



California's Sustainable Insurance Strategy



Insurance at a Crossroads

- Fewer options and higher costs
- Outdated regulations
- Growing climate threat



Insurance Group and Ranking (2022)	Market Share	2023 Rate Increases (Pending & Approved)	Major Action Since 2022
1. State Farm	21.22%	28.1%	Paused new policies
2. Farmers	14.9%	17.7%, 12.5%	Limited new policies to 7,000 a month
3. CSAA	6.9%	18.55% (approved 2021)	
4. Liberty Mutual	6.6%	29%, 10.6%	
5. Mercury	6%	12.6%, 7%	
6. Allstate	6%	39.6%	Paused new policies
7. USAA	5.7%	30.6%, 16.5%, 6.9%, 3%	Restricted underwriting to low-risk only
8. Auto Club	5.1%	20%	
9. Travelers	4.2%	21.7%	Limited new policies
10. American Family	2.8%	22.7%, 6.9%, 6.9%	
11. Nationwide	2.5%	19.9%, 24.5%	Limited new policies
12. Chubb	2.2%		Ceased writing high-value homes with higher wildfire risk, and non-renewed some high-value homes



Growing FAIR Plan

- **FAIR Plan increased by 20% in 2023**
- **Market restrictions push more consumers into FAIR Plan**



Climate Leadership

- **First insurance department with a climate branch**
- **Continued collaboration with state agencies, other state insurance departments and the United Nations**
- **Host Global Sustainable Insurance Summit with United Nations in Spring 2024**



Core Strategy Components

- **Streamline rate application process**
- **New risk management tools — catastrophe modeling and net cost of reinsurance**
- **Insurance companies write a minimum of 85% of homes and businesses in distressed areas and depopulate FAIR Plan**
- **Strengthen the FAIR Plan**



Rate Application Process

- **Hire more actuaries and analysts**
- **Improve rules for insurers and intervenors under Department direction**



Catastrophe Models

- **Models that account for the current risks being intensified by climate change**
- **Examine the use of private and public models**
- **Models used in rate approval with transparency and wildfire mitigation considerations**



Reinsurance

- **Goal is to increase insurance availability to Californians** text here
- **Insurers paying more to manage growing natural disaster losses**
- **Need to recognize reinsurance to accurately reflect the cost of writing insurance in California**

FAIR Plan Improvements

- **\$20 million commercial coverage per structure for larger HOAs and businesses**
- **Comprehensive coverage option**
- **Increase FAIR Plan responsiveness and reporting**

How Do Consumers Benefit

- **Greater insurance availability**
- **Move policyholders from the FAIR Plan back to the admitted market**
- **Insurers' commitment to write 85% of policies in distressed areas**

Progress Report

- **Expanded coverage limits to FAIR Plan for residential and businessowner policies**
- **FAIR Plan clearinghouse programs created by Legislature**
- **Safer from Wildfires regulation**



Legislative Partnership

- **Continued investment needed in greater safety for Californians**