CALIFORNIA DEPARTMENT OF
INSURANCE
Protect • Preserve • Prevent

May 20, 2026

Since finalizing the Sustainable Insurance Strategy in December 2024, the Department of Insurance has seen initial signs of market improvement. The January 2025 Los Angeles wildfires pressure-tested the new regulations: Unlike in past disasters, we did not experience rate spikes and mass non-renewals. As of May 2026, nine insurance groups have sought rate increases of 6.9% or less, the same as thousands approved by past insurance commissioners but with a commitment to stay and grow – a first in California history. The latest FAIR Plan data from March 2026 suggests its growth is slowing – and the Department will continue to monitor the trend.

Approved	Effective Date	Rate change
CSAA (AAA NorCal)	March 1, 2026	+6.9%
USAA	April 30	+6.9%
Mercury	July 1	+6.9%
Pacific Specialty	July 1	+6.8%
Farmers	September 15	+1.5%

Pending		
California Casualty	TBD	+6.9% (requested)
Horace Mann	TBD	+8.5% (requested)
Travelers	TBD	+2.7% (requested)
AAA SoCal	TBD	+6.9% (requested)

FAIR Plan Growth Slows

Newly released data from the FAIR Plan – posted as part of CDI's push for greater transparency – shows a substantial slowdown in policy growth, offering an early signal that the market is beginning to stabilize. The FAIR Plan added approximately 16,000 residential policies in Q1 2026, representing about 2.4% growth from the previous quarter – and a sharp decline from 2024 through September 2025, when quarterly growth ranged from 35,000 to 50,000 policies. Average FAIR Plan rates will increase 29% effective October 15, down from the 36% requested. But policies available from large and specialty insurers in coming months create new options for homeowners outside the FAIR Plan.

Moving from Regulation to Mitigation

With regulations now in place, the focus shifts to reducing wildfire risk to communities. A recent study by the Department of Insurance and National Association of Insurance Commissioners found that rebuilding Los Angeles to the IBHS Wildfire Prepared Home standard would reduce average annual losses by more than 30 percent – a number with major implications for future insurability across the state.

Bottom Line

Expanded coverage options and greatly slowed growth of the FAIR Plan are leading indicators of the emerging health of California's insurance market. Widescale adoption of proven mitigation measures can help secure the safety and future insurability of communities.