UC Berkeley Terner Center for Housing Innovation

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The California Home Insurance Challenge in Eight Charts

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As wildfires and other hazards driven by climate change grow more frequent and intense, California homeowners face escalating threats to their homes and rising home insurance premiums. In the past year, several large insurers have **raised** premiums by **more than** 10 percent.[1] In addition, some insurance companies have **scaled back coverage** in high-risk areas or **pulled out** of the California market entirely,[2] leaving California homeowners with fewer insurer options. Many homeowners are **enrolling** in the backstop state-created "**FAIR Plan**" or opting into more limited forms of coverage, such as dwelling fire insurance.[3]

To keep more insurers in the California market, the California Department of Insurance (CDI) is now **allowing** insurers to incorporate escalating climate risk into their pricing models, meaning further rate hikes are likely.[4] In addition to straining homeowners, escalating premiums are **straining** the finances of affordable housing providers.[5]

Below, we highlight eight data points and trends in home insurance costs for California homeowners, using newly available federal and state data sources.[6] We conclude with brief implications for state policymakers. This blog focuses on the private insurance market for homeowners, leaving for future work important questions regarding renters and publicly coordinated insurance markets, such as the California FAIR Plan or the **National Flood Insurance Program** (see Appendix).

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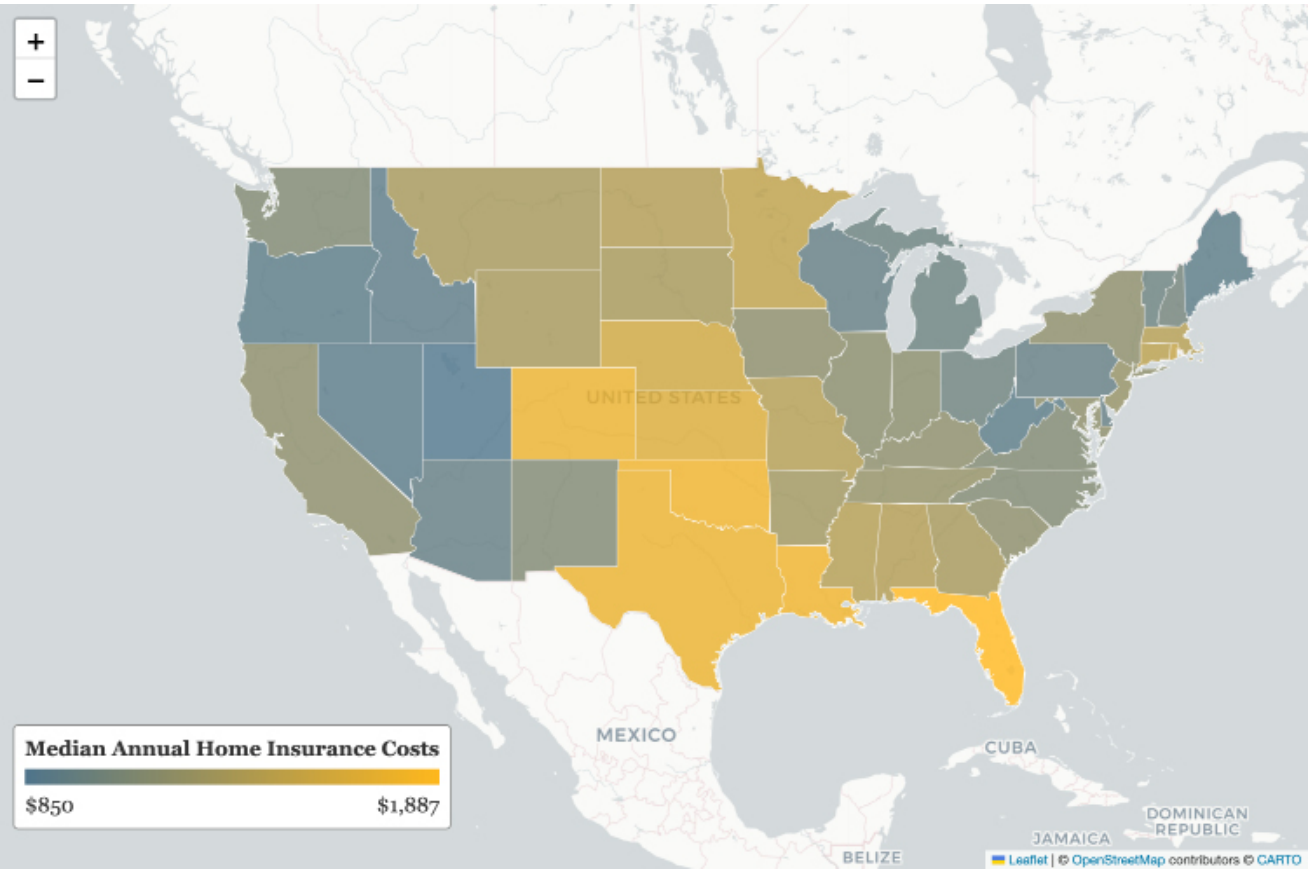
1. Historically, home insurance costs in California have been relatively low compared to other states.

As recently as 2023, California's median home insurance costs ranked in the middle of all 50 states. The typical California homeowner spent about $1,200 per year on home insurance in 2023, 2.2 percent higher than in 2013.[7]

The five most expensive states for home insurance, in descending order, were Florida, Louisiana, Oklahoma, Colorado, and Texas.

California's costs rank even lower after controlling for higher home values compared to other states.[8] (Our analysis confirms recent studies' **findings** that insurance rates are relatively lower in California, while using distinct data sources.[9])

Figure 1: Median Annual Home Insurance Costs, 2023



Note: Click to access the interactive map.

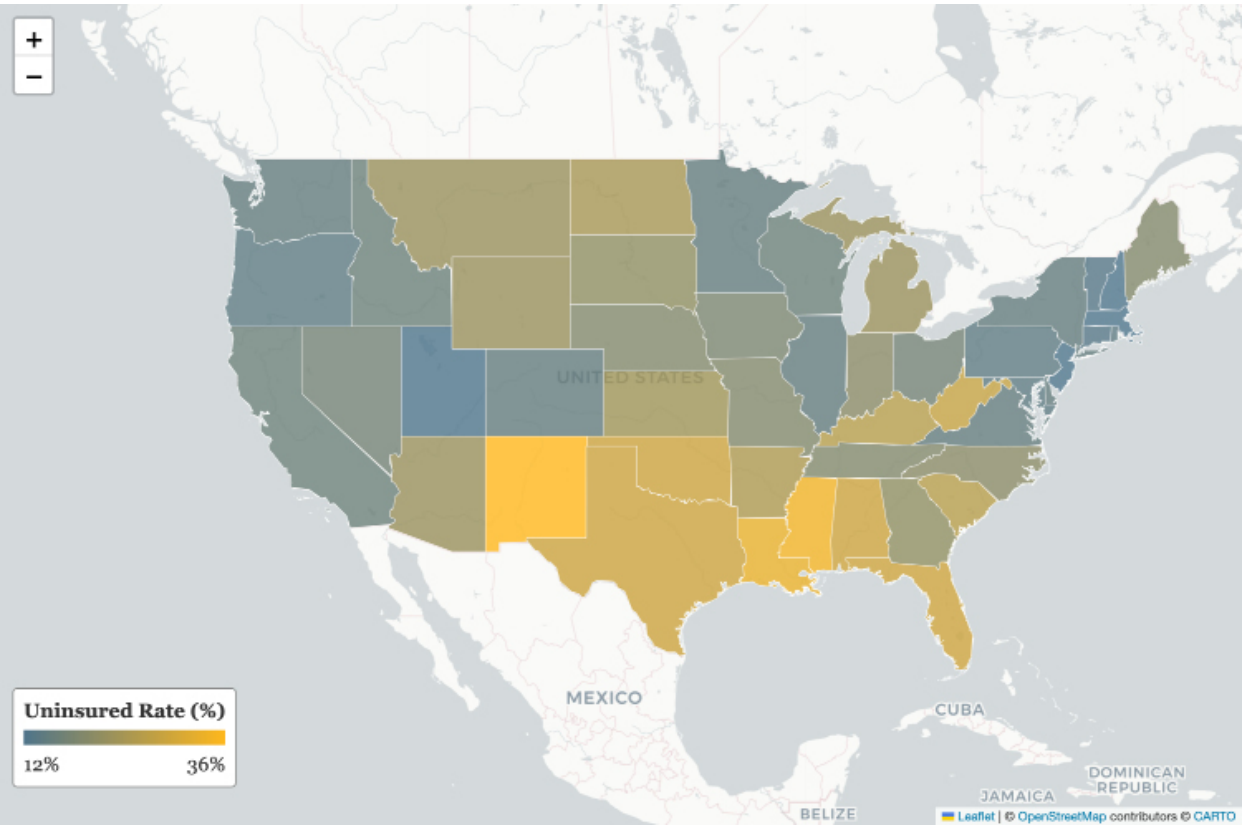
Source: Authors' analysis of Public Use Microdata (PUMS) data, 2019–2023.

2. California had a smaller share of uninsured homeowners than the country as a whole in 2023.[10]

Mortgage lenders typically require home insurance as a condition of the loan, meaning that the vast majority of homeowners with a mortgage are covered.[11] However, some homeowners who own their home outright, without a mortgage, are uninsured. Of homeowners without a mortgage, 16 percent in California were uninsured in 2023,[12] less than the national share of 21 percent. California's share represents a slight increase from the previous two survey periods (in 2018 and 2013).[13]

Other states with higher insurance costs also tended to have higher shares of uninsured homeowners. Four of the five most expensive states (Florida, Louisiana, Oklahoma, and Texas) were among the 10 states with the highest share of uninsured.[14] Conversely, Utah had both the lowest insurance costs and lowest share of uninsured homeowners.

Figure 2: Percent of Uninsured Homeowners without a Mortgage, 2023[15]



Note: Click to access the interactive map.

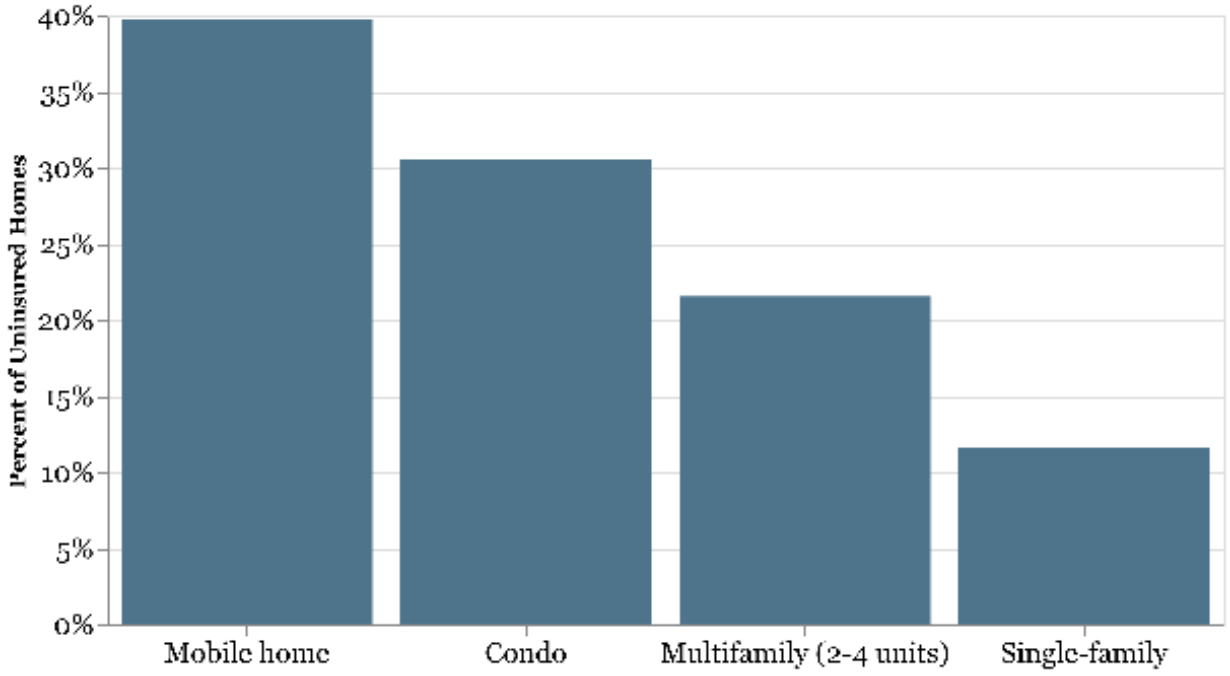
Source: Authors' analysis of Public Use Microdata (PUMS) data, 2019–2023.

3. Homeowners who are low-income, Black, Hispanic, and/or living in mobile homes are most likely to be uninsured.

Compared with insured homeowners, uninsured homeowners in California tended to have lower median incomes ($63,000 vs. $94,000 per year); were more likely to be younger than age 60 (44 percent vs. 32 percent); were more likely to be Hispanic (31 percent vs. 21 percent); and were somewhat more likely to be Black (3.2 percent vs. 2.5 percent).

Owners of a mobile home or small multifamily unit (two to four independent units on a property) in California were substantially more likely to be uninsured than single-family homeowners (Figure 3). About 40 percent of households living in mobile homes without mortgages (98,000 out of 247,000) lacked insurance coverage in 2023. The uninsured rates for condominiums and owner-occupiers living in multifamily buildings smaller than five units were 31 percent and 22 percent, respectively, compared with 12 percent for single-family homeowners without mortgages.

Figure 3: Percent of Uninsured Homeowners without a Mortgage, 2023



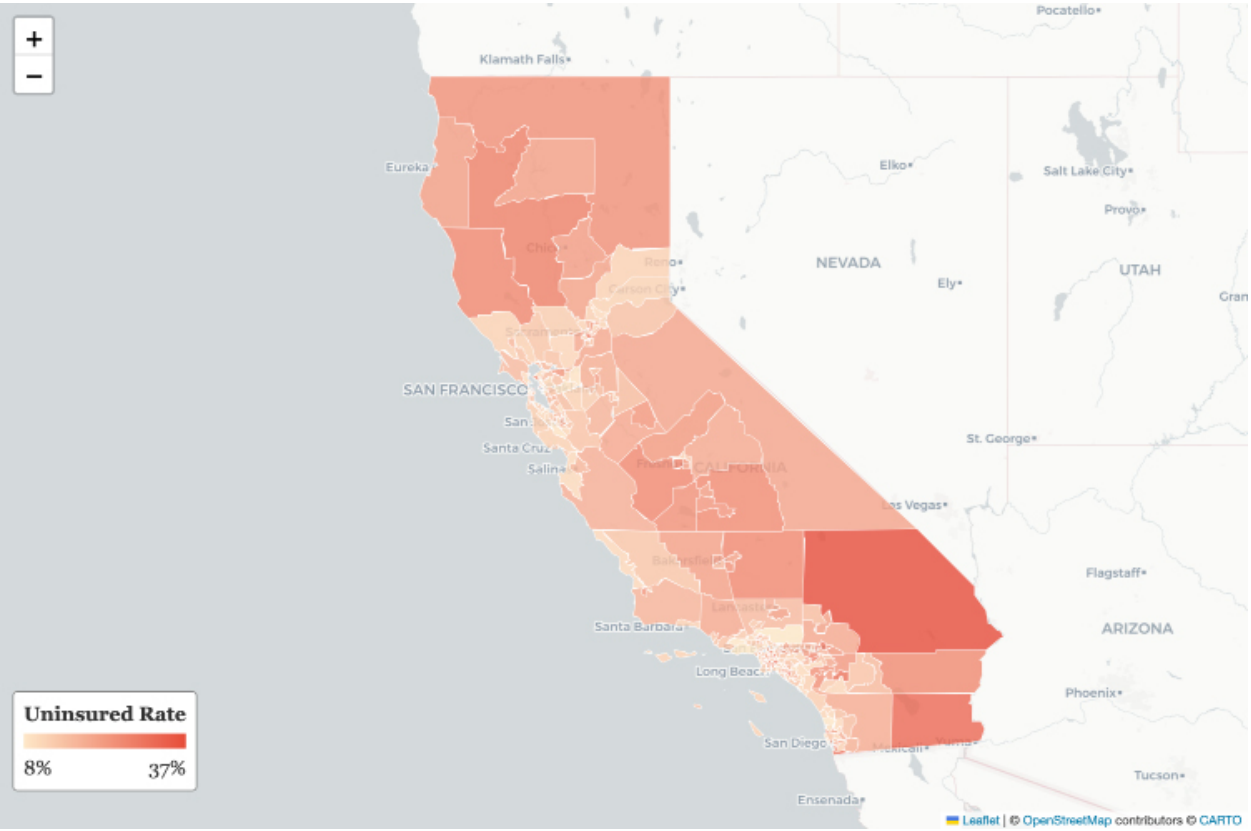
Source: Authors' analysis of Public Use Microdata (PUMS) data, 2019–2023.

4. Low insurance coverage tends to be more common in rural areas.

Many rural areas in California have relatively high shares of uninsured homeowners, especially the far northern and southeastern regions (Figure 4).

Some of these areas are estimated by insurance companies to be at high wildfire risk, including parts of the eastern Los Angeles metropolitan area and the Sierra foothills in Northern California, potentially representing a large risk exposure for these households and their communities. However, we did not find a significant correlation between the insurance-estimated wildfire risk and rate of uninsurance.

Figure 4: Share of Uninsured Homeowners in California, 2023

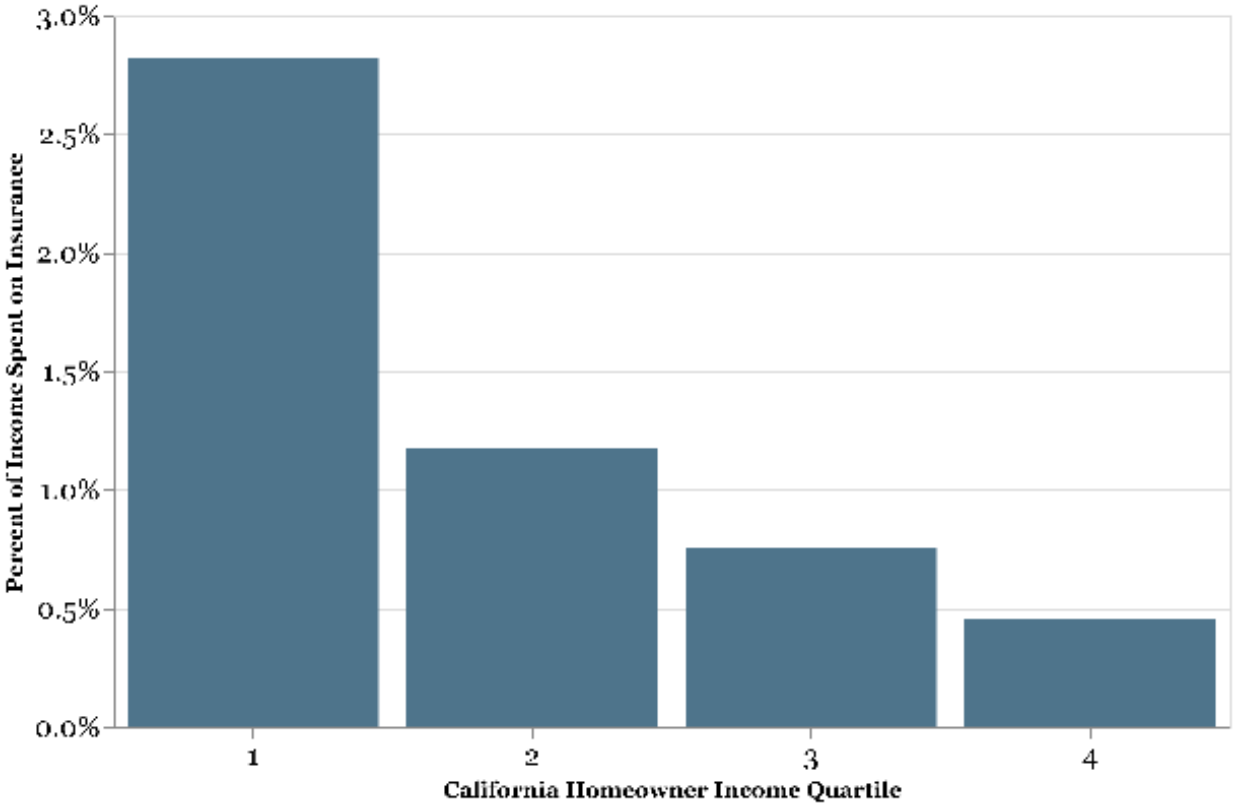


Note: Click to access the interactive map.
Source: Authors' analysis of Public Use Microdata (PUMS) data, 2019–2023.

5. Low-income homeowners pay the largest share of their income toward home insurance.

Typical California homeowners spent about 1 percent of their income on home insurance in 2023. However, homeowners in the lowest income quartile (households with an annual income below $66,000) spent far more—about 3 percent of their income on average. These are the same households most likely to face high housing cost burdens overall and least likely to be able to manage rate increases.

Figure 5: Home Insurance Cost Burdens by Income Quartile in California, 2023



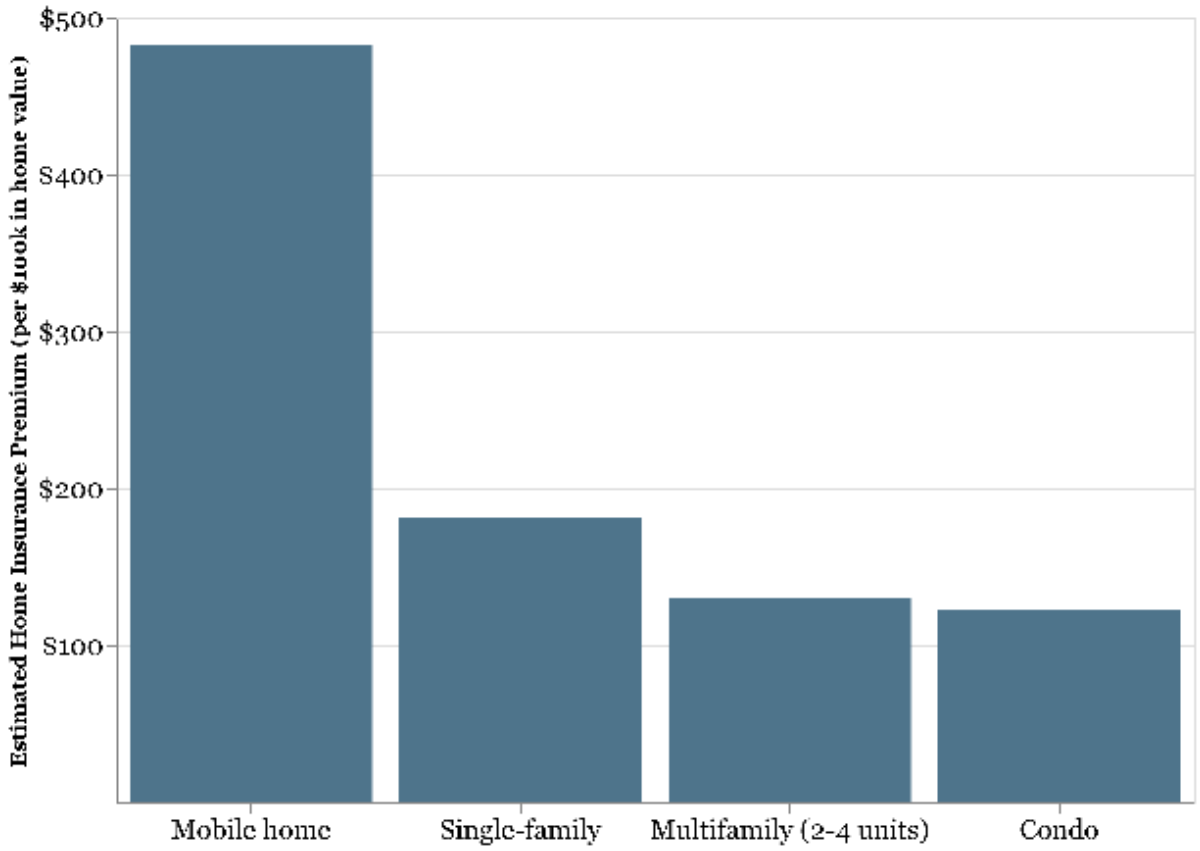
Source: Authors' analysis of Public Use Microdata (PUMS) data, 2019–2023.

6. Mobile homes carry higher insurance costs as a share of home value.

As a share of home (i.e., property) value, insurance costs were relatively higher for people living in mobile homes than in other housing types, with a median cost of $483 per $100,000 of home value (Figure 6). Insurance costs were below $200 per $100,000 of home value for the three other major housing types: single-family ($182), multi-family properties with two to four units ($131), and condominiums ($123).

In addition, insurance costs were lowest for homes built after 2009 (not shown in figure), with the typical homeowner paying $150 per $100,000 of home value, compared to around $200 for homes built in the 1990s and 2000s. Recent California building code updates to enhance building safety may be helping reduce insurance costs for new homes, but more research would be needed to confirm this.

Figure 6: Estimated Home Insurance Premium (per $100,000 in Home Value) in California, 2023



Source: Authors' analysis of Public Use Microdata (PUMS) data, 2019–2023.

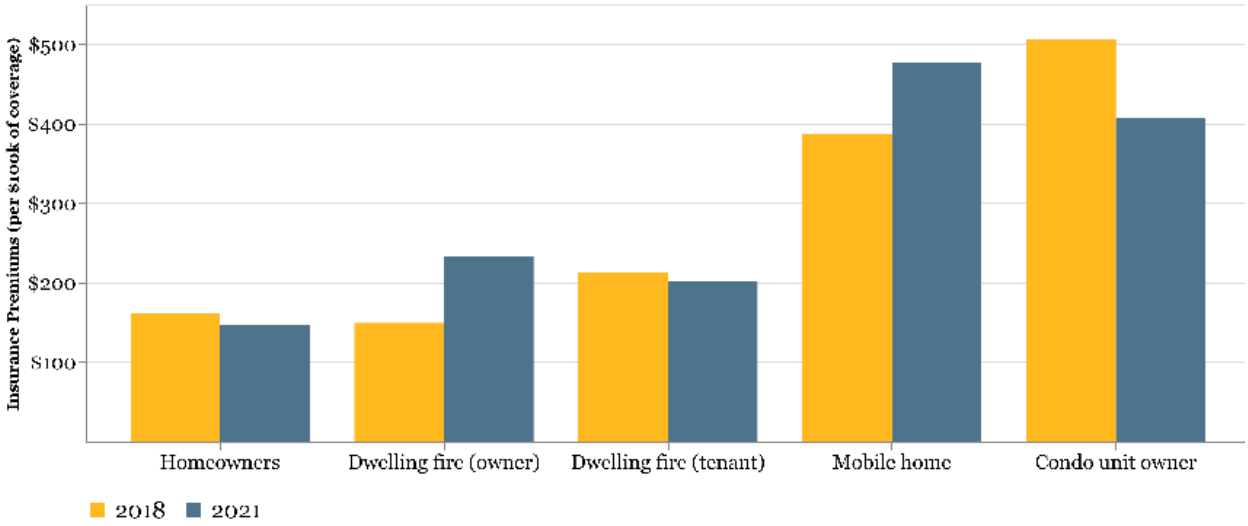
7. Premiums for mobile homes increased faster than for other housing types, and dwelling fire premiums increased faster than standard homeowner policies.

Mobile homes and condominiums had the highest rates per $100,000 of covered value in 2021 (Figure 7): $478 and $408, respectively. (The covered value is typically less than the property value, as it only includes the cost of rebuilding housing structures, not the intrinsic value associated with the land underlying them.) While insurance costs remained stable or decreased for standard homeowner or condominium policies, the price for mobile homeowners increased from about $400 to $500 from 2018–2021.

Dwelling fire policies provide only limited coverage for losses resulting from wildfires or structure fires. These policies rose faster than any other category, from $150 per $100,000 covered value in 2018 to $230 in 2021.

Further research is needed to understand the relationship between the rapid increase in mobile home and dwelling fire policy premiums and rising wildfire risks and other changes to California home insurance markets.

Figure 7: Insurance Premiums (per $100,000 of Covered Value) by Insurance Type in California, 2018–2021



Source: Authors' analysis of California Department of Insurance wildfire classification data, 2018–2021.

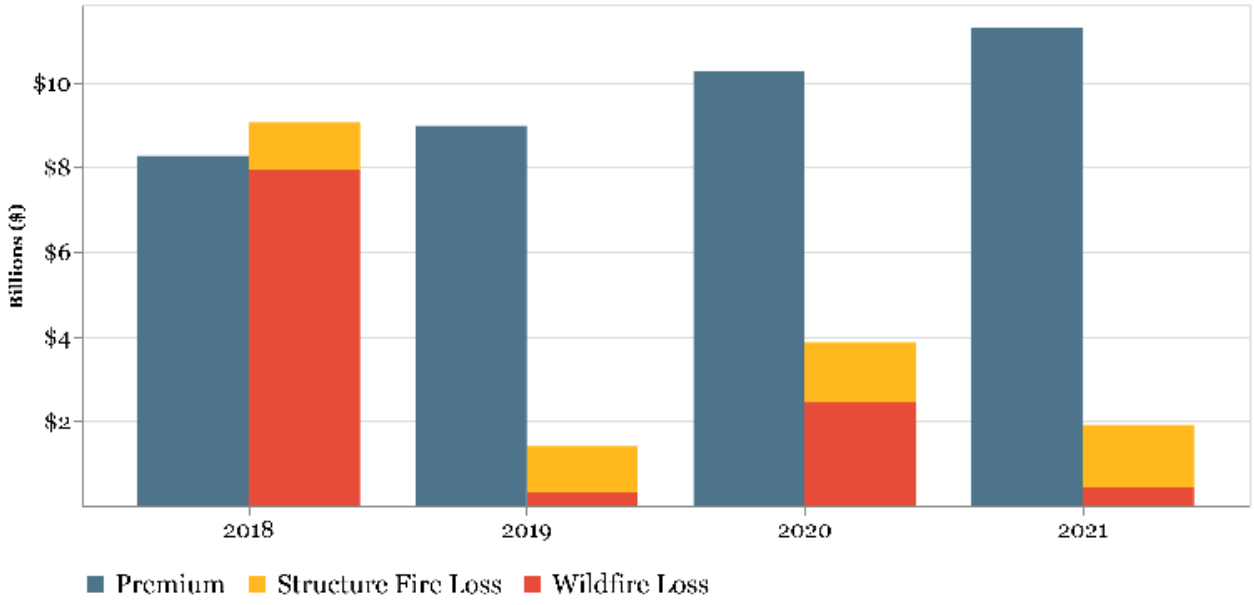
8. Over a four-year period, insurance loss claims were concentrated in small areas that experienced wildfires.

Insurance companies rely on claims to be less than the amount they collect from insurance premiums in order to remain financially solvent. From 2018 to 2021, fire-related loss claims accounted for 42 percent of total premiums covering all types of losses: we refer to this ratio as fire-loss-to-premium ratio. Insurer solvency requires this ratio to remain well below one when averaged over many years. From 2018 to 2021, this ratio varied by policy type: dwelling fire insurance had the highest ratio at 73 percent, followed by mobile home insurance at 63 percent, compared to 45 percent for standard homeowners insurance.[16] Additionally, properties covered by dwelling fire insurance or mobile home policies experienced a greater share of wildfire-related losses than structure fire losses.[17] These factors are consistent with the rapid increase in premiums for these two policy types, as discussed earlier.

It is important to note that wildfire losses vary greatly from year to year, while insurers strive to retain lower ratios over longer time periods than these data cover: for example, the years 2017 and 2025 would likely show much higher loss ratios due to their exceptionally **damaging** wildfires.[18]

During this time period, wildfire loss claims were concentrated in a small number of zip codes, such as those in northern California. Among the 2,240 zip codes with available data in the four-year period, 52 percent reported no wildfire-related loss claims, and 45 percent had wildfire-loss-to-premium ratios below one. Only 4 percent of zip codes had a loss-to-premium ratio above one.

Figure 8. Wildfire-Loss vs. Premium Ratio and Wildfire Perimeters in California, 2018–2021



Source: Authors' analysis of California Department of Insurance wildfire classification data, 2018–2021, and wildfire perimeters provided by CalFire.

Policy Considerations

While home insurance costs and uninsured rates in California have been relatively low historically, this is likely to change as climate change makes catastrophic losses more frequent and new regulations allow insurers to better incorporate this risk into their pricing models. Premiums for dwelling fire and mobile home insurance are already growing rapidly.

Home insurance plays a critical role in safeguarding households and communities by pooling risk. Appropriately pricing future climate risk may increase the efficiency of this market and incentivize resilience investments, but rapid premium increases also exacerbate financial burdens facing lower-income homeowners. These challenges are most acute for some of the state's most vulnerable homeowners, including those living in **mobile homes** or in high-risk locations.[19] Making matters worse, some of these residents have moved to these locations **in part due** to the lack of affordable housing in relatively safer areas within the state.[20]

California researchers and policymakers now face the critical challenge of understanding the impacts of these trends—and developing strategies to protect the most vulnerable residents from being displaced from their homes or losing access to safe and stable housing altogether. Given the **scale** of the challenge, new funding for resilience investments will very likely be needed, combined with thoughtful strategies to reach the most vulnerable residents.[21] Recent policy developments in other states may be instructive: a recent **Colorado law** requires insurers to factor in both household and regional resilience investments when underwriting and setting premiums.[22]

Supporting existing communities while discouraging further development in risky areas will be especially challenging and requires additional research. Just as California undertakes regular comprehensive plans to reduce its contribution to climate change,[23] state policymakers may consider comprehensive planning to adapt the state's existing housing stock to climate change impacts.

California policymakers continue to address these challenges, with several new laws signed at the end of the 2025 legislative session. For example, **Assembly Bill 1** will require CDI to periodically update regulations requiring insurers to provide premium discounts for resilience investments and consider expanding these to encompass community-scale investments. **Senate Bill 525** will make mobile home owners eligible for the FAIR Plan. Researchers can help assess the efficacy of these laws and recommend further reforms.

APPENDIX: DATA AND METHODOLOGY

All descriptive analyses of homeowners' insurance cost burden in California presented in this analysis are based on the data from the Public Use Microdata Sample (PUMS) for three five-year periods: 2019–2023, 2014–2018, and 2009–2013. All values and costs are adjusted and reported in 2023 dollars unless otherwise noted. Descriptive statistics are weighted using the appropriate survey weights to ensure representativeness of the homeowner population in California.

The analysis of insurance premiums for five major insurance types is based on the wildfire classification data publicly available on the California Department of Insurance's (CDI) website. The CDI data provide zip code-level summaries of residential insurance policies for six policy types: Homeowners (HO), Dwelling Fire Owner-Occupied (DO), Dwelling Fire Tenant-Occupied (DT), Mobile Home (MH), Condominium Owner (CO), and Renters (RT). The data are based on the Personal Property Experience (PPE) data call, which requires insurers writing more than $10 million in key residential lines to report policy-level information for all policies in force in the four years of the 2018–2021 period. More recent CDI data for years 2022–2023 have become available since this analysis was completed.

Homeowners (HO) policies, the most common type, provide coverage for owner-occupied properties with one to four units. Dwelling Fire Owner-Occupied (DO) policies also insure one- to four-unit owner-occupied dwellings but offer more limited coverage, often serving as an alternative when standard HO policies are not affordable or unavailable. Mobile Home (MH) policies are designed for manufactured or mobile homes, insuring both the structure and personal belongings. Condominium Owner (CO) policies cover individual condo or co-op units, including interior structures and personal property. For rental properties, Dwelling Fire Tenant-Occupied (DT) policies protect landlords by covering one- to four-unit buildings occupied by tenants. Finally, Renters/Tenant (RT) policies are designed for tenants, providing personal property and liability coverage.

In California, some home insurance coverage isn't available through private insurance companies. The state's FAIR Plan offers basic fire insurance for homeowners who can't get traditional coverage from the insurance market, often due to wildfire risk. Standard policies also exclude flood and earthquake damage. These require separate coverage through the Federal Emergency Management Agency (FEMA's) National Flood Insurance Program and the California Earthquake Authority, respectively.

ENDNOTES

1. Darmiento, L. (2024, August 29). Allstate receives approval for 34 percent increase in homeowners insurance rates. *Los Angeles Times*. **https://www.latimes.com/business/story/2024-08-29/allstate-34-1-percent-rate-increase-homeowners-insurance**; Sumagaysay, L. (2025, May 13). State Farm wins first-ever emergency rate hike in California. CalMatters. **https://calmatters.org/economy/2025/05/state-farm-rate-hikes-decision/**

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3. Munce, M. F., & Devulapalli, S. (2025, July 10). Map: Here's how much the California FAIR Plan costs in every ZIP code. *San Francisco Chronicle*. The California FAIR Plan is a State-mandated, insurer-backed pool that provides basic property insurance to homeowners who can't obtain insurance in the voluntary market. Some insurers offer dwelling fire insurance that provides narrower coverage for owner-occupied one- to four-unit dwellings, an alternative when standard homeowners insurance isn't available or affordable. **https://www.sfchronicle.com/california/article/california-fair-plan-premium-20761726.php**

4. Comstock, N. (2024, March 21). New plan in California lets insurers use computer modeling to justify rate increases. CBS News. **https://www.cbsnews.com/losangeles/news/new-plan-in-california-lets-insurers-use-computer-modeling-to-justify-rate-increases/**

5. Ellis, M. (2025, June 22). California insurance crisis could have dire consequences for affordable housing. *San Francisco Chronicle*. **https://www.sfchronicle.com/california/article/affordable-housing-insurance-premium-20370849.php**

6. We use American Community Survey data on household insurance costs (Public Use Microdata [PUMS] 2009–2013, 2014–2018, 2019–2023) and the summaries of insurance company filings publicly available from the California Department of Insurance's website (CDI, 2018–2021).

7. This represents the median cost, but some homeowners paid far more, resulting in average costs exceeding $1,600 per year. Here and below, "homeowner" refers to the head of a household who owns their primary residence.

8. Using a fixed-effect regression controlling for home value, structure size, building age, and household income, California's relative rank for insurance costs goes down from 27th to 33rd for mortgaged households and from 21st to 32nd for unmortgaged households.

9. Flavelle, C., & Rojanasakul, M. (2024, July 8). Home Insurance Rates in America Are Wildly Distorted. Here's Why. *The New York Times*. **https://www.nytimes.com/interactive/2024/07/08/climate/home-insurance-climate-change.html**; Keys, B. J., & Mulder, P. (2024). *Property Insurance and Disaster Risk: New Evidence from Mortgage Escrow Data* (Working Paper No. 32579). National Bureau of Economic Research. **https://doi.org/10.3386/w32579**; Oh, S., Sen, I., & Tenekedjieva, A.-M. (2021). Pricing of Climate Risk Insurance: Regulation and Cross-Subsidies (SSRN Scholarly Paper No. 3762235). **https://doi.org/10.2139/ssrn.3762235**

10. Throughout this report, we refer to the five-year American Community Survey ending in 2023 as representing conditions in 2023. However, the survey technically reflects an average over the years 2019–2023.

11. Non-zero uninsured rates for mortgaged homeowners may arise for several reasons. Some survey respondents may misreport their home insurance status, especially when the insurance payment is less visible to them, such as home insurance paid through escrow or monthly mortgage payments. Others may rely on lender-provided insurance, which is not paid directly by borrowers. Gaps in policy renewal and mortgage delinquencies can lead to temporary lapses in coverage.

12. These uninsured homeowners who own their home outright represent about 5 percent of all California homeowners, or 390,000 households.

13. Uninsured homeowners were estimated as those whose insurance cost was reported as zero in PUMS 2019–2023.

14. Uninsured rates exceed 30 percent in four states: New Mexico (36 percent); Alaska (35 percent); Mississippi (35 percent); and Louisiana (33 percent). Uninsured rates in Florida and Texas are very close to 30 percent.

15. Here and in other figures, uninsured rates are estimated only for homeowners without a mortgage.

16. The CDI wildfire classification datasets do not include losses from non-fire causes or losses outside of Coverages A and C, which prevents us from calculating the overall loss-to-premium ratio. The datasets distinguish between fire-incurred and smoke-incurred losses; in this analysis, we combine both as fire-related losses.

17. The CDI wildfire classification datasets distinguish between catastrophic and non-catastrophic fires. For simplicity, we refer to these as wildfires and structure fires, respectively, in this blog.

18. Scott, S., Alvarado, N., & Quiñonez, D. (2025). *Industry insured losses for Los Angeles wildfires*. Milliman. **https://www.milliman.com/en/insight/industry-insured-losses-for-los-angeles-wildfires**

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21. *Property Prices in Peril*. (2025). First Street. **https://firststreet.org/research-library/property-prices-in-peril**

22. Risk Model Use in Property Insurance Policies, HB25-1182, Colorado General Assembly 2025 Regular Session. **https://leg.colorado.gov/bills/hb25-1182**

23. These include the economy-wide **Scoping Plan** led every five years by the California Air Resources Board and sector infrastructure transition planning, such as the California Public Utility Commission's gas distribution **rulemaking**.

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