



#INSURECA

# CALIFORNIA CONSUMER ALERT

Insurance Commissioner Ricardo Lara

## California's second largest home insurer joins Sustainable Insurance Strategy

**May 12, 2026** — Farmers Insurance – California's second largest insurer – is committing to stay and grow in California. It's the latest Top 10 insurer to join Insurance Commissioner Ricardo Lara's Sustainable Insurance Strategy, signaling early signs of market stabilization.

### Farmers Insurance Seeking to Expand in Wildfire Distressed Areas

As part of its commitment to the state's insurance consumers, Farmers has been making good on its pledge to market to at least 300,000 policyholders in wildfire distressed areas, where the FAIR Plan has become the only option for many. While Farmers never stopped writing in California, the company has entirely eliminated its monthly cap for new homeowners business. Farmers' outreach plan is detailed in the CDI-approved rate filings that were just approved today.

### Travelers and AAA SoCal Filings Signal Additional Growth

Today's filing approval action builds momentum for further insurance market stabilization. Combined with the recent filing of Travelers and Automobile Club of Southern California (AAA) applications now under review, six of California's 10 largest home insurance groups are committing to stay and grow in California. The full list includes Farmers, Mercury, CSAA, USAA, AAA SoCal, Travelers, Horace Mann, Pacific Specialty, and California Casualty – with more expected.

### Commissioner's POV

"This is exactly the kind of sustained momentum we need to restore stability to California's insurance market. More companies are stepping up, writing more policies, and committing to long-term growth. That means more choices for homeowners and a stronger path off the FAIR Plan."

### FAIR Plan Growth Slows

Newly released data from the FAIR Plan – posted as part of CDI's push for greater transparency – shows a substantial slowdown in policy growth, offering an early signal that the market is beginning to stabilize. The FAIR Plan added approximately 16,000 residential policies in Q1 2026, representing about 2.4% growth from the previous quarter – and a sharp decline from 2024 through September 2025, when quarterly growth ranged from 35,000 to 50,000 policies.

### Bottom Line

Expanded coverage options and greatly slowed growth of the FAIR Plan are leading indicators of the emerging health of California's insurance market.

As the [San Francisco Chronicle](#) reported, insurers have only sought modest rate increases of about 6.9%, "**far less than the double-digit increases**" of recent years, and a "**tentative sign that California's insurance market may be starting to climb out of its crisis.**"

## **What's Next**

CDI will continue monitoring the market overall, including FAIR Plan trends over multiple quarters, with additional data expected in July and September 2026 to better assess long-term progress.

The Department also will continue its rigorous, fact-based review of rate filings and use every tool available to hold insurers accountable to their commitments. The goal is making sure rate changes are matched by increased availability for consumers, especially those living in wildfire distressed areas.