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AGENT & BROKER ALERT

California Insurance Commissioner Ricardo Lara

California's Sustainable Insurance Strategy

November 14, 2023 — In a significant move to protect California consumers and address the pressing challenges posed by climate change, Insurance Commissioner Ricardo Lara has unveiled the state's Sustainable Insurance Strategy. This ambitious strategy is aimed at safeguarding the overall health of the insurance market, comprised of consumers, homeowners and business owners, while ensuring long-term sustainability.

The strategy seeks a commitment from insurance companies to write a minimum of 85% of homes and businesses in distressed areas, where normal insurance is hard to find. This will reverse the trend of a growing FAIR Plan and make sure that insurance is available, especially in high-risk regions.

Decreasing FAIR Plan Policyholders: Priority to transition from the FAIR Plan back to the normal insurance market will be given to homes and businesses that mitigate wildfire risk by following the Insurance Commissioner's "Safer from Wildfires" regulation.

New rules for Catastrophe Models and Mitigation: The strategy incorporates new catastrophe models that consider mitigation and hardening requirements, leading to more accurate risk pricing. This means more accurate premiums for all Californians so they don't pay more than they should.

Modernizing the FAIR Plan: By expanding commercial coverage limits to \$20 million per structure, the strategy addresses coverage gaps which will benefit homeowner associations (HOAs), affordable housing, and infill developments.

Safer From Wildfires

[Safer from Wildfires](#) is a ground-up approach to wildfire resilience with three layers of protection — for the structure, the immediate surroundings, and the community. Following these achievable steps can help you save money on your insurance. Safer from Wildfires was created by an interagency partnership between Insurance Commissioner Ricardo Lara and the emergency response and readiness agencies in Governor Gavin Newsom's administration.

Resources

- [Download a summary of Safer from Wildfires](#) (PDF)
- [California Sustainable Insurance Strategy Overview](#) (PDF)
- [California Sustainable Insurance Strategy Fact Sheet](#) (PDF)
- [Commissioner Lara announces Sustainable Insurance Strategy to improve state's market conditions for consumers](#)
- [Commissioner Lara statement on the success of the second catastrophe modeling and insurance workshop](#)
- [Governor Newsom Signs Executive Order to Strengthen Property Insurance Market](#)
- [Commissioner Lara on Next Steps for Sustainability of California Insurance Market](#)