



# CEO'S CORNER

▶ A steady view on what matters most.

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## Get ready to pay more for homeowner's insurance.

June 3, 2026

I started drafting this letter when I discovered that CA Fair Plan insurance rates were going to explode higher this fall. My first thought was, "Our clients on Fair Plan need to know this in advance". In the past 10 days or so, I've done a lot more reading about homeowners insurance availability in California. I've spoken with experts. Homeowners insurance in California is a hot mess, and it's probably going to get more complicated and more expensive. By the time I went back to drafting I'd come to the conclusion that I would never want to purchase homeowners insurance in California without the help of a veteran, qualified specialist. There is just too much to know, and too many potential mistakes that can be made. The purpose of insurance is to protect you from financial disaster. Most people find out what their insurance doesn't cover the moment they need that coverage. So before I go any further I want to give you the names of some highly qualified people who specialize in providing this coverage.

Chuck Reyna is a veteran of these crazy markets. He's with Aon Private Risk Management in San Francisco, CA. His email address is [Chuck.reyna@aon.com](mailto:Chuck.reyna@aon.com) His cell phone number is 925-437-4104.

Jennifer Thompson and Gannon Laidlaw are with Jaffe Insurance Agency, an independent insurance agency with offices in Marina Del Ray and Napa, CA. Her email address is [Jennifer@JaffeInsurance.com](mailto:Jennifer@JaffeInsurance.com). Her cell phone number is 310-827-6186. Gannon focuses on new business placement and works with clients on homeowners, auto, umbrella, landlord, and commercial insurance needs. His email address is [Gannon@JaffeInsurance.com](mailto:Gannon@JaffeInsurance.com). His cell phone number is 707-337-2473.

Both Aon and Jaffe insure homes all over the state of CA. They insure homes of 5T's clients. They both have extensive experience dealing with the biggest risks we face right now, fire and water damage. Chuck, Jennifer and Gannon care, and they are easy to talk with!

The San Francisco Chronicle recently reported that *“California homeowners relying on the states Fair Plan insurance will soon face the largest premium hike in years, with rates set to rise nearly 30% on average in October.”* In 2021 FAIR plan covered only 242,000 homes. It covered approximately 684,388 as of March 2026, and the number is growing. That makes them the third largest homeowner insurer in California after State Farm and Farmers Insurance Group, and their premiums are exploding upward.

CA Fair Plan policyholders can expect to see their new premium at their first renewal date following Oct. 15. Megan Fan Munce, staff writer for the Chronicle reports: *“The largest component of the increase relates to the wildfire portion of policyholders’ premiums, so those policyholders whose properties are at significant wildfire risk will see a higher increase than those at lower risk, and some policyholders will see a premium decrease, according to a spokesperson for the FAIR Plan.”*

This is the first statewide rate increase for the FAIR Plan since 2023, when it raised premiums by 15.7% overall. FAIR stands for Fair Access to Insurance Requirements. The California FAIR Plan is a basic, last-resort fire insurance program designed for homeowners who cannot get coverage from traditional insurers because their property is considered too risky — usually due to wildfire exposure. It is not a full homeowners insurance policy by itself. Most homeowners need to combine it with a supplemental policy called a Difference in Conditions (DIC) policy to get broader protection. Think of the FAIR Plan as “bare-bones fire insurance for properties traditional insurers won't cover”.

Homeowners in higher fire risk areas should probably expect continued annual premium increases, tighter inspections by insurers, mandatory defensible-space requirements, more non-renewals in high risk fire zones, and greater use of FAIR plan +DIC coverage.

The San Francisco Chronicle reports that private insurers will also be raising rates. Farmers, Mercury, USAA, Pacific Specialty, and California Casualty will all be announcing rate increases before September 15th, 2026. Companies like these operate in the “traditional admitted market” of insurers in California. Given the increasing risks from climate catastrophe, fire and water, two other entities now act as massive insurers for California. The Fair Plan is one of them and it's currently the primary option for most homes in heavily forested or high-risk fire zones.

The other is call the surplus lines, or non-admitted market. It includes specialty insurers like Chubb Custom, which dominates the luxury, high value home sector. Other participants in the luxury, high-value sector include PURE, Cincinnati Surplus Home Insurance. Together, these carriers write thousands of customized policies for expensive homes and estates that fall outside standard underwriting guidelines. Because they are not subject to the state's usual rate-setting rules, they can insure higher-risk properties by pricing coverage to reflect local hazards. Jennifer Thompson told me about a home in Oakville, Napa County, that she insured with \$5 million in excess fire coverage. The annual premium for that coverage is \$65,000, in addition to a \$10,000 California FAIR Plan premium and \$5,000 for supplemental insurance, bringing the total annual cost to \$80,000.

A newer entrant to insuring high risk homes, with total potential claims of \$3 million or less, is Delos Insurance Solutions. Delos was built by aerospace and data scientists specifically to write home insurance in areas exposed to wildfire. They use highly advanced satellite imagery, NASA data, and AI modeling to look at individual properties. They often find that a specific home is actually safe from fire, even if traditional legacy models have blacklisted the entire zip code.

Chuck Reyna, from Aon Private Risk Management, told me about several other newer insurers, including Pacific Coastal, Stand, and Rivington Specialty. They all employ very advanced, sophisticated, proprietary wildfire risk modeling. Rivington is limited to \$4m in dwelling coverage, Pacific Coastal can offer up to \$10m dwelling coverage, while Stand can accommodate up to \$20m in Total Insured Value (the combination of the dwelling, separate structures, personal property, and loss of use limits combined).

The good news is that newer carriers are entering the California market. The bad news is that all insurance is expensive these days. Possibly more important is the fact that coverage offered by the various carriers, admitted and unadmitted, can vary widely. You might have insurance against fire damage, but not water damage, and unless you've read the fine print you won't know until your house floods! Meghan and I have been through that. Having three feet of water in your house is no fun, especially in the dead of winter in Truckee, CA!

It was not my intention to make recommendations or even talk about alternatives to the Fair Plan when I started writing this letter. I simply wanted to make you aware that big premium increases are on the way. They are going to be a real shock for some. But I have come to understand that this market is so complex I would not proceed in it without professional guidance.

Here is a sampling of the Fair Plan projected rate increases, and two decreases in several communities. The source of these numbers is from an article written by Megan Fan Munce of the San Francisco Chronicle on May 20, 2026. She linked the California

Fair Plan website to her article. We have clients living in many of these zip codes. That's why I selected them to highlight.

Community	Zip Code	Rate Increase
St. Helena	94574	22%
Napa	94559	22%
Rutherford	94573	30%
Angwin	94508	30%
Pope Valley	94567	39%
Pacific Palisades	90272	35%
Paradise	95969	34%
Ramona	92065	42%
Magalia	95954	37%
Tahoe City	96146	16%
Truckee	96160	31%
South Lake Tahoe	96151	26%
Malibu	90265	37%
Bel Air	90049	37%
Potter Valley	95469	29%
Belmont	94002	8%
Walnut Creek	94598	23%
Novato	94945	5%
Orinda	94563	31%
Oakland	94610	-14%
San Rafael	94901	8%
Sacramento	95822	-24%

Grizzly Flats, CA, in El Dorado County, zip code 95636 will be experiencing the largest rate hike, at 108%! No clients there, but Ouch!

If you are on the CA FAIR PLAN, you might want to check out what options are available to you before those new rates take effect. If you are on any other plan that you put together yourself, I strongly encourage you to call Chuck, Jennifer, or Gannon. Get a second opinion. For the record, we do not share in any of their compensation. Nor do we get referral fees. As I am finishing this newsletter I'm realizing that Meghan and I are now paying more in annual insurance premiums for our two homes than the total cost of my first house!

All the best,



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