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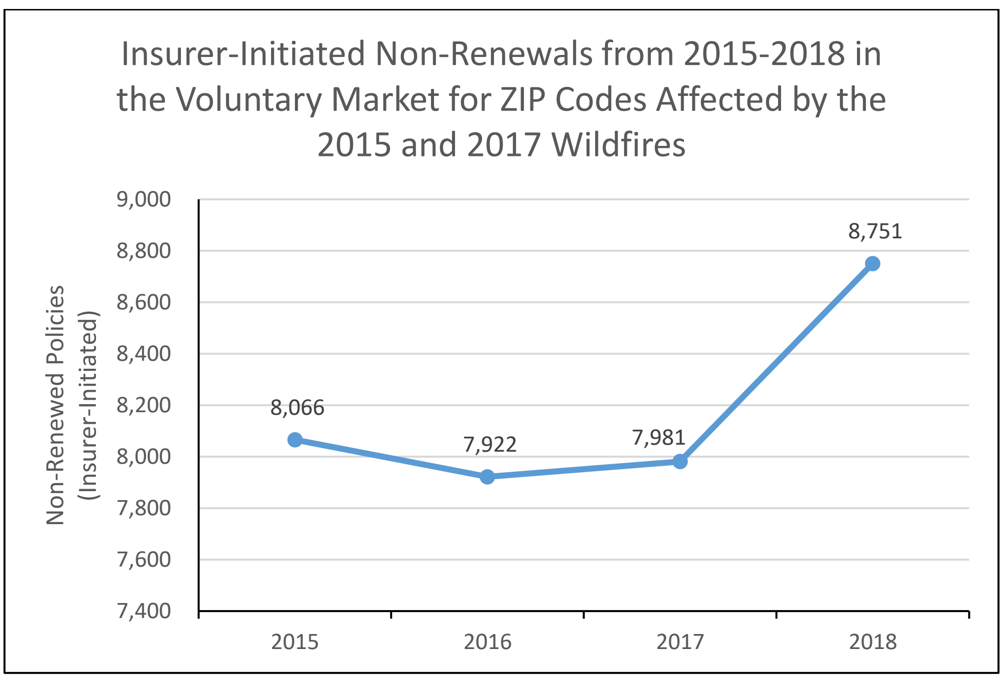
# FACT SHEET: Impact of Wildfires on Insurance Non-Renewals and Availability

The Department of Insurance is seeing an increasing trend across California of the rising toll from extreme wildfires to lives and property leading to serious insurance availability issues for homeowners and local communities, especially those located in the wildland urban interface. New data collected from insurers and compiled by the Department of Insurance shows that homeowners insurance in the voluntary insurance market is becoming harder to find for many Californians. This data represents 98.3% of the homeowners' market in California from insurers that wrote $5 million or more in premium in 2018.

Since 2015, the California Department of Insurance has conducted data calls about insurance non-renewals in order to understand the impact of extreme wildfires on the homeowners insurance market. Because the 2017 and 2018 wildfires occurred near the end of the year, the effects of these fires on the insurance market appear in the following year. Therefore, the patterns observed between 2017 and 2018 will be further impacted by the 2018 wildfires but will not be reflected until additional data is collected next year and beyond.

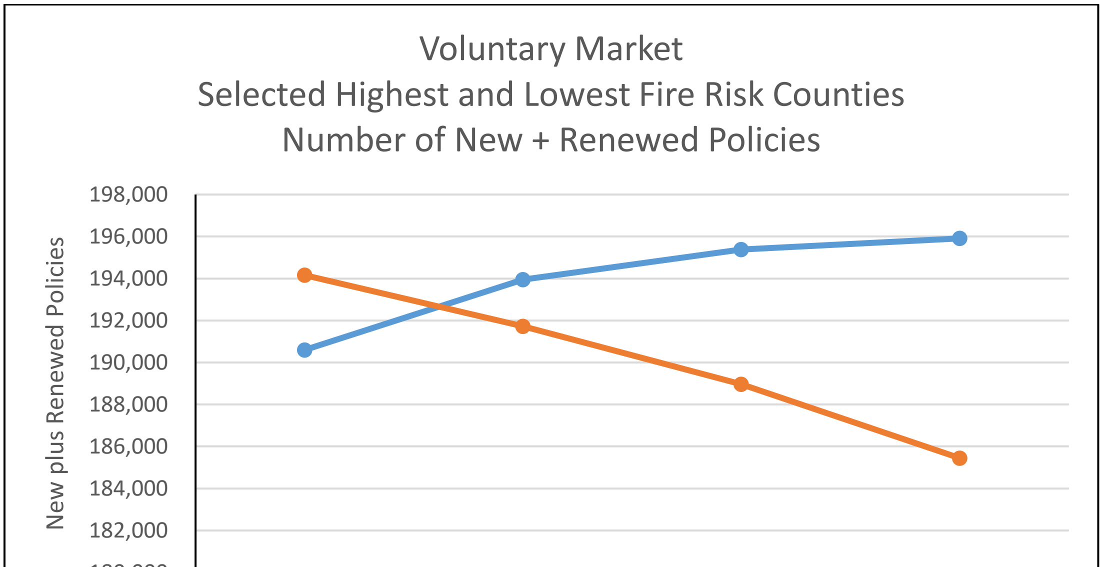
## Non-renewals increasing across the wildland urban interface (WUI)

Insurer-initiated homeowner policy non-renewals in State Responsibility Areas grew by 6% from 2017 to 2018 -- with zip codes affected by the devastating 2015 and 2017 fires seeing a 10% increase in non-renewals.



## Insurance availability fell in high-risk counties

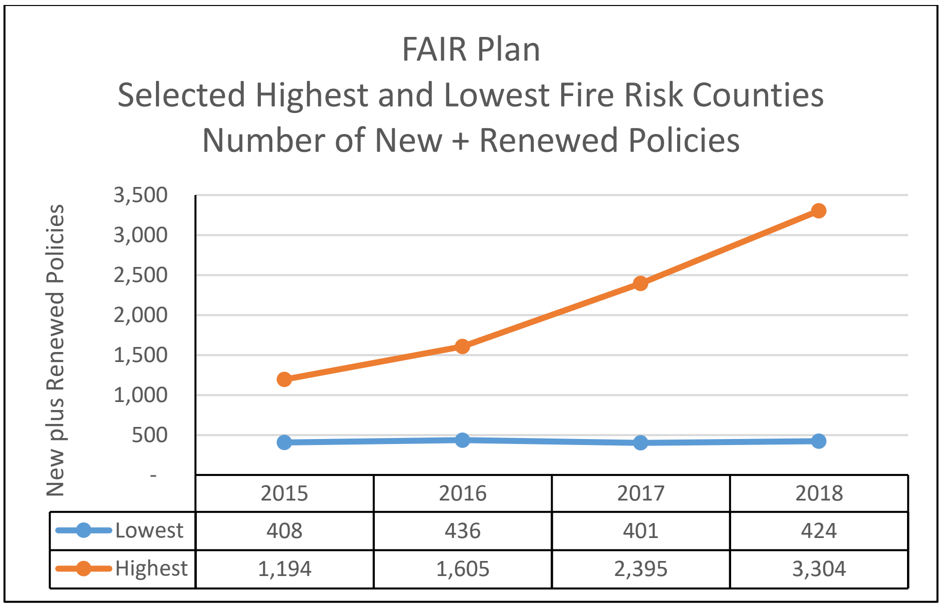
From 2015-2018, the number of new and renewed policies in the voluntary insurance market fell by 8,700 in the 10 counties with the most homes in high or very high-risk areas, namely the counties of Tuolumne, Trinity, Nevada, Mariposa, Plumas, Alpine, Calaveras, Sierra, Amador, and El Dorado, when compared to the five counties with the least homes at risk, namely the counties of Yolo, Merced, Sutter, Imperial, and Kings. While this analysis reflects those counties with the highest risk of catastrophic wildfires, the data also shows that non-renewals can happen in any high-risk area.




| | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|
| Lowest | 190,599 | 193,951 | 195,379 | 195,909 |
| Highest | 194,158 | 191,724 | 188,970 | 185,446 |

## FAIR Plan policies saw major growth in high-risk counties

If California residents cannot obtain insurance on the voluntary market, their only options are to find insurance coverage under the FAIR Plan or from surplus lines, often at much higher costs. When looking at the 10 counties with the most homes in high or very high-risk areas, there is a steady rise in new FAIR Plan policies growing 177% between 2015 and 2018. Nearly 57% of the new FAIR Plan policies written are now written in State Responsibility Areas up from 47% in 2015. Between 2015 and 2018, the number of surplus lines policies in the State Responsibility Area increased by 49% (from 10,521 to 15,636).




California FAIR Plan

Number of New Policies Written

| Calendar Year | Non-State Responsibility Area | State Responsibility Area (SRA) | SRA Percentage to Total |
|---|---|---|---|
| 2018 | 9,495 | 12,353 | 56.5% |
| 2017 | 10,187 | 11,830 | 53.7% |
| 2016 | 11,679 | 10,964 | 48.4% |
| 2015 | 11,990 | 10,750 | 47.3% |