



#INSURECA

CALIFORNIA CONSUMER ALERT

Insurance Commissioner Ricardo Lara

Department of Insurance expanding coverage for Californians who need it most

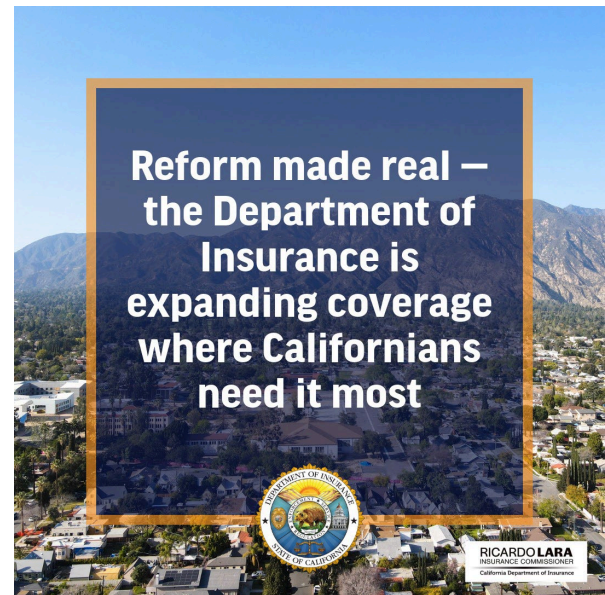
Insurance Commissioner Ricardo Lara is finalizing his landmark Sustainable Insurance Strategy, a comprehensive plan expanding coverage across California. Today the Department completed its review of the first forward-looking wildfire model. The Department is now set to start accepting rate applications from insurance companies outlining their plans to write more homeowners and commercial insurance policies across the state in the voluntary market, outside the FAIR Plan.

Expanding coverage despite major wildfire disasters: With the most destructive wildfires in California history happening in the past decade — even before the unprecedented Los Angeles wildfires in January 2025 — people are paying more and getting less in coverage options under outdated regulations. Insurance companies will now write higher risk homes and businesses, expanding options and contributing to wildfire safety efforts — helping to drive down costs.

Stable and sustainable insurance rates: On average, [Californians pay less](#) than other large states for insurance, according to data from the National Association of Insurance

Commissioners. However, devastating wildfires have increased costs for many living in high-risk areas. Wildfire catastrophes are one factor driving up the cost of insurance rates, along with liability, inflation, building material costs, and other causes. Under the previous system of historical data, insurance consumers are paying balloon premiums and rate spikes after major wildfires, without increased availability. Wildfire catastrophe models will contribute to more stable and sustainable insurance rates, without year to year fluctuations following major disasters — while reflecting the best available scientific data on mitigation efforts for the first time by homeowners, businesses, local communities, state and federal governments, and utility companies.

“Only in California” requirement to write more policies: Wildfire catastrophe models have existed for more than 20 years, and every other U.S. state allows insurance companies to set their rates using this modeling. But California is the only state where insurance companies will commit to writing more policies in higher risk areas.



“For the first time in California history, insurance companies will be required to write more policies in wildfire-distressed areas. This closes one of the biggest coverage gaps across the state,” said Commissioner Lara. “Under existing regulations, insurers have raised rates without guaranteeing coverage or committing to Californians, causing distress for homeowners. That ends now.”

Thorough review with public input: The Department's Model Advisor led an extensive and thorough six-month process to vet the integrity of the Verisk Wildfire Model for the United States that was open to public participation. The Department's regulation provides a focused, transparent, and efficient way for insurance companies to utilize a model in a rate filing. The Department posted a letter confirming the completion of its review of the Verisk Wildfire Model for the United States, and is currently reviewing models submitted by Karen Clark and Company and Moody's.

Staying on time and on track despite Los Angeles wildfires: Commissioner Lara opened the model review on January 2, 2025, which was days before the devastating Los Angeles wildfires. The Department has remained on time and on track while aggressively investigating consumer complaints from the Los Angeles wildfires, resulting in more than \$67 million returned to wildfire survivors to date since January.

Learn More: Read the Department's [press release](#).



Exciting News! 🌟 The California Department of Insurance (CDI) is proud to introduce the **Community Outreach and Education Partnership Initiative**. This dynamic program is designed to raise consumer awareness about CDI's vital services and expand understanding of key insurance topics and fraud prevention. Become a valued partner and unlock exclusive access to:

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