FAIR Plan growth slows below 2% as California's insurance market continues to show signs of recovery

August 3, 2026 - New data just released by the California FAIR Plan shows its policy growth slowing to 1.9% in the second quarter of 2026 – the third consecutive quarter of slowing growth and the lowest quarterly increase since 2022.

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The FAIR Plan's high-value commercial property coverage option – providing up to $20 million per building and up to $100 million per location – continues to provide temporary coverage for larger housing developments, HOAs, and businesses while the regular market recovers.

What It Means

California's insurance market recovery continues to come into focus. FAIR Plan growth has now slowed for three consecutive quarters – even following the January 2025 Los Angeles wildfires – signaling that the FAIR Plan may be approaching a plateau.

At the same time, more than 10 homeowners insurance groups and major commercial insurers have committed to stay and grow under Insurance Commissioner Ricardo Lara's Sustainable Insurance Strategy, including a new entrant to California's market. More insurers are expected to file SIS applications with their commitments to grow in the weeks and months ahead.

These commitments are creating additional coverage opportunities for consumers and businesses, including in wildfire-distressed areas.

Commissioner's POV

"We are turning the corner. FAIR Plan growth has slowed for three consecutive quarters, thousands of policies are leaving the Plan, and insurance companies are writing more coverage under our new rules.

"I remain confident that the FAIR Plan's growth will continue to slow and consumer choices will continue to grow, as we keep pushing until every Californian has access to coverage on their own terms."

Background

Commissioner Lara completed the Sustainable Insurance Strategy in December 2024 to modernize California's insurance market and secure commitments from participating property insurance companies to recommit to California and write more policies in its wildfire-distressed areas.

Today's FAIR Plan figures are a continued indicator that the state's insurance market is stabilizing. Expanded options for coverage and movement of policyholders off the FAIR Plan are key measures of progress.

On July 23rd Insurance Commissioner Ricardo Lara reported a new surge of insurance filings expanding options for Californians in wildfire distressed areas. Companies planning to grow their footprint include two of the state's largest homeowners writers and a brand new entrant to the marketplace. These latest announcements show the continuing positive impact of the Sustainable Insurance Strategy, with 11 homeowners insurance groups and 2 major commercial insurers of businesses, non-profit, and homeowners associations committing to grow in the state.

More homeowners companies plan to expand

- Liberty Mutual requested the Department's approval to expand coverage in wildfire distressed areas with no additional rate increase for policyholders. California's 8th-largest homeowners insurance group by market share, Liberty Mutual never stopped writing in California. Once approved by the Department, Liberty Mutual will grow consumers' coverage options in areas of wildfire risk through independent agents and brokers.
- USAA will expand access to homeowners insurance for more military members and their families across California effective January 2027. The Department had previously approved the state's 6th-largest homeowners insurance group for a 6.9% overall rate increase, on par with thousands of other rate approvals approved over the past 30 years.
- MS Transverse Insurance Group, a new entrant to the California homeowners market, received the Department's go-ahead effective July 15. The company, which previously had a small presence in California specialty markets, is part of one of the world's top 10 property-casualty insurance groups.
- PURE plans to expand its homeowners business in California and work to identify high-value homes including those currently insured through the non-admitted market and the California FAIR Plan.

Companies committing to stay and grow in California include Top 10 insurers Farmers, Mercury, Auto Club of Southern California, CSAA, USAA, Liberty Mutual, and Travelers, specialty insurance companies Pacific Specialty, California Casualty and Horace Mann, and new entrant MS Transverse – 11 insurance groups in total, with more expected in coming months.

"We are restoring options for Californians and bringing companies back. One major solution to our insurance crisis is greater accountability and transparency in the rate filing process. We have taken a multi-prong approach that holds all parties in rate-making accountable: insurers, intervenors, and the Department. Consumers are the winners when we put transparency and accountability first." – Insurance Commissioner Ricardo Lara

What's Next

FAIR Plan policyholders should shop the market regularly rather than assume the FAIR Plan remains their only option. Consumers should contact multiple agents and brokers, compare coverage and prices, and ask specifically about companies writing new policies in their area.

The Department of Insurance will continue tracking the FAIR Plan's policy count trends, insurance company commitments, and new policy writings as the Sustainable Insurance Strategy moves from implementation to real results for consumers.

Join Commissioner Lara for a Statewide Insurance Market Update

To help you stay informed and better support your clients, we invite you to join an important statewide webinar featuring:

- Insurance Commissioner Ricardo Lara
- Carolyn Kousky, Insurance for Good
- Amy Bach, United Policyholders

This session will cover key developments including:

- Emerging FAIR Plan trends and what a potential slowdown means for consumers
- Early indicators of market stabilization and insurer participation under SIS
- What's working—and what's ahead—in expanding coverage options
- Key reforms aimed at strengthening a healthier, more resilient insurance marketplace

Event Details

- Wednesday, August 19
- 5:00 PM
- tinyurl.com/4wah3axr

If you are unable to attend, please note that the webinar **will be recorded** and a copy will be sent to everyone who registers after the event concludes.

We hope to see you there and appreciate your ongoing partnership in supporting Californians.