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CALIFORNIA CONSUMER ALERT

Insurance Commissioner Ricardo Lara

Mercury Insurance and CSAA Expand Homeowners Coverage Under Commissioner Lara's Sustainable Insurance Strategy

December 20, 2025 - The California Department of Insurance has approved its first rate filing received under the Sustainable Insurance Strategy from Mercury Insurance, paving the way for the state's 3rd largest company to grow its presence in California's homeowners insurance market. As part of this filing, Mercury has committed to increasing its policy count by more than 38,000 new policies in the long-term – starting with more than 6,000 new policies over the next two years – particularly in wildfire-distressed areas and through FAIR Plan depopulation.

CDI also approved a second rate filing received under the Sustainable Insurance Strategy from CSAA – the state's 5th largest homeowners insurer – with continued writing in the state and longer-term plans to support moving homeowners off of the FAIR Plan in a measured and sustainable way.



This is the latest sign that Insurance Commissioner Ricardo Lara's Sustainable Insurance Strategy is working, with multiple companies stepping up to write more policies and committing to long-term growth in California in order to provide relief for homeowners in need of more coverage options.

"This is the kind of predictable, steady growth we need – a sharp contrast to the insurance companies walking away from Californians. We want more companies writing more policies so homeowners have more choices. That's how we get people off the FAIR Plan and into the coverage they deserve."
Insurance Commissioner Ricardo Lara

Under Proposition 103, insurers must receive Department approval before raising rates. For decades, many companies sought rate increases while simultaneously reducing coverage, particularly in high wildfire-risk areas.

The difference today is accountability. Mercury's approved filing includes a mandatory growth commitment tied to the Department's new catastrophe modeling regulation. This regulation allows insurers to use forward-looking risk models when setting rates—but only if they expand coverage in distressed areas.

While rate increases themselves are not new and are consistent with thousands of approvals over the past 30 years under Proposition 103, Commissioner Lara's approach requires insurers to do more in return—grow their footprint, write more policies, and provide real options for consumers.

These approvals build on the Department's broader effort to modernize outdated insurance rules and restore availability statewide. Under Commissioner Lara's leadership, six companies—Mercury, CSAA, Farmers, USAA, Pacific Specialty, and California Casualty—have committed to growing in California rather than shrinking, with more insurers expected to follow.

As insurance companies return to the market under the Department's Sustainable Insurance Strategy, consumers can expect more insurance options to become available in the coming months.

The Department will continue to monitor companies' compliance with their commitments and use all legal tools available to protect homeowners and restore competition in California's market.