

[California home insurance rates to continue rising, experts warn](#)

ABC 10

Home insurance prices in California will keep rising, say industry experts at a conference this week.

Home insurance prices will continue rising. That was a message from industry experts this week, as they gathered to discuss the state's insurance crisis.

"It's going to be a higher-price environment. It's not a joy to say that; that is just the reality," said Rex Frazier, President of the Personal Insurance Federation of California.

He's a lobbyist for the insurance industry, representing about three-quarters of all property insurance sold in the state, and spoke Wednesday at the California Insurance Crisis Conference.

At the event, hosted by Capitol Weekly and the UC Student and Policy Center, panelists discussed the state's homeowners insurance crisis of availability and affordability, which has ballooned over the better part of the past decade—and will continue to get more expensive.

"Who legitimately can talk about the perils of climate change and then expect it to be a lower-loss environment?" Frazier said. "Are we going to get fewer fires? Are we going to get fewer losses, particularly when there are more homes near the fire? Of course not."

Seated next to Frazier on the panel was consumer advocate Amy Bach, executive director of the non-profit United Policyholders.

"Anybody who lives in an area where there's been a wildfire is a little more pragmatic and recognizes that the days of paying \$1,000 a year for your home insurance, long behind us," Bach said. "People understand that. They're willing to pay more to keep their assets protected, but the problem is, like, how

much more? We're hearing insane premium quotes from non-admitted and also FAIR Plan."

The California FAIR Plan is the state's bare-bones, high-cost fire insurance of last resort.

As of March, the FAIR Plan has more than 573,000 policies in force. That's more than double what it was just two and a half years prior, when that number stood at 271,000 in Sept. 2022.

"The average traditional resting point of the FAIR Plan is about 125,000 policies at any one time, and now we're certainly going to be above 600,000 by the end of the year," Frazier said.

That's because as companies in the regular insurance marketplace have limited where they write policies, people have been forced to turn to the FAIR Plan for fire coverage.

California Insurance Commissioner Ricardo Lara also spoke at the conference.

"The FAIR Plan has to modernize to meet this moment," he told conference attendees.

He highlighted his Sustainable Insurance Strategy, implemented late last year, which ABC10 has reported on extensively. It makes changes to California's insurance regulations, such as allowing insurers to use forward-looking catastrophe modeling when pricing policies.

State law requires insurers to get permission from the state before raising rates. Frazier says the state doesn't make those determinations quickly enough.

"The average rate approval time is a year. Now, I don't know what business can do effective business on terms like that, where you can't change your prices for a year and at the end of that year you might get half of what you requested and immediately you're asking for more," Frazier said.

That was the argument of State Farm - California's largest home insurer, which - in the wake of the Southern California wildfires earlier this year - asked the California Department of Insurance for an emergency rate increase.

After months of back-and-forth, the Commissioner granted the request on Tuesday - an average of 17% for homeowners insurance, 15% for renters and condo insurance and 38% for those who own rental dwellings, starting June 1.

ABC10 asked Lara about that decision at the conference.

“The decision was a tough one. We either allow for this increase, to ensure that we keep, you know, State Farm customers covered or else they lose their coverage and end up on the FAIR Plan, further exacerbating the insurer of last resort,” he said.

He says he will continue to fight to make home insurance more available.

Meredith Fowlie ended the panel on a note of hope. She is a professor in UC Berkeley’s Department of Agricultural and Resource Economics.

“We live in California, which is on the front lines of climate change, and the costs of adapting to climate change are really high, showing up in your insurance bill, showing up in your electricity bill,” Fowlie said. “The good thing is that we can do something about the regulations that determine how we recover costs and how we price these things. And I’m really encouraged – cautiously optimistic – that some of the changes we’re talking about will be good changes and important.”

At the conference, Lara also announced the creation of a statewide task force focused on smoke damage claims. He said the state currently lacks consistent standards for covering that hazard – and that has become glaringly obvious in the wake of the Southern California wildfires.