



Expanding coverage for those who need it most: My continued promise to Californians

Dear colleagues, community partners, and leaders:

As Insurance Commissioner, my continued promise is to protect Californians by modernizing a long-neglected insurance system, improving community resilience, closing coverage gaps, and providing strong, transparent oversight so that our insurance market works fairly and effectively in the face of climate change and economic uncertainty.

California homeowners, nonprofits, and businesses need insurance that meets their specific needs — and on their own terms.

But for the past 30 years, our market has lurched from crisis to crisis, with companies raising rates while dropping policies under outdated regulations that haven't withstood the test of time, or the growing threat of climate change.

Through the hard work of my Department of Insurance staff and more than a year of public hearings, we transitioned California's insurance market from crisis response to a sustainable and equitable future. We launched and began implementing my Sustainable Insurance Strategy, secured immediate commitments from several insurers — and growing — to stabilize coverage, and elevated California's voice nationally and internationally on issues of affordability and availability amid climate change and financial uncertainty.

Judge me by the results: Insurance companies are committing to staying and growing in our state for the first time in 30 years. Some of the largest companies who had limited policies after major wildfires are once again expanding. And I will make sure they meet their commitments.

We are doing this while responding to the Los Angeles wildfire disaster, the most destructive in our state's history.

Like many issues, recovery is multi-faceted and the responsibility of several interlocking and overlapping systems, some of which are decades old. We are focused on doing our part, with the benefit of lessons learned from Department actions in more than 120 catastrophic wildfires over the past 7 years. The data shows that the insurance payouts are coming faster than in previous fires because of new laws and my actions.

But to be successful, communities need a coordinated approach between federal, state, and local governments, philanthropy and builders, so people can be safer than before — while maximizing every insurance dollar. Last year I led the effort with six sponsored bills signed into law. We need Congress to pass federal legislation bringing home more recovery dollars and supporting state mitigation programs like the California Safe Homes Act, which will put money in people's hands so they can access insurance discounts and keep their coverage. And we need the Legislature to continue to act to fix problems exposed by the L.A. wildfires with strong standards on smoke remediation and improvements to disaster claims handling.

I will continue advocating for climate resilience and consumer protection at the national and international level, ensuring California's innovations both inform and are informed by global standards and multistate collaboration.

2026 will be a critical year. I will be proposing new consumer protections so claims are paid fairly and quickly. I will be pursuing standards for smoke remediation and damage based in health and science. I will seek more funds to support the rebuilding in Los Angeles while preventing the destruction of more communities from wildfire, flood, and sea level rise.

And once again I will be looking to the Governor, Legislature, community partners, insurers, and regulators from across the nation and around the globe to join me in partnership keeping coverage accessible and credible as climate and financial uncertainties evolve.

A handwritten signature in blue ink, reading "Ricardo Lara", is positioned above the name and title of the Commissioner.

RICARDO LARA
California Insurance Commissioner



2025: Insurance recovery driven by consumers' needs

The Department of Insurance implemented a comprehensive strategy to reform 30 years of insurance regulations while expediting insurance payments for the worst urban wildfire disaster in California's history. This strategy is driven by meetings with tens of thousands of Californians in all parts of the state and engagement with farmers, builders, affordable housing groups, and other important sectors of the economy.

\$20.4 billion

paid out to Los Angeles wildfire survivors in
38,916 claims

93%

of claims filed from the L.A. wildfires have
either been fully or partially paid

\$158 million

in additional claims paid to L.A. wildfire
survivors because of the Department's
investigations

11,000+

L.A. wildfire survivors directly assisted by the
Department of Insurance at recovery workshops,
local assistance centers and through the consumer
help hotline

Major investigations

launched into the FAIR Plan and State Farm's handling of claims

6 homeowners insurance companies

have committed to stay and grow in California under the Sustainable Insurance Strategy. These include Farmers (#2 in California market share), Mercury (#3), CSAA (#5), USAA (#7), Pacific Specialty (#14) and California Casualty (#22) — covering one-third of the market.

6.9%

The average rate increase request under the Sustainable Insurance Strategy, identical to thousands approved under past insurance commissioners but with a commitment to write more policies

1.47 million

homes in wildfire distressed areas where new
policies are targeted

625,000

FAIR Plan residential policies — the key
metric for gauging future improvement

300,000

The number of policies in wildfire distressed areas that Farmers Insurance, the state's second largest home insurer, will market to starting in 2026

6 new laws

Sponsored by Commissioner Lara enhancing
consumer protection and wildfire safety



Taking executive and legislative action to protect Californians

Commissioner Lara sponsored six bills signed into law that directly respond to the wildfire and insurance crisis — while safeguarding stability in the market through executive actions.

“While we are reducing red tape and expanding protections after wildfire disasters, we must also focus on preventing destruction in the first place.”

Insurance Commissioner Ricardo Lara

Assembly Bill 888 by Assembly Member Calderon: The California Safe Homes Act

Protects homes and access to insurance by establishing a grant program within the California Department of Insurance (CDI) to assist qualifying residents in obtaining new or replacement fire-safe roofs and implementing fire-safe mitigation measures within 5 feet of their homes — known as “Zone Zero.” This program will cover part or all the costs and will include communitywide safety initiatives.

Senate Bill 429 by Senator Cortese: The California Wildfire Public Model Act

Enhances community safety and education by allowing CDI to issue grants for establishing the nation’s first publicly available wildfire loss data source. The public model will facilitate assessments of wildfire risk, educate the public, and ensure greater transparency so communities can plan effectively. The bill builds on recommendations from the Cal Poly Humboldt-led Public Wildfire Model Strategy Group.

Assembly Bill 1 by Assembly Member Connolly: The Insurance and Wildfire Safety Act

Enhances insurance discounts by requiring CDI to regularly review its groundbreaking Safer from Wildfires regulations, ensuring they reflect advancements in science, safety, and mitigation. The law will ensure that regulations meet the needs of consumers and the industry, providing maximum benefits to homeowners and essential support to communities most vulnerable to wildfires.

Senate Bill 495 by Senator Allen: The Eliminate “The List” Act

Requires insurance companies to pay 60 percent of contents coverage limits, up to \$350,000, to wildfire survivors who experience a total loss without needing to submit a detailed inventory list. It also grants consumers at least 100 days to provide proof of loss to their insurance company following a declared state of emergency.

Senate Bill 547 by Senator Renée Pérez: The Business Insurance Protection Act

Builds upon the Wildfire Safety and Recovery Act of 2018 (SB 824, authored by then-Senator Lara) by prohibiting insurers from canceling or refusing to renew commercial property insurance for one year after a state of emergency is declared, if the property is within a wildfire perimeter or an adjacent ZIP Code.

Assembly Bill 226 by Assembly Members Calderon and Alvarez: The FAIR Plan Sustainability Act

Protects market stability by allowing the FAIR Plan, if authorized by the Commissioner, to access catastrophic bonds through the California Infrastructure and Economic Development Bank and enter into line of credit or loan agreements with one or more lenders. This provision would provide additional financial support for the state’s insurer of last resort, ensuring timely payment of consumer claims in the event of a major disaster.

Enhancing transparency for intervenors and accountability in rate reviews

In September 2025, Commissioner Lara announced significant reforms aimed at modernizing California’s insurance market. These reforms will, for the first time, protect consumers from hidden fees, establish clear guidelines for intervenor participation, and strengthen oversight of the administrative hearing system to prevent unnecessary delays. The proposed regulations will clarify how intervenor participation is objectively evaluated and compensated, ensuring that consumers, policyholders, and taxpayers only fund substantial contributions to the public interest.

Safeguarding long-term solvency to protect Californians’ financial future

In October 2025, Commissioner Lara announced a groundbreaking regulation aimed at safeguarding Californians from catastrophic risks and technological threats. The Long-Term Solvency Regulation aligns with the Commissioner’s work as a member of the International Association of Insurance Supervisors (IAIS), using global tools to protect Californians from market instability that can drive up costs or drive down coverage options. The regulation focuses on solvency strategies and leverages the growing implementation of standardized climate risk disclosures by regulators worldwide.



2026: Innovation and action needed at all levels

California's insurance market is entering 2026 with renewed optimism. Recent regulatory reforms have begun to restore stability and expand coverage options. The recovery of Los Angeles and other wildfire survivors remains a top priority for the Department — and actions at all levels of government and by private industry are needed to keep momentum for recovery.

Smoke remediation standards: For the past 30 years, no health-based standards have existed for the testing and remediation of smoke damage. Responding to the unprecedented Los Angeles wildfires, Commissioner Lara will push to create standards for smoke remediation based in public health and science — driven by public input, data, and science, including the recommendations of the Smoke Claims and Remediation Task Force.

Ongoing implementation of Sustainable Insurance Strategy reforms: The Department of Insurance will deepen the use of risk-based models, expand insurance discounts, ensure fair and transparent pricing, and reinforce consumer safeguards.

Market accountability: The Department will monitor insurer commitments, underwriting expansion, and claims performance to ensure that reforms translate into real availability and affordability.

Congressional action to support California: Through his role at the National Association of Insurance Commissioners, Commissioner Lara will continue advocating for federal action on climate resilience and supporting the rebuilding and retrofitting of California communities. The NAIC has endorsed the bipartisan Disaster Resiliency and Coverage Act (H.R.1105) which has been stalled in Congress for two years.

State action for wildfire safety: With a \$3 million budget appropriation for the California Safe Homes Act (AB 888, Calderon), which Commissioner Lara sponsored this past year, the Department will be issuing the first "proof of concept" grants in the nation's first insurance grant program for wildfire safety. The program is modeled on successful programs for windstorms in the Southeast that have driven down the cost of insurance and kept homes covered. Commissioner Lara will be seeking permanent funding for the program in 2026.

Innovation with the California Public Wildfire Model: A result of legislation Commissioner Lara sponsored in 2025 (SB 492, Cortese), the California Public Wildfire Model will be powered by the innovation engine of California's universities and funded by a startup grant from the Department of Insurance. The Department will be selecting a university-based consortium to begin development in 2026.

Please contact Josephine Figueroa, Deputy Commissioner and Legislative Director, for more information at Josephine.Figueroa@insurance.ca.gov and at (916) 492-3565.

Please contact Julia Juarez, Deputy Commissioner for Community Relations and Outreach, if interested in a community town hall in your district at Julia.Juarez@insurance.ca.gov and at (213) 346-6412.

Wildfire survivors who have not yet filed a complaint with us are encouraged to do so at www.insurance.ca.gov/01-consumers/101-help/. For us to act on a consumer's behalf regarding a claim, we need their formal consent.

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