FACT SHEET: Wildfires and Insurance

Insurance coverage trends
California has suffered four years of devastating wildfires, including the deadliest and most expensive in our state’s history. We expect that for homeowners in any area that presents a high risk of wildfire loss there will likely be fewer options for coverage – insurance will likely be more expensive and harder to get. The Department has seen an uptick in non-renewals due to fire risk and will continue to monitor this closely.

How the Department regulates home insurance
Under Proposition 103 approved by voters in 1988, insurers are required to file rate changes with the California Department of Insurance, which reviews the filings. The Department does not set rates. California law requires that insurers’ rates are based on demonstrated risk of loss. Current law does not allow the Insurance Commissioner to require insurers to cover specific areas.

Non-renewals: What you can do
California law has certain protections against non-renewal for all homeowners who suffer a total loss or a partial loss due to disaster.

Under a law authored by current Insurance Commissioner Ricardo Lara, homeowners living in a declared wildfire disaster area or adjacent zip codes receive one year of protection from non-renewal to give them breathing room after a wildfire. California extended protections against non-renewal for those who suffer a total loss to two automatic renewals or 24 months. Both those laws took effect in 2019.

For those who have not suffered a wildfire-related loss, California law provides specific rights in the event of a non-renewal:

- The notice of non-renewal must be sent at least 45 days prior to policy expiration.
- That notice of non-renewal must contain: (1) the reason or reasons for the nonrenewal; (2) the telephone number of the insurer’s representatives who handle consumer inquiries or complaints; and (3) a statement indicating that if the consumer has contacted the insurer to discuss the non-renewal and remains unsatisfied, the policyholder may have the matter reviewed by the Department.
- The insurance company must determine whether to renew or non-renew based upon its underwriting guidelines, which must be objective, have a substantial relationship to the risk of loss, and be applied consistently among insureds in the particular group being non-renewed.

Consumers who receive non-renewal notices, have difficulty finding coverage, have a question about their insurance, or have a dispute with the insurer should contact the Department’s Consumer Hotline at 800-927-4357.

Avoid being underinsured
Underinsurance is a major and persistent issue that is causing people significant delays in moving forward to rebuild. It is not only a financial blow to disaster survivors, but it is economically devastating to communities. It is critical that insurance consumers have adequate protection. Consumers need to take action to verify they have the right limit for Coverage A, which is the dwelling portion of the insurance policy that covers the cost of rebuilding or completely replacing the physical structure of a person’s home.

insurance.ca.gov  800-927-4357
Finding insurance coverage
The Department of Insurance has online resources to help homeowners with finding insurance coverage.

Use our website, [www.insurance.ca.gov](http://www.insurance.ca.gov), to find 800 numbers for over 50 insurers that write homeowners coverage, locate agents or brokers, and compare premiums and coverage options. You can also utilize our [Premium Comparison Tool](http://www.insurance.ca.gov) and [Coverage Comparison Tool](http://www.insurance.ca.gov) to compare premiums and coverages. You may also find our [Top Ten Tips](http://www.insurance.ca.gov) for Finding Residential Insurance useful.

What if I cannot find insurance?
The Department of Insurance regulates and reviews rates for all insurers licensed to sell in California through what is known as the admitted market. However, for homeowners who cannot find insurance, there are two other options to explore:

The FAIR Plan: The [California FAIR Plan](http://www.insurance.ca.gov) is available to every homeowner as a last option for coverage. The maximum limit written by the FAIR Plan on a residential property for all coverages combined is $1,500,000. Because the coverage provided by a FAIR Plan policy is very limited, it is recommended that you supplement the FAIR Plan policy with a [Difference in Conditions](http://www.insurance.ca.gov) policy.

Surplus lines: If none of the above options work for you, you may try obtaining coverage in the "surplus lines" market. The surplus lines are not backed by the California Insurance Guarantee Association and their rates are not subject to review by the Department of Insurance. Ask your agent or broker if they are able to obtain coverage with a surplus lines insurer or obtain coverage through a [surplus lines broker](http://www.insurance.ca.gov).

What the Department of Insurance has done to help wildfire survivors
The Department of Insurance has hosted multiple workshops for wildfire survivors from both the 2017 and 2018 fires to ensure they have all the necessary information and to help them through the recovery process. At these workshops, Department staff met one-on-one with residents to address their specific issues. Department staff also have attended town halls throughout affected communities to inform survivors of [resources](http://www.insurance.ca.gov) that are available to them.

In 2018 alone, the Department has assisted thousands of wildfire survivors with insurance claims and other information.

The Department has worked with the Newsom Administration through the Governor's [Strike Force](http://www.insurance.ca.gov), the 901 Commissioner and the Legislature providing numerous recommendations aimed at keeping insurance affordable and available to all Californians. Prevention, mitigation, improving resiliency will make California safer. The ability to find affordable insurance will improve when we reduce risks to communities.

What if I am in a wildfire disaster?
After contacting your insurer, you can also call the Department of Insurance at 800-927-4357 to understand your rights. If you cannot locate the insurance policy for the property and do not recall the name of the insurance company, you can visit our [Residential Insurance Policy Locator](http://www.insurance.ca.gov) tool.