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# CALIFORNIA CONSUMER ALERT

Insurance Commissioner Ricardo Lara

## Landmark study shows rebuilding Los Angeles to wildfire safety standards could slash future fire losses

*First-of-its-kind collaboration between California Department of Insurance and NAIC reveals community-wide resilient rebuilding dramatically improves safety and expands insurability across wildfire-prone areas*

**March 27, 2026** — A groundbreaking new analysis from the California Department of Insurance and the National Association of Insurance Commissioners (NAIC) reveals that rebuilding the communities destroyed by the January 2025 Palisades and Eaton fires to the IBHS Wildfire Prepared Home standard could reduce projected wildfire losses by one-third on average — a finding with transformative implications not only for Los Angeles but for every wildfire-threatened community in California.

The results make a powerful case that the rebuilding of Los Angeles represents a decisive moment where science can be brought to bear to reset wildfire risk at scale and grow insurance options statewide. The study is the first to model how community-wide adoption of science-based building and landscaping standards in the Altadena and Palisades area affects Average Annual Loss (AAL) — a metric insurance companies rely on heavily when deciding whether to write policies in a given area.

Importantly, the study reflects only the direct benefit of improved building and landscaping at the individual property level, without the amplifying effects on firefighting response or reduced home-to-home ignition. When an entire community rebuilds to higher standards, it disrupts the chain of ignition at every link, and the collective benefit is dramatically greater than the sum of individual upgrades. By buying time in a wildfire disaster, community-wide mitigation has the potential to avert the widespread devastation experienced over the past decade in Los Angeles, Redding, Santa Rosa, Paradise, and many other communities.

- [Watch a recording of the March 26 webinar](#) “Rebuilding With Safety and Insurability: New Data on Community-Wide Wildfire Resilience for Los Angeles”
- [Download the PDF of the presentation](#)

### Out of tragedy, an opportunity to build a more secure future

The Palisades and Eaton fires together claimed 31 lives, destroyed over 16,000 structures, and upended life across the region – just the latest in a series of devastating wildfires across the state since 2015. Insurance Commissioner Ricardo Lara has put wildfire safety at the center of his Sustainable Insurance Strategy, the largest insurance reform in 30 years. Insurance companies now are required to write more policies in wildfire distressed areas and include the benefits of wildfire safety in rates.

“As Los Angeles continues to rebuild, local leaders face a pivotal choice: reconstruct to the same standards that left communities vulnerable, or seize this moment to build back with proven, science-

based protections that will safeguard lives, property, and insurance access for decades to come,” said Commissioner Lara. “Rebuilding with safety and insurability support our goal of increasing coverage options for all Californians.”

### **A proven path: The IBHS Wildfire Prepared Home standard**

While better building on its own can make homes safer, combining it with defensible space can dramatically improve homes’ survivability. After the Camp Fire in 2018 destroyed Paradise, [University of California](#) researchers found that nearly 40% of homes built after 1997 survived, compared to 11% of homes built before that year. The data released today shows that meeting the IBHS Wildfire Prepared Home standard for the nearly 30,000 homes within the fires’ burn perimeters would reduce average losses by one-third over the homes in place before the fires -- a tremendous improvement with major implications for future insurability of the region. This is especially critical as wildlands where the Eaton and Palisades fires started will be regrown to critical fuel load within 10 years.

The IBHS Wildfire Prepared Home (WPH) designation addresses roof protection, building features, and defensible space at two tiers: a Base level focused on ember defense and a Plus level that adds protection against radiant heat and direct flame contact. The Department of Insurance-NAIC study modeled the insurance impact of rebuilding the Palisades and Eaton fire zones to the IBHS standard. The results are striking: rebuilding to the WPH Base standard would reduce Average Annual Loss by 31 percent, and rebuilding to WPH Plus would achieve a 35 percent reduction.

These findings carry enormous weight for insurability. Average Annual Loss is a central data point in insurance rates filings, and can be a factor in determining whether insurers will offer coverage in an area and at what price. A one-third reduction in projected losses above standard construction could mean the difference between a community trapped in the state’s insurer of last resort — the FAIR Plan, with its limited coverage and higher costs — and one served by a competitive private market with multiple carriers offering affordable policies.

### **The science is strong: A systematic safety approach protects homes and lives**

Post-disaster research from [UC Berkeley](#) confirms that homes survive wildfires when hardened building materials, defensible space, and vegetation management work together as an integrated system. Homes with key hardening features and defensible space survived at a rate of nearly 50 percent, compared to just 20 percent for homes with no mitigation.

The data also underscore the critical importance of the area immediately surrounding a home: The UC Berkeley study found removing the vegetation within a 5-foot perimeter of homes could reduce structure losses by 17%. During conflagration conditions where fires spread house to house, vegetation within five feet of structures dried out in minutes, creating rapid ignition pathways that no single building upgrade could overcome alone.

These findings matter because under Commissioner Lara’s Sustainable Insurance Strategy, forward-looking models used by insurance companies are required to account for wildfire safety actions in their pricing of policies. The new study, conducted by the NAIC’s new Catastrophe Risk Management Center of Excellence, employed the Moody’s wildfire catastrophe model, one of several used in the insurance industry.

## A call to action: Proven examples show the way forward

The study arrives at a critical juncture for California's insurance landscape. Several of California's largest carriers have committed to writing policies for homes that earn one of the Wildfire Prepared Home designations. The pathway from the FAIR Plan back to the open market is now clear: communities rebuild and retrofit homes to higher standards, catastrophe models reflect the reduced risk, insurers re-engage with competitive offerings, and homeowners regain access to affordable, comprehensive coverage. For the tens of thousands of families rebuilding in Los Angeles — and for communities across California facing similar wildfire threats — this is the most tangible, data-backed route to long-term insurability.

Los Angeles is not starting from scratch. Paradise, California — which lost more than 18,000 structures in the 2018 Camp Fire — became the first municipality in the nation to adopt the IBHS Wildfire Prepared Home standard as its rebuilding benchmark. Paradise has paired resilient rebuilding ordinances with FEMA Hazard Mitigation Grant Program funding for home hardening retrofits. The effort has seen insurance companies announce their return to the community, helping improve coverage options. According to the Rebuild Paradise Foundation, some residents have seen insurance bills fall by 800% compared to the FAIR Plan.

These approaches can scale to meet the magnitude of Los Angeles's recovery. Local leaders can take decisive action while the rebuilding window is open:

1. **Adopt the Wildfire Prepared Home Plus standard** for all Los Angeles fire rebuilds, going beyond minimum California building codes at a marginal cost of roughly 3 percent per home.
2. **Pair building standards with community-wide mitigation**, including Zone 0 requirements, fence and accessory structure standards, and neighborhood-level vegetation management.
3. **Fund Wildfire Prepared Home evaluations and retrofits for low-income homeowners** using state and federal recovery dollars, FEMA Hazard Mitigation Grant Program grants, nonprofit partnerships, and philanthropic capital.
4. **Connect rebuilding homeowners to insurance discounts** through the Department of Insurance Safer from Wildfires program. .
5. **Call on Congress to pass federal legislation**, including the [Disaster Resiliency and Coverage Act of 2025](#), which would provide \$10,000 tax-free grants for mitigation projects.

“Every home rebuilt to the Wildfire Prepared Home standard is a home that is safer for the family inside it, safer for its neighbors, and more likely to remain insurable for decades,” said Commissioner Lara. “The data now confirm what the science has long indicated: community-wide resilient rebuilding works, it is achievable, and it is the single most powerful lever available to restore a sustainable insurance market in wildfire country. Los Angeles has the opportunity to lead the way — not just for its own residents, but as a proof of concept for every fire-threatened community in California and across the nation.”