

Insurance, Wildfire and Mitigation

*CA Wildfire Mitigation Advisory Committee
May 19, 2026*

*Steve Hawks, IBHS
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STATE OF THE INSURANCE MARKET

Recent loss trends,
the Sustainable
Insurance Strategy
and other solutions

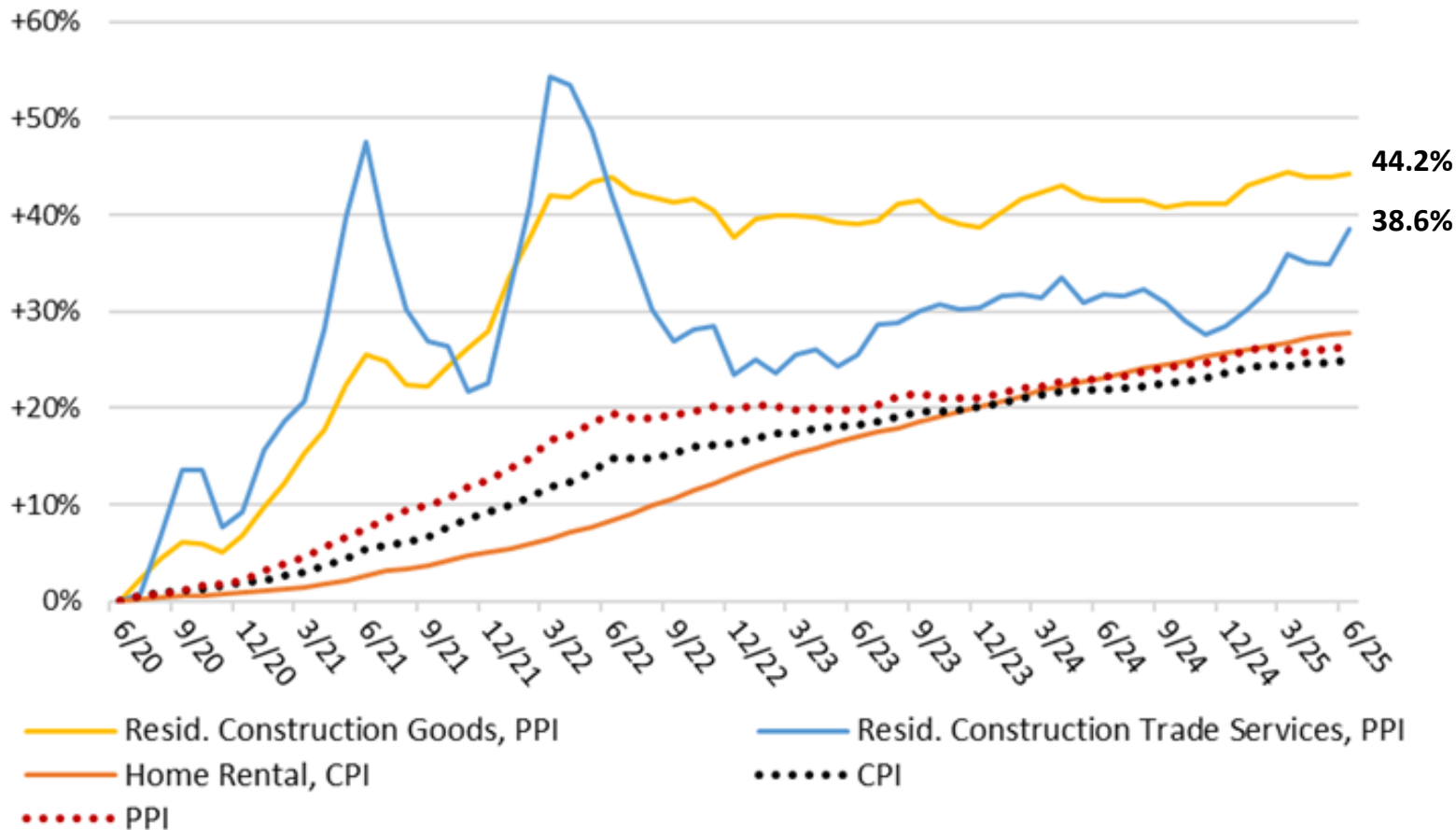
Cost Indicators: Home Insurance

Verisk: The factors causing a doubling of average annual natural catastrophe losses over the last decade are (in order of importance):

1. **A rise in exposure values and replacement costs**, represented both by continued construction in high-hazard areas and by high levels of inflation that are driving up repair and rebuild costs
2. The natural variability that comes from selecting any five-year sample of natural catastrophe experience
3. The effects of **climate change** on different atmospheric perils
4. The impacts of man-made loss drivers, such as **social inflation** and legal and **regulatory factors**

Residential Home 'Replacement Costs'

Cumulative Change over last 5 years (Jun 2020-Jun 2025)



Producer Price Index: Inputs to Single Family Residential Construction, Goods; Producer Price Index: Inputs to Single Family Residential Construction, Trade Services; Consumer Price Index for All Urban Consumers: Rent of Shelter; Consumer Price Index for All Urban Consumers: All Items; Producer Price Index by Commodity: Final Demand. Source: Bureau of Labor Statistics. Data as of September 24, 2025.

Top 20 Costliest Insured Wildfires in U.S. (since 2017)



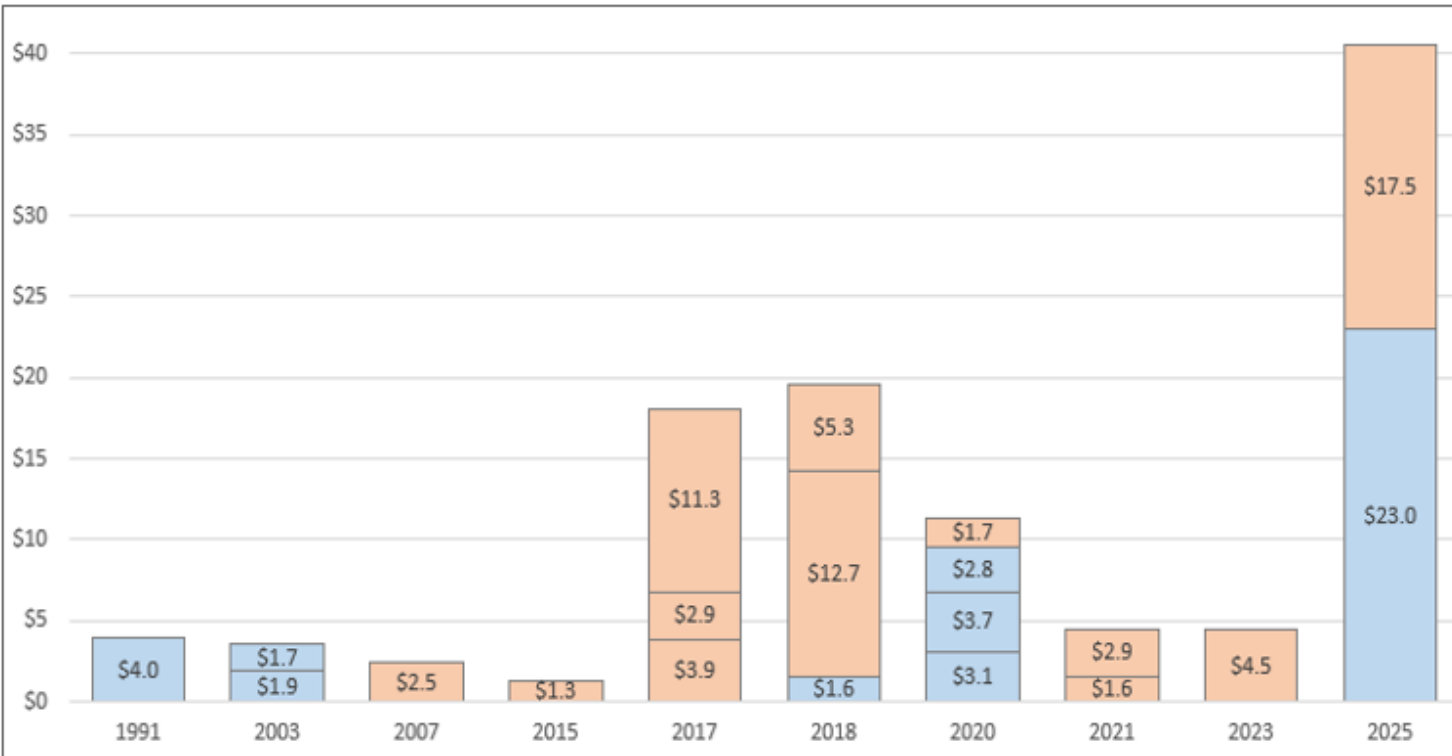
Rank	Insured Losses	Event	Location
1	\$40.5 B	2025 LA Fires	California
2	\$12.7 B	2018 Camp	California
3	\$11.3 B	2017 Tubbs	California
4	\$5.3 B	2018 Woolsey	California
5	\$4.5 B	2023 Maui	Maui
7	\$3.9 B	2017 Atlas	California
9	\$3.7 B	2020 Glass	California
10	\$3.1 B	2020 CZU Lightning Complex	California
11	\$2.9 B	2017 Thomas	California
12	\$2.9 B	2021 Marshall	Colorado
13	\$2.8 B	2020 LNU Lightning Complex	California
18	\$1.7 B	2020 Beachie Creek (aka, Labor Day)	Oregon
19	\$1.6 B	2018 Carr	California
20	\$1.6 B	2021 Dixie	California

(Source: APCIA, via Aon. Losses adjusted to 2024 dollars, except 2025 LA fires)

Top 20 U.S. Insured Loss Events due to Wildfire

In billions, adjusted to 2024 dollars (except 2025 L.A. fires)

Orange shading = utility-involved ignitions

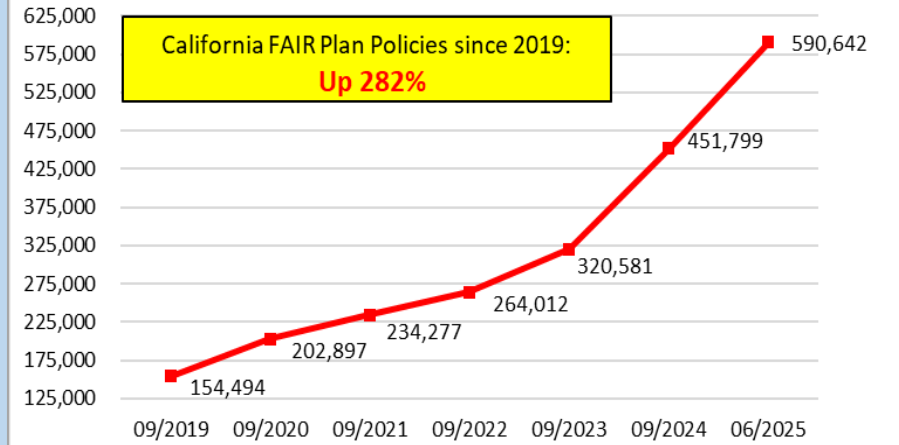


	Year	Name	Location	Insured Loss (Nominal \$B)	Insured Loss (Inflated \$B)	Utility-involved ignition
1	2025	Palisades Fire	California	\$ 23.0	\$ 23.0	
2	2025	Eaton Fire	California	\$ 17.5	\$ 17.5	Yes
3	2018	Camp Fire	California	\$ 10.0	\$ 12.7	Yes
4	2017	Tubbs Fire	California	\$ 8.7	\$ 11.3	Yes
5	2018	Woolsey Fire	California	\$ 4.2	\$ 5.3	Yes
6	2023	Mauí/Hawaii Wildfires	Hawaii	\$ 4.3	\$ 4.5	Yes
7	1991	Oakland Fire (Tunnel)	California	\$ 1.7	\$ 4.0	
8	2017	Atlas Fire	California	\$ 3.0	\$ 3.9	Yes
9	2020	Glass Fire (2020)	California	\$ 3.0	\$ 3.7	
10	2020	CZU Lightning Complex Fire	California	\$ 2.5	\$ 3.1	
11	2017	Thomas Fire	California	\$ 2.3	\$ 2.9	Yes
12	2021	Marshall Fire (2021)	Colorado	\$ 2.5	\$ 2.9	Yes
13	2020	LNU Lightning Complex Fire	California	\$ 2.3	\$ 2.8	
14	2007	Multiple Fires (Inc. Witch)	California	\$ 1.6	\$ 2.5	Yes
15	2003	Cedar Fire	California	\$ 1.1	\$ 1.9	
16	2003	Old Fire	California	\$ 1.0	\$ 1.7	
17	2020	Beachie Creek Fire	Oregon	\$ 1.4	\$ 1.7	Yes
18	2018	Carr Fire	California	\$ 1.3	\$ 1.6	
19	2021	Dixie Fire	California	\$ 1.4	\$ 1.6	Yes
20	2015	Valley Fire	California	\$ 1.0	\$ 1.3	Yes

Source: APCI, via Aon and fire investigation reports

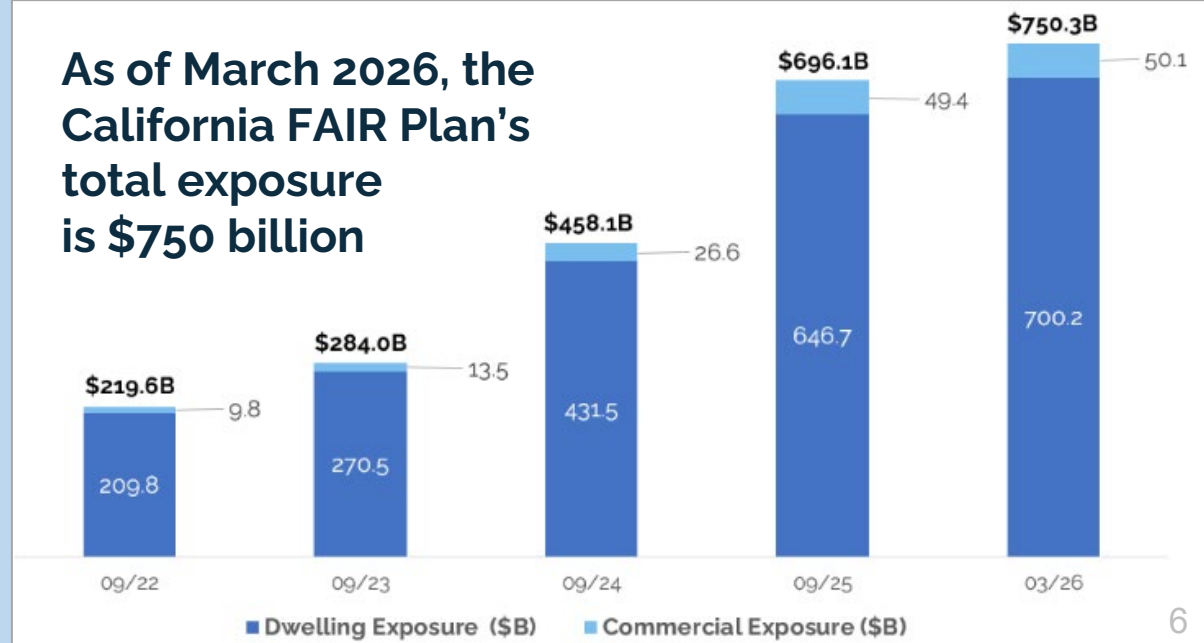


California FAIR Plan Dwelling Policies in Force



Source: APCI via California FAIR Plan; excludes commercial policies; "09" dates reflect fiscal year ending September 30; 2025 is through June.

As of March 2026, the California FAIR Plan's total exposure is \$750 billion



Source: FAIR Plan
 Note: each quarter circle represents a 7-mile radius where risk is concentrated.
 (at the time of LA Fires)

January 2025 LA Fires:

- **FINANCIAL DISTRESS**

- The largest private homeowners insurer in CA and the CA FAIR Plan (state residual market plan) following the 2025 LA fires

- **CA FAIR Plan**

- Covered structures within the CAL FIRE incident maps:
 - 22% Palisades Fire, 12% Eaton Fire (not including smoke claims)
- 5,400 claims received by the FAIR Plan
- \$3.5B paid (1-year later, press statement [link](#))
- \$1B assessment on the private market due to shortfall in claims-paying capacity.

Underscored the urgency to stabilize and end the insurance coverage crisis.



What Caused the Insurance Coverage Crisis ...in *California*

The insurance market crisis forced a majority of the top insurance companies to restrict access to new policies or exit out of the California market entirely.

- **California's outdated insurance framework** is 35 years old, too slow to respond to rapidly evolving conditions, and not equipped to handle today's climate and economic realities.
- **Extreme weather**, including catastrophic wildfires and flooding, is causing tens of billions of dollars in losses to communities across the state – substantially increasing the risk and cost of providing insurance.
- **Inflation and supply chain pressures** have driven up the costs of home and auto repairs and replacements.

California's homeowners insurers
paid out more than **\$1.15 in claims
and expenses for every \$1.00 in
premiums from 2013 – 2023**
...**PRIOR TO** the 2025 LA Fires.

Source: NAIC Report on Profitability by Line by State in 2023 (April 2025)

How to Fix the Insurance Coverage Crisis

Modernize **California's** outdated insurance framework to reflect today's realities

Solutions to improve insurance “availability”

- **Streamline the rate review process**
- **Implement proven, catastrophe risk modeling**
- **Include the use of reinsurance in ratemaking**
- **Reform the California FAIR Plan to prevent insolvency**

Solutions to improve insurance “affordability”

- **Expand community-wide wildfire mitigation**

How to Fix the Insurance Coverage Crisis

Modernize **California's** outdated insurance framework to reflect today's realities

✓ Streamline the rate review process

The rate review process is currently delayed up to a year or more – leaving insurers collecting premiums that do not adequately cover the costs of providing coverage.

We must expedite the review process by enforcing statutory timeframes to ensure there are sufficient resources to cover consumer claims.

Commissioner Lara’s Sustainable Insurance Strategy – *status update*

Objective

Improve rate filing timelines

IN PROCESS

- **May 2024:** CDI entered two new contracts aimed at helping assess and improve the performance of the Rate Regulation Branch.
- **May 28, 2024:** Gov. Newsom released budget trailer bill language requiring CDI to finish rate reviews within 60 days of rate filing.
- **Aug 8, 2024:** Gov. Newsom pulled his budget trailer bill language.
- **Aug 9, 2024:** Commissioner Lara issued a Bulletin requiring CDI to finish rate reviews within 120 days of rate filing.
- **Dec 2025:** Homeowners Rate Filings timeframes

State	2021	2022	2023	2024	2025 Q1	2025 Q2	2025 Q3	2025 Q4	12 mos ending 12/31/2025
CA	319	355	386	340	342	327	202	197	283

Since 2023, median days from filing submission to approval/disposition have **decreased by ~100 days**.
(Source: Perr & Knight)

Increase transparency in the intervenor process

IN PROCESS

- **Oct 2023:** CDI made prior intervenor filings publicly available on CDI’s website.
- **Sep 2025:** CDI released reforms to the intervenor process.
- **Nov 2025:** CDI held public hearing on proposed reforms.
- **Apr 20, 2026:** CDI submitted its intervenor reform package to the Office of Administrative Law for final review.

Commissioner Lara's Sustainable Insurance Strategy – *status update*

Objective

Increase rate application requirements

COMPLETED

- **Feb 9, 2024:** Draft “Complete Application” regulations released.
- **Sep 12, 2024:** CDI filed final “Complete Action” regulations to the Office of Administrative Law for approval.
- **Oct 8, 2024:** The Office of Administrative Law filed final regulation with the Secretary of State.

Streamline rate application submissions

COMPLETED

- **Jan 2026:** CDI announced a new web-based Prior Approval Rate Application (PARA) and PARA Portal, in addition to updates to the Prior Approval Rate Template, which insurers utilize for submitting filings.

How to Fix the Insurance Coverage Crisis

Modernize **California's** outdated insurance framework to reflect today's realities

✓ **Implement proven, catastrophe risk modeling**

California prohibits the use of advanced computer modeling that more accurately calculates ongoing and future risks of catastrophic events like fires and floods when determining insurance rates. Catastrophic risk modeling is used in almost every other state and enables providers to project consumer claims more accurately and better account for home and community mitigation efforts.

✓ **Include the use of reinsurance in ratemaking**

Reinsurance is coverage insurance providers buy to ensure they can cover the costs of consumer claims. Allowing providers to account for reinsurance – a standard practice in all other 49 states – will help increase access to coverage for consumers.

Commissioner Lara's Sustainable Insurance Strategy – *status update*

Objective

Allow use of catastrophe models

COMPLETED – Implementation in Progress

- **Dec 13, 2024:** The Office of Administrative law filed the final “Catastrophe Modeling” regulation with the Secretary of State.
- **Mar 2025:** CDI updated the definition, zip codes and counties designated as "wildfire distressed areas.”
- **Jul 2025:** CDI approved catastrophe models for use in filing rate plans.
- **Aug 2025:** First insurer filed rate plan using catastrophe model.

NEXT STEPS:

- ❑ Insurers must write 85% of their market share in “wildfire-distressed areas” or grow by 5% in those designated areas.
- ❑ CDI must approve rate plans filed by insurers using approved models.

Commissioner Lara's Sustainable Insurance Strategy – *status update*

Objective

Incorporate reinsurance costs into ratemaking

COMPLETED – Implementation in Progress

- **May 15, 2024:** Commissioner Lara entered a contract with an actuarial firm.
- **Jan 14, 2025:** The Office of Administrative Law filed the final regulation with the Secretary of State.
- **Mar 2025:** CDI updated the definition, zip codes and counties designated as "wildfire distressed areas."
- **Jun 2025:** CDI developed and released the Net Cost of Reinsurance (NCOR).

NEXT STEPS:

- ❑ Insurers must write 85% of their market share in "wildfire-distressed areas" or grow by 5% in those designated areas.
- ❑ CDI must approve new rate plans that account for the NCOR.

How to Fix the Insurance Coverage Crisis

Modernize **California's** outdated insurance framework to reflect today's realities

✓ **Reform the California FAIR Plan to prevent insolvency**

California's FAIR Plan, the state's insurer of last resort, is just one catastrophe away from insolvency due to inadequate assets and financial safeguards. Reforms are needed to allow for emergency assessments of policyholders and the ability to issue bonds to help cover consumer claims in the event of catastrophic damages or if the state's plan becomes insolvent.

Commissioner Lara's Sustainable Insurance Strategy – *status update*

Objective

Financially Stabilize and Depopulate the FAIR Plan –

Require insurers to write 85% of their market share in wildfire-distressed areas and prioritize policyholders using “Safer from Wildfires” guidelines.

COMPLETED – Implementation in Progress

- **Dec 13, 2024:** CDI proposed this requirement as a condition of insurers utilizing the Catastrophe Modeling and Reinsurance regulations.
- **Mar 2025:** CDI updated the definition, zip codes and counties designated as “wildfire distressed areas”.
- **2025:** AB 226 authorized post-event catastrophe bonds (\$750M)

NEXT STEPS:

- ❑ Insurers must write 85% of their market share in “wildfire-distressed areas” or grow by 5% in those designated areas.

ONGOING:

- ❑ **May 2026:** Nine homeowners companies (including six of the top 10 insurer groups) have committed to stay and grow in the state.

(Farmers, Mercury, CSAA, USAA, Horace Mann, Pacific Specialty, California Casualty, Travelers, AAA SoCal)

How to Fix the Insurance Coverage Crisis

Modernize **California's** outdated insurance framework to reflect today's realities

✓ **Expand community-wide wildfire mitigation**

Proactive wildfire mitigation like home hardening and establishing defensible space that prevents ember ignition around dwellings must be undertaken at the community level to effectively reduce the risks of wildfires spiraling out of control. Policymakers must expand comprehensive community-wide wildfire mitigation in addition to a home-by-home approach.

Commissioner Lara's Sustainable Insurance Strategy – *status update*

Objective

Expand Home and Community Wildfire Mitigation

ON-GOING

- **Jun 2020:** Ongoing state budget allocation for home hardening, mitigation inspectors, forest health and fire prevention grants.
- **Oct 2022:** “Safer from Wildfire” discount regulations adopted.
- **Feb 6, 2025:** Governor Newsom issued an Executive Order directing the State Board of Forestry to adopt “Zone 0” regulations—requiring 5 ft. of defensible space for structures located in the highest fire severity zones.
- **Dec 2026:** State Board of Forestry proposed draft “Zone 0” regulations
- **Apr 2026:** State Board of Forestry proposed revised draft “Zone 0” regulations

Key Resilience Strategies

- Enforcement
 - ✓ Adoption and enforcement of modern building codes and defensible space standards (e.g., Zone 0 / Safety Zone)
- Financial Incentives for Resilience
 - ✓ Grants
 - ✓ Low interest loans
 - ✓ Waive/reduce fees
 - ✓ Tax credits
 - ✓ Insurance incentives
 - ✓ Return on investment
- Consumer Tools for Resilience
 - ✓ Mitigation
 - ✓ Catastrophe deductibles
 - ✓ Catastrophe savings accounts

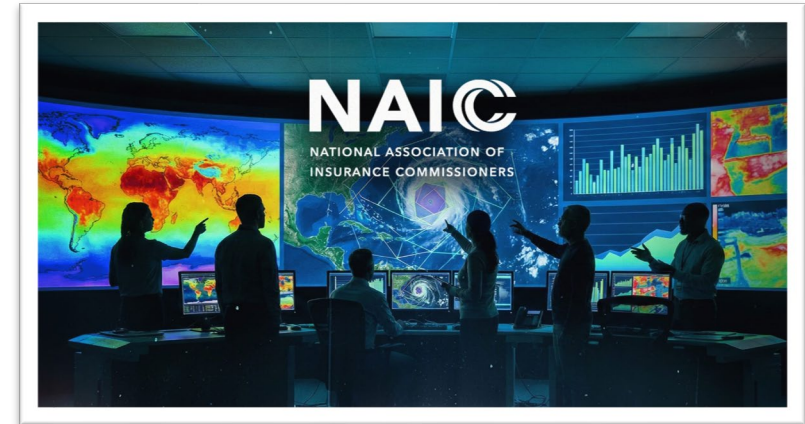


Rebuilding With Wildfire Safety and Insurability

CA Dept. of Insurance and NAIC Study

Overview:

- **Study scope and partners**
 - Joint analysis by CDI and the NAIC, conducted by NAIC’s Catastrophe Risk Management Center of Excellence, using Moody’s wildfire cat model
- **Real-world test case**
 - Focused on post-fire rebuilding scenarios following January 2025 Palisades and Eaton Fires in LA, which destroyed more than 16,000 structures
- **What was evaluated**
 - Modeled how rebuilding to IBHS Wildfire Prepared Home (WPH) and WPH+ affect Average Annual Loss (AAL)



Benefits of Community-Scale Mitigation

CA Dept. of Insurance and NAIC Study

Key Findings:

- **Substantial loss reduction from resilient rebuilding**
 - Rebuilding homes to IBHS WPH and WPH+ **reduces AAL by 31% and 35%**, respectively
- **Mitigation materially improves survival outcomes**
 - Highlights UC Berkeley research showing homes with key hardening, defensible space features **survive at nearly 50% compared to 20%** for unmitigated homes
- **Community-wide adoption amplifies benefits**
 - Wildfire losses escalate through structure-to-structure spread
 - Neighborhood-scale rebuilding produces greater benefits than isolated upgrades



Focus on the ‘Low-Hanging Fruit’

New Construction & Reconstruction

- **Mitigation Costs:** can be financed into mortgage and spread over time
- **Enforcement:** Building codes and ordinances
- **Emotional Barriers:** No existing attachments to vegetation



Change of Ownership

- **Mitigation Costs:** can be financed into mortgage and spread over time
- **Enforcement:** Defensible space inspection requirement as part of the closing
- **Emotional Barriers:** Breaks emotional attachment to vegetation adjacent to home*

(*some fire officials suggest this is the most difficult barrier to overcome)

NEW DEVELOPMENTS AND RESOURCES

**Wildfire Prepared
Neighborhood,
Toolkits, Websites
and More**



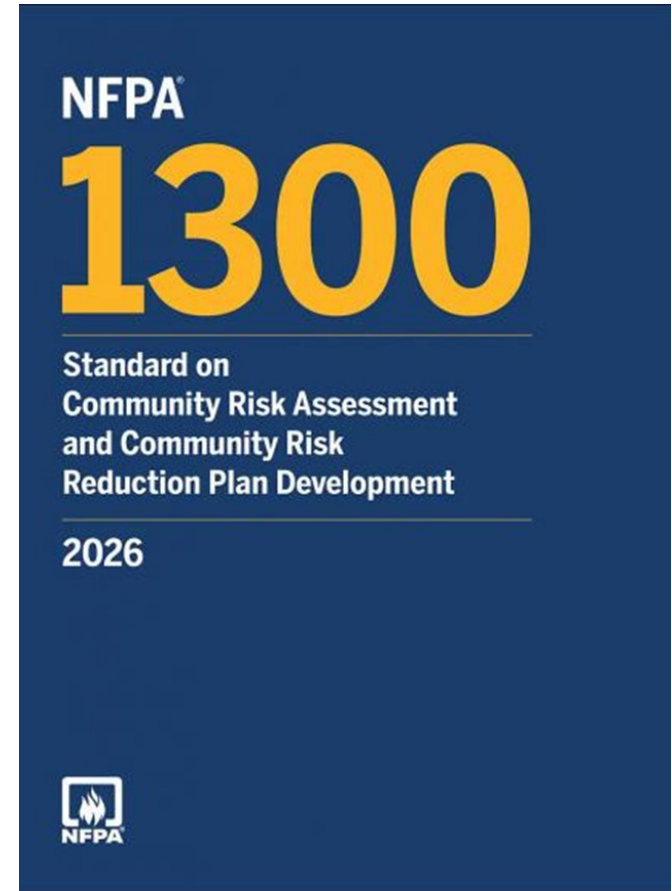
A ***WILDFIRE PREPARED HOME*** CAN REDUCE IGNITIONS FROM **EMBERS, FLAMES, AND RADIANT HEAT** BY INCREASING THE RESILIENCE OF THE HOME WITH FIRE-RESISTANT BUILDING MATERIALS AND REDUCING THE EXPOSURE IN THE AREA SURROUNDING THE HOME.



A ***WILDFIRE PREPARED NEIGHBORHOOD*** CAN REDUCE IGNITIONS AND *SLOW THE PROGRESSION OF FIRE* INSTEAD OF ACCELERATING FIRE SPREAD, **INCREASING THE EFFECTIVENESS OF FIRE RESPONSE** UNDER EXTREME CONDITIONS.

Community Risk Reduction Program

- A proactive strategy used by fire departments, emergency management agencies, public safety organizations, and local governments to identify and reduce the risks that lead to emergencies, injuries, deaths, and property loss in a community.



Residential fires
Flooding and Severe Weather

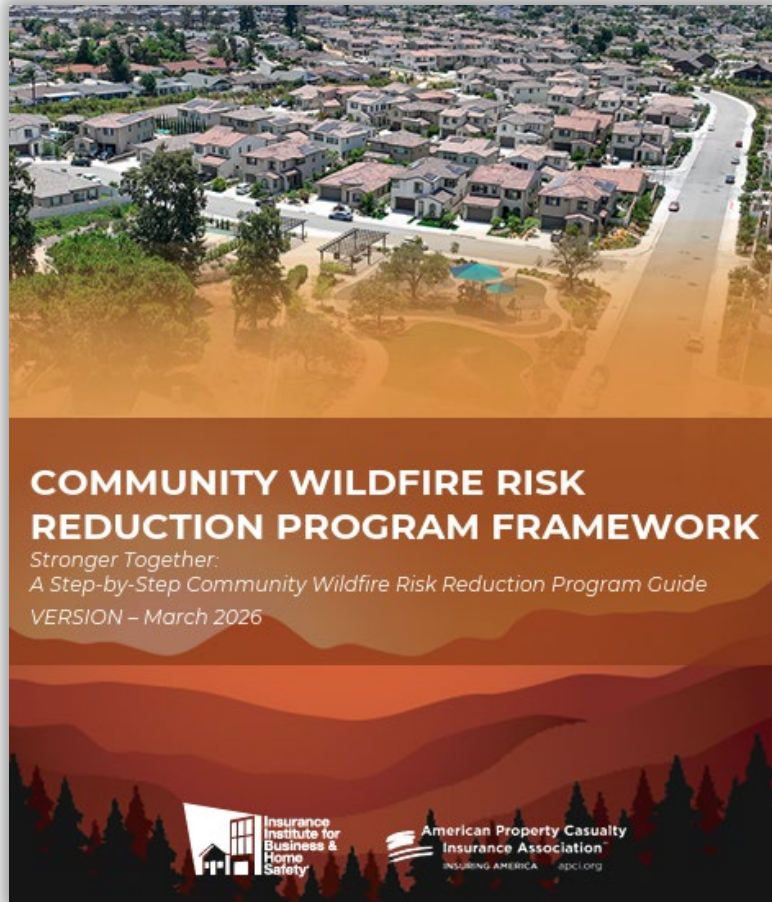
Wildfires

Falls among older adults
Opioid Overdoses

Traffic Collisions
School Safety

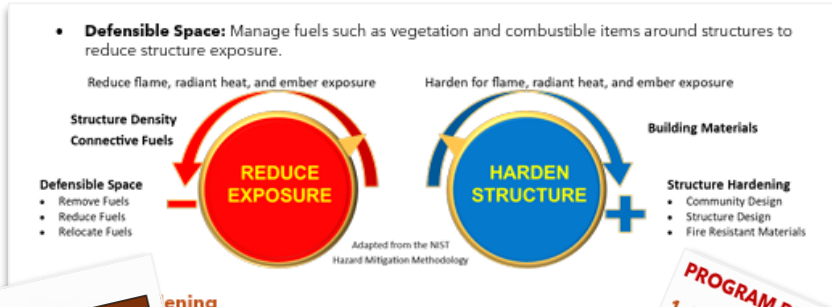
Carbon Monoxide Incidents
Industrial Hazards

Community Wildfire Risk Reduction Program Framework



- A joint IBHS-APCIA toolkit to help communities implement wildfire mitigation programs
- What the toolkit provides:
 - Step-by-step guidance to plan, launch, sustain a wildfire risk-reduction program
 - Science-based home hardening and defensible space standards
 - Assessment and training resources
 - Implementation tools and templates
 - Outreach and coordination strategies

Community Wildfire Risk Reduction Program Framework



- Who the Toolkit is for:
 - Fire Service
 - Fire Safe Councils
 - Firewise Communities
 - Resource Conservation Districts
 - Homeowner's Associations

Sample Program Checklist with Timelines

Program Component	Timeline
Program Planning	2-3 months
<ul style="list-style-type: none"> Learn from existing programs Learn about science-based available solutions Develop a program checklist 	4-6 months
Program Design	5-6 months, then ongoing
<ul style="list-style-type: none"> Develop a wildfire plan Identify wildfire mitigation areas Identify wildfire risk reduction measures Structure hardening <ul style="list-style-type: none"> Defensible space Develop program implementation training 	
Program Development	3-4 months, then ongoing
<ul style="list-style-type: none"> Identify key partners Coordinate organizational input Develop program rules and requirements Determine funding source for homeowner assistance Understand procurement rules before hiring Decide on data, data collection, and analysis Identify information technology support needs Develop program documents 	
Public Awareness	2-3 months, then ongoing
<ul style="list-style-type: none"> Develop public outreach strategy Create public education and engagement resources Determine additional education and outreach resources needs 	
Supply Chain Outreach	
<ul style="list-style-type: none"> Determine supply chain partner needs Determine defensible space outreach needs Determine structure hardening outreach needs Determine supply chain outreach timeline Develop a list of local supply chain providers 	

PROGRAM DESIGN

1. Develop a Wildfire Plan

A successful Community Wildfire Risk Reduction Program includes a **comprehensive wildfire plan** that defines the risks, sets priorities, and directs resources effectively. The most common plan is a **Community Wildfire Protection Plan (CWPP)**, which addresses risks and priorities at the **landscape, community, and property levels**.

CWPPs are a comprehensive plan created collaboratively with **federal, state, local, tribal, and other partners** to develop the list of shared priorities to help direct limited funding and focus risk-reduction where it is needed most. Key elements must include, but not limited to:

- Implementation Area:** Ideally, programs should be implemented jurisdiction wide. If not feasible, define a narrower **Wildfire Mitigation Area** through a hazard and risk assessment.
- Structure hardening:** Increase resilience by encouraging fire-resistant construction, especially noncombustible building material.
- Defensible Space:** Reduce structure exposure by removing, reducing, or relocating combustible items on the property. This involves thinning vegetation, relocating combustibles, and creating a 0-5 Foot Noncombustible Zone around homes and attachments.

CWPPs should align with other plans that address wildfire threats, such as:

- State, Local, or Multi-jurisdictional **Hazard Mitigation Plan**
- Federal and State **Fire Management Strategy**
- The National Cohesive Wildland Fire Management Plan
- CAL FIRE: The Report of the Wildland Fire Mitigation and Management Commission**
- General plans or other master plans with wildfire components

For guides, templates, and best practices, see the **California CWPP Toolkit**, the U.S. Fire Administration's **Creating a Community Wildfire Protection Plan**, and the **Creating a Community Wildfire Protection Plan** resources.

2. Identify Wildfire Mitigation Areas (if jurisdiction-wide is not feasible)

If your community can't implement a full-jurisdiction program, define a **Wildfire Mitigation Area** to target the highest-risk locations. Boundaries should consider:

- Structure threat from embers, flames, and radiant heat.
- Conflagration potential (structure density and fuel connectivity).
- Wildfire risk drivers: fuel, weather, topography, fire history, etc.
- An example of resources and information useful in the development of a Wildfire Mitigation Area can be found at the **CAL FIRE Fire Hazard Severity Zones** website.

My Resilient Home: Translating Wildfire Science into Practical Risk Reduction

- A homeowner-facing, educational resilience tool that supports safer communities, lower losses, and more stable insurance markets
- Provides clear, science-based guidance to help homeowners reduce wildfire risk through home hardening and defensible space
- Translates IBHS wildfire research into actionable steps, including assessment aligned with Wildfire Prepared Home standards



We Need a Societal Shift in Thinking

4 Million Homes in WUI and 90 Percent Built before the Modern WUI Code

– Daniel Berlant, California Fire Marshal



Wildfire Science Tells Us How to Protect Homes & Communities



"Random Acts of Mitigation are Not Enough"

- Daniel Berlant, California Fire Marshal

"We Need a Marketing Campaign"

Steve Bennett, Chair Assembly Budget Sub 4

"Community wildfire mitigation is not optional"

"Efforts that form **partnerships** between government, homeowners, insurance, and other industries are critical. This is a shared problem requiring shared solutions..."

We can help provide:

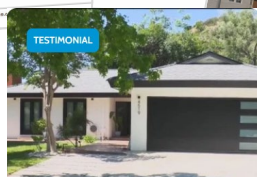
- ✓ Fact Sheets
- ✓ News Releases
- ✓ One-Pagers
- ✓ Online resources



New Northern California neighborhood is built to survive a wildfire



Two homes set ablaze in defensible space demo — only one survives



LA wildfire survivors look to rebuild fire-resilient homes



Here's how to protect your home from wildfires

Dr. Michael J. Gollner


Associate Professor of Mechanical Engineering
University of California, Berkeley

Homeowners Need to Know What Steps Create Resilience

- Partnerships to Amplify the **SUCCESS STORIES** and Build Momentum
- Insurers are Committed to California
- We Need to Bend the Risk Curve Down
- Have a Champagne Problem, Don't Have Beer Money

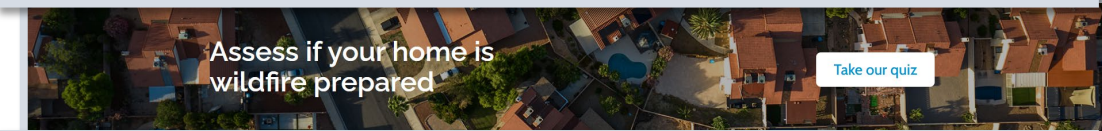


Grassroots Campaign: Let's Partner & Make Resilience Trendy



Help safeguard your home against wildfire

Safety tips and resources to protect your home from wildfire.



Assess if your home is
wildfire prepared

[Take our quiz](#)



Home hardening, meet curb appeal

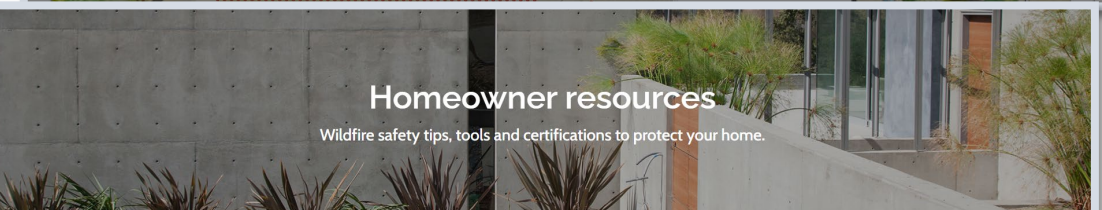
Effectively and actively safeguard your home from wildfires.



Get inspired by winning designs for
fire resistant landscaping

The winning designs from the Wildfire Resistant Landscaping Contest with U.C. Berkeley and IBHS highlight the beauty of wildfire resilience at a variety of price points.

[See the designs](#)



Homeowner resources

Wildfire safety tips, tools and certifications to protect your home.



Learn more about grants and
funding options

[See resources](#)

- Amplify Resources
- Local Government Toolkit & Framework
- My-Resilient-Home.com
- Readyforwildfire.org
- IBHS websites, videos & pictures
- California Fire Safe Councils
- Firewise Communities