 4,075   | 2,007                    | 2,062         | 1,593   |
| 2018 | 21,404           | 165,307 | 21,231                   | 2,437     | 1,878   | 687                      | 1,978         | 2,719   |
| 2017 | 17,589           | 169,462 | 19,721                   | 1,199     | 1,196   | 484                      | 1,585         | 2,383   |
| 2016 | 18,178           | 171,393 | 19,693                   | 727       | 878     | 380                      | 1,968         | 1,215   |
| 2015 | 17,009           | 175,306 | 20,597                   | 632       | 562     | 269                      | 1,026         | 1,027   |

<sup>8</sup> The ten counties, ranked by highest exposure first, are as follows: Tuolumne, Trinity, Nevada, Mariposa, Plumas, Alpine, Calaveras, Sierra, Amador, and El Dorado.

See "Percentage of Dwelling Units by County in High to Very High Wildfire Risk," <https://www.insurance.ca.gov/01-consumers/200-wrr/upload/Availability-and-Affordability-Report-Appendix-C.pdf>.

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*Appendix D: Counties at or above the 50th percentile of structures at high fire risk<sup>9</sup>*

| Year | Voluntary Market |           |                          | FAIR Plan |         |                          | Surplus Lines |         |
|------|------------------|-----------|--------------------------|-----------|---------|--------------------------|---------------|---------|
|      | New              | Renewed   | Non-Renewed/<br>Canceled | New       | Renewed | Non-Renewed/<br>Canceled | New           | Renewed |
| 2023 | 78,509           | 988,119   | 110,845                  | 37,431    | 82,844  | 10,229                   | 5,252         | 5,917   |
| 2022 | 110,493          | 1,008,790 | 115,580                  | 26,142    | 71,501  | 11,404                   | 2,635         | 3,272   |
| 2021 | 130,254          | 1,009,845 | 133,239                  | 26,807    | 57,191  | 11,674                   | 3,140         | 3,920   |
| 2020 | 131,395          | 1,016,709 | 128,169                  | 34,124    | 35,718  | 8,373                    | 3,294         | 4,216   |
| 2019 | 162,456          | 1,005,773 | 150,122                  | 34,609    | 8,999   | 4,206                    | 4,079         | 3,194   |
| 2018 | 127,168          | 1,026,397 | 120,418                  | 4,377     | 5,420   | 1,827                    | 3,521         | 4,688   |
| 2017 | 119,686          | 1,027,658 | 117,804                  | 2,710     | 4,178   | 1,364                    | 2,710         | 4,235   |
| 2016 | 119,406          | 1,027,669 | 117,596                  | 2,080     | 3,379   | 1,188                    | 3,231         | 2,532   |
| 2015 | 116,386          | 1,027,876 | 116,618                  | 1,794     | 2,603   | 891                      | 1,962         | 2,160   |

<sup>9</sup> Counties at or above the 50<sup>th</sup> percentile of structures at high fire risk (alphabetically): Alpine, Amador, Butte, Calaveras, Del Norte, El Dorado, Humboldt, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Modoc, Mono, Monterey, Napa, Nevada, Placer, Plumas, San Luis Obispo, Santa Cruz, Shasta, Sierra, Siskiyou, Tehama, Trinity, Tuolumne, Ventura.

See "Percentage of Dwelling Units by County in High to Very High Wildfire Risk," <https://www.insurance.ca.gov/01-consumers/200-wrr/upload/Availability-and-Affordability-Report-Appendix-C.pdf>.