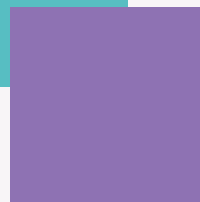


CENTER FOR CALIFORNIA  
REAL ESTATE REPORT:  
**PROPOSED  
SOLUTIONS FOR  
CALIFORNIA'S  
HOMEOWNERS  
INSURANCE  
CHALLENGES**

JULY 11, 2025



CENTER FOR  
CALIFORNIA  
REAL ESTATE

**ccre.us**





# ABOUT CCRE

-----

The Center for California Real Estate (CCRE), an institute of the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.), advances knowledge and research by collaborating with varied partners, spurs innovative thinking about key issues facing California and the real estate industry, and extends C.A.R.'s influence via intellectual engagement with different audiences, diverse stakeholders, and new external partners.

Now into its second decade, CCRE serves as a nexus for multi-disciplinary thinking aimed at solving some of the state's most challenging issues. Bringing together key experts from a variety of fields, from academics to policymakers to industry leaders, CCRE produces new knowledge and serves as a key resource about housing issues for all C.A.R. members, external entities, the media, and the public.

Visit **ccre.us** to explore the Center's online resources and learn about upcoming events.

# BACKGROUND

-----

On May 28, 2025, following [multiple cross-industry panels](#) raising critical concerns surrounding the state's escalating homeowners insurance crisis, the Center for California Real Estate (CCRE) convened a select interdisciplinary forum of experts in a closed-door strategy session in Sacramento to concentrate and focus the conversation to key drivers of the crisis and identify the most urgent and effective solutions. This "Insurance Sandbox" brought together 20 leaders from academia, consumer advocacy, fire mitigation education, and the building and insurance industries, representing both California and national perspectives.

The forum sought to develop actionable strategies to improve the availability, affordability, and sustainability of homeowners insurance amid rising wildfire risk. This report captures the key themes, findings, and proposed solutions that emerged from that convening, with the goal of informing policy discussions and industry responses in the months and years ahead.



# PARTICIPANTS

-----

**Amy Bach**, Executive Director, United Policyholders

**Steve Bowen**, Chief Science Officer, Gallagher Re

**Craig Clements**, Director, San José State University Wildfire Interdisciplinary Research Center

**Lloyd Dixon**, Director, RAND Kenneth R. Feinberg Center for Catastrophic  
Risk Management and Compensation

**Nick Cammarota**, Senior Vice President & General Counsel,  
California Building Industry Association

**Jill Epstein**, CEO, Independent Insurance Agents & Brokers of California

**Seren Taylor**, Vice President, Personal Insurance Federation of California

**Frank Frievalt**, Director, Cal Poly Wildland-Urban Interface Fire Institute

**Victor Joseph**, President & COO, Mercury General Corporation

**Nuin-Tara Key**, Executive Director for Programs, California Forward

**Steven Koller**, Postdoctoral Fellow, Harvard University Joint Center for Housing Studies

**Michelle Medley-Daniel**, Director, Fire Adapted Communities Learning Network

**Molly Mowery**, Executive Director, Community Wildfire Planning Center

**Pete Peterson**, Dean, Pepperdine University School of Public Policy (Facilitator)

**Dale Porfilio**, President, Insurance Research Council, and Chief Insurance Officer,  
Insurance Information Institute

**Denni Ritter**, Vice President of State Government Relations,  
American Property Casualty Insurance Association

**Bob Roper**, CEO, Western Fire Chiefs Association

**Shalini Vajjhala**, Executive Director, PRE Collective

**Michael Wara**, Director, Stanford University Climate and Energy Policy Program

**Matthew Wibbenmeyer**, Fellow, Resources for the Future

# EXECUTIVE SUMMARY



California's homeowners insurance crisis has emerged as one of the state's most urgent housing-related challenges. While the Palisades and Eaton Fires in January 2025 reinforced the growing frequency and intensity of climate-driven disasters, the broader insurance crisis reached public prominence in 2023 when State Farm announced it would stop issuing new homeowners policies in California. Other major carriers soon followed, pushing the issue into the political and regulatory spotlight.


These decisions stem from a confluence of market pressures, including escalating wildfire risk, inflationary surges in construction costs, and regulatory constraints. Proposition 103—the voter-passed initiative that created the current insurance regulatory environment—has generated some tension between actuarial soundness in the wake of climate-driven disasters and much-needed consumer protection. The result is a shrinking marketplace where more homeowners are underinsured, withdrawing from the private marketplace entirely, or being forced into the California FAIR Plan—the state's insurer of last resort.

In response to the ongoing crisis, the California Department of Insurance in 2024 launched the Sustainable Insurance Strategy (SIS) to modernize regulations, stabilize the insurance market, and expand access in wildfire-prone areas. Key components include a regulatory commitment from insurers to write at least 85% of their statewide market share in distressed areas, the adoption of forward-looking catastrophe models that account for mitigation, streamlining of the rate approval process, and exploration of California-specific reinsurance cost considerations. Full implementation is expected by the end of 2025, though some reforms are already underway.

At the same time, local governments, advocacy organizations, and industry partners are piloting neighborhood-scale mitigation strategies and public education efforts. These initiatives—though promising—remain fragmented and highlight the need for broader coordination and sustained investment across sectors. Participants proposed multiple action items to stabilize the homeowners insurance landscape, promote stronger alignment, and accelerate overall progress.

## REALTOR® INSURANCE ADVOCACY

REALTORS® in California have actively advocated for more affordable and accessible home insurance. C.A.R. supports the Insurance Commissioner's Sustainable Insurance Strategy, which aims to stabilize the market and expand private market coverage options. C.A.R. has also backed key legislation to strengthen both the traditional insurance market and the California FAIR Plan, ensuring homeowners in high-risk areas have viable coverage. Additionally, REALTORS® have strongly supported measures to increase consumer transparency, including the disclosure of fire risk scores and other insurance-related information to help buyers make informed decisions.





# PROPOSED SOLUTIONS

---

## **1. Address Rate Approvals and Price Suppression to Expand Market Participation**

- Modernize California's rate approval timeline—currently averaging 335 days, compared to the national average of 64—to improve predictability and attract more private insurers.
- Support actuarially sound pricing by reducing regulatory price suppression, a key barrier to insurer re-entry. Consider phased rate approvals or presumptive frameworks that maintain consumer protections while enabling timely, risk-based pricing.

## **2. Secure Long-Term, Scalable Mitigation Funding**

- Sustained state funding for mitigation efforts is essential for long-term resilience efforts. Estimates can include investing \$4 billion to \$5 billion annually over the next five years in wildfire resilience, with a sustained \$2.5 billion annually thereafter.
- Leverage private sector investments (e.g. utilities, insurers) to co-fund high-impact mitigation zones.

## **3. Link Financial Incentives to Risk-Reduction Measures**

- Expand programs that link insurance discounts or increased home value to risk-reduction measures like Zone 0 defensible space. Promote policyholder buy-in to these programs by incentivizing policy retention and affordability when mitigation steps are taken.
- Learn from other states (e.g. Alabama's FORTIFIED homes and North Carolina's resilience bond programs) for examples of aligning financial tools with long-term risk reduction.

## **4. Create Shared Standards for Fire Risk Modeling**

- Support benchmarking efforts to establish consistent model evaluation standards and build cross-sector trust in fire modeling tools.
- Promote accessible, actionable modeling tools that help homeowners understand their risk and drive localized, data-informed decision-making.

## **5. Prioritize Mitigation Efforts Through Public Education and Community Action**

- Treat wildfire resilience as a cultural shift: in fire-prone regions, hardening homes and clearing vegetation must become the norm.
- Invest in training programs, community-scale initiatives, and locally trusted messengers to bridge the gap between awareness and action.

## **6. Leverage REALTOR®-Client Relationships for Trusted Messengers and Mitigation Connectors**

- Empower REALTORS® to share defensible space information, wildfire risk reports, and local compliance requirements.
- Integrate wildfire education into the transaction process, especially at the point of sale, when compliance is often more achievable.
- Encourage REALTOR® involvement in mitigation programs, as seen in Eagle County, Colorado—where REALTORS® partner with local fire agencies and nonprofits to facilitate action.

## CCRE SANDBOX DISCUSSION: THE FAIR PLAN'S UNSUSTAINABLE GROWTH

During the Sandbox discussion, participants underscored that the rapid expansion of the California FAIR Plan is one of the clearest symptoms of a broader market failure. The California Fair Access to Insurance Requirements (FAIR) Plan was founded in 1968 as the state's insurer of last resort. Since 2018, the state has seen a spike in FAIR Plan policies, growing from 140,447 policies in force to 555,868 in the first quarter of 2025, an increasing share of the market.

This significant surge in enrollment underscores a shift away from the private market, as more homeowners find themselves unable to secure or afford coverage elsewhere. While the FAIR Plan was designed as a temporary safety net, it has increasingly become a permanent fixture for many, straining its intended capacity and financial structure.

The FAIR Plan insures individual residential properties up to \$3 million—a cap that is sometimes inadequate in California's high-cost markets. As of March 2025, the [California FAIR Plan had approximately \\$600 billion in exposure](#)

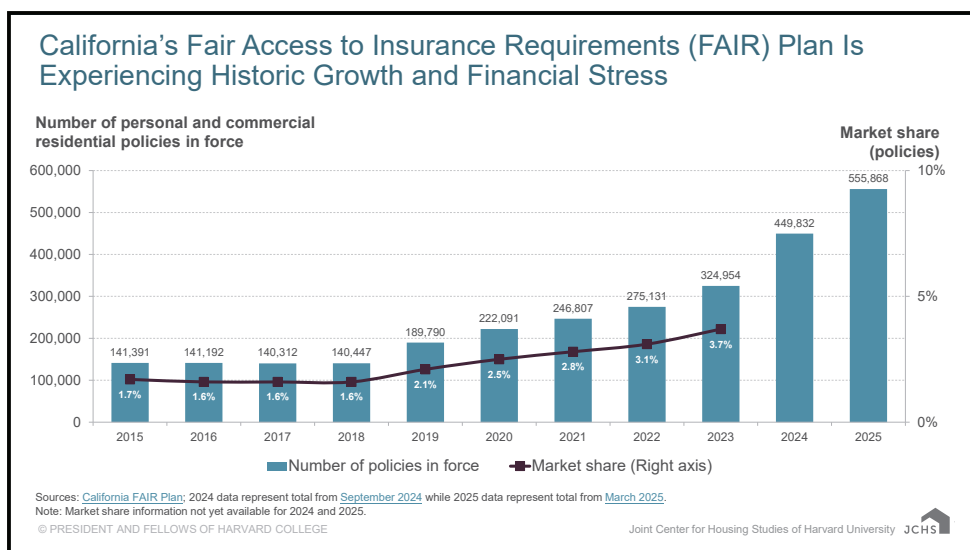
statewide—an increase of more than 30% from fall 2024.

Sandbox participants emphasized that this growth trajectory is unsustainable. They discussed the need for a clearer long-term strategy to either reform or rebalance the FAIR Plan's role in the market. Ideas included scaling back the FAIR Plan through structured depopulation strategies, creating excess layer coverage options for high-value homes, and formalizing its expanded role with stronger oversight and funding mechanisms.

This rapid expansion of the FAIR Plan is not occurring in isolation—it's part of a broader system breakdown exacerbated by escalating risk and regulatory challenges.

## HALTING THE STATE'S SPIRALING INSURANCE CRISIS

Sandbox participants repeatedly pointed to the state's rigid regulatory framework as a central driver of California's lack of insurance availability. They described a worsening cycle in which regulatory constraints, rising risk, and limited pricing flexibility are pushing insurers out of the market—and more homeowners into the over-stretched FAIR Plan.



Steve Koller, Harvard Joint Center for Housing Studies, [California's Homeowners Insurance Market is a National Bellwether](#), 2025, [www.jchs.harvard.edu](http://www.jchs.harvard.edu). All rights reserved.

Under Proposition 103, California requires insurers to obtain regulatory approval before adjusting rates—a process known as “prior approval.” This framework has helped keep average annual premiums in California below the national average—\$1,355 and \$2,110, respectively, according to a [June 2025 analysis by NerdWallet](#). However, it has also hindered insurers from accurately pricing escalating wildfire risk. [A study by the International Center for Law & Economics](#), ranks California last in the nation for insurance rate suppression. Some participants noted this disincentivizes insurers from writing policies and taking on additional risk because they are unable to price the risk appropriately.

Participants described how this cycle feeds on itself. When insurers exit or retreat from high-risk areas, more homeowners shift to the FAIR Plan. If its reserves become insufficient, the FAIR Plan, in turn, must raise funds to cover losses—through assessments based on each insurer’s market share. Following the devastating January 2025 wildfires, it implemented a \$1 billion assessment. Per state regulations, insurers can pass a portion of those costs on to policyholders—possibly leading to higher premiums, more pressure on the private market, and further growth of the FAIR Plan.

Throughout the Sandbox discussion, the group explored how rigid rate regulation, coupled with climate volatility and limited tools for risk differentiation, is accelerating the market’s instability. Reversing the cycle, as participants emphasized, will require insurers to expand policy writing in the state. Without measures to address these challenges, the state may well continue on its current problematic insurance trajectory.

## RATE APPROVAL DELAYS EXACERBATE UNCERTAINTY

Many sandbox participants noted that a central issue driving California’s homeowners insurance crisis is the state’s prolonged rate filing and approval process. Though designed

to balance consumer protection and oversight, they argue the system—in its current iteration—increasingly hinders insurers’ ability to operate sustainably in a volatile risk environment. The state’s inability or unwillingness to allow insurers to accurately price risk—a likely unwelcome perspective for consumers already hampered by California’s high cost of living—makes it increasingly difficult for private carriers to remain solvent while offering coverage.

Data from a [September 2024 Milliman analysis](#) underscores the scale of the problem. The average rate filing approval time across the U.S. is 64 days. In sharp contrast, [State Filings Pulse 2025 Q1 data](#) from Perr&Knight, an actuarial consulting firm, places California’s average approval timeline at 335 days—nearly 100 days longer than Florida, the next closest state, which also operates under a prior approval model.

Participants in the Sandbox repeatedly emphasized why this delay matters. During periods of inflation or rapid changes in catastrophe exposure, waiting nearly a year for a rate adjustment can mean that an approved rate is already obsolete upon implementation. The Sandbox discussion revealed that while insurers might apply for a 7% rate increase, by the time it is approved, construction costs and risk exposure may have risen 30% to 40%. That discrepancy puts carriers in a financial bind, reducing their ability to absorb losses or offer coverage at scale.

These challenges are not merely operational—they have direct consequences for consumers. Insurers unable to price risk in a timely manner are left with few options: stop writing new business, pull back from high-risk areas, or pursue mass non-renewals. This, in turn, increases consumer dependence on the FAIR Plan and contributes to the larger cycle of market instability.

Stakeholders discussed state efforts to streamline the process through the SIS regulations, which include a goal to establish a 60/30/30



review timeline: an initial response within 60 days, followed by up to two, 30-day extensions. While promising, this framework's full effect may not begin to have meaningful impacts until late 2025 or even 2026.

Insurers unable to price risk in a timely manner are left with few options: stop writing new business, pull back from high-risk areas, or pursue mass non-renewals. This, in turn, increases consumer dependence on the FAIR Plan and contributes to the larger cycle of market instability.

Multiple speakers highlighted that the rate filing system's inefficiencies are not solely due to staffing constraints at the California Department of Insurance (CDI). Comparisons with other large states like New York, Florida, and Texas—which have similar sophistication in their regulatory systems but much shorter review periods—reveal that California has more staff per capita but fewer filings overall. The delay, according to some participants, may stem from bureaucratic inertia or challenging political decisions for CDI.

With California's elected Insurance Commissioner and at times adversarial consumer advocacy groups, regulatory decisions are often made in a politically sensitive environment. Approving or even supporting rate increases—even when actuarially justified—can become a political liability for publicly elected officials.

Multiple Sandbox participants proposed several pathways to ease the regulatory bottleneck. One idea was to introduce a presumption

framework that shifts the burden of disproving a rate filing onto CDI—rather than requiring insurers to prove every assumption line by line—potentially reducing the adversarial back-and-forth that slows approvals. Participants also discussed incremental, automatic rate increases tied to predefined thresholds, such as granting expedited or automatic approval for rate increase filings of less than 2% or 5%. This mirrors systems used in other sectors like property taxes or water rates, where modest annual adjustments are expected and less politically charged.

Ultimately, many stakeholders agreed that accelerating the rate approval process is one of the most urgent—and least discussed—reforms needed. It is foundational to improving availability in the private market, and without it, even the most promising mitigation or modeling reforms may fall short. Even with these efforts, affordability issues are expected to persist in the coming years. Several participants emphasized that addressing the insurance crisis will require a multi-pronged approach: reforming the rate approval system must be paired with forward-looking strategies that incentivize risk reduction, enhance long-term affordability, and rebuild market confidence.

## LESSONS IN RESILIENCE FROM OTHER STATES

Sandbox participants looked to innovative programs in other states as examples of how targeted incentives and structural reforms can improve insurance availability and reduce long-term risk. While California's insurance crisis presents unique challenges, models from Alabama, Colorado, and North Carolina were highlighted as especially promising—and potentially adaptable to California's needs.

### *Alabama: FORTIFIED Roofs*

Alabama leads the nation in FORTIFIED homes—structures built or retrofitted to meet the Insurance Institute for Business & Home Safety's (IBHS) FORTIFIED standard, which includes enhanced roofing systems designed



to better withstand high winds, hail, and severe weather.

Originally launched with public funding, the program has since matured into a largely self-sustaining effort driven by homeowner demand: more than 51,000 homes in Alabama carry this designation, and the state has awarded \$10,000 grants to help retrofit just under 9,000 of them.

Research cited by Sandbox participants indicates that FORTIFIED homes in Alabama sell for approximately 7% more than comparable properties—demonstrating how targeted investment, insurance incentives, and market value can align to drive resilience. California may be able to replicate this dynamic with the right mix of policy support and consumer education.

### **Colorado: Community-Level Assessments**

Colorado offers another example of localized innovation. In certain areas, collaborative property assessment programs have been developed to evaluate defensible space and home hardening measures. While these efforts are not statewide, they involve coordination among fire protection districts, counties, nonprofit organizations, and real estate professionals.

Multiple Sandbox participants noted that some insurers have pledged not to non-renew policies on properties that successfully complete these programs. While these commitments are informal, they reflect the potential of community-based models to maintain insurance availability through tangible

risk reduction. These examples underscore the value of trusted, local partnerships in advancing both homeowner education and insurer confidence.

### **North Carolina: First-In-The-Nation Resilience Bond**

North Carolina has taken a more systemic approach to catastrophe preparedness through its insurer of last resort. A \$600 million resilience bond—tied to the state's fortified roof program—was highlighted during the Sandbox as particularly noteworthy.

The bond functions as a type of mitigation-based financial mechanism, offering favorable reinsurance terms similar to a "safe driver discount." By embedding resilience into financing and long-term planning, North Carolina's model exemplifies how insurance stability and mitigation incentives can be structurally aligned.

Several participants acknowledged that California's larger housing costs and higher wildfire exposure will require tailored approaches. Nonetheless, the shared elements from these state programs—consumer buy-in, trusted assessments, financial incentives, and integration with property markets—were seen as building blocks that could be adapted and scaled. Embedding mitigation into market value, normalizing resilience measures, and aligning public-private incentives were all identified as critical steps in California's path forward.

Embedding mitigation into market value, normalizing resilience measures, and aligning public-private incentives were all identified as critical steps in California's path forward.

## ADVANCING FIRE MODELING FOR REAL-WORLD DECISION MAKING

Accurate fire modeling plays a pivotal role in understanding and managing wildfire risk, but the systems used today vary widely in complexity, reliability, and accessibility. Participants in the Sandbox emphasized the growing importance of fire models that are not just scientifically robust, but also usable by the public, insurers, and local governments. In recent years, consumer-facing tools have emerged that use parcel-level modeling to help homeowners understand their property's wildfire risk—and in some cases, to inform insurer decisions about coverage eligibility or mitigation discounts.

To improve trust in modeling tools and reduce fragmentation, efforts are underway to create more standardized evaluation systems. One such initiative, FireBench, aims to benchmark wildfire models using both idealized scenarios and real-world events. By developing a common set of test cases, data inputs, and evaluation metrics, FireBench hopes to answer a central question for users: which model should be trusted for a specific scenario? These benchmarks can help ensure that models used in policymaking, underwriting, and public education are both credible and comparable.

Ultimately, many participants agreed that better modeling must go hand in hand with public transparency. Consumers need tools that are understandable and actionable—not just scientific. Clear, property-level risk predictions can empower homeowners to take mitigation steps, participate in incentive programs, and advocate for insurance options that reflect their individual risk profile. As these tools improve, they offer the potential to shift wildfire risk from a broad, regional burden to a manageable, localized, and actionable challenge.

## MAKING HOMES SAFER

One of the most urgent and recurring themes during the Sandbox was the need for effective



wildfire mitigation at the property level—particularly through home hardening and defensible space measures. Participants stressed that without these foundational efforts, broader solutions to the homeowners insurance crisis would fall short. In their view, mitigation is not optional—it is essential. There is no sustainable financial path forward without substantially reducing the risk of wildfire loss.

Property-level strategies were described as a primary line of defense against wildfire damage and a critical component of restoring long-term market stability. Some participants noted that motivating homeowners to act largely requires predictable signals from insurers, such as assurances that coverage will be maintained or premiums reduced when specific mitigation steps are completed. However, others emphasized that without adequate rate pricing and timely rate approvals—as outlined earlier in the report—such assurances are not financially sustainable, underscoring the need to implement the systemic solutions discussed throughout the conversation.

California's 2022 [Safer from Wildfires](#) program was cited as a step in a positive direction toward property-level mitigation incentives. The regulation outlines a framework of mitigation actions that, when completed, insurers must take into account when setting rates or determining eligibility. Many participants viewed this as a promising tool to align state policy, insurance practices, and consumer



incentives—but emphasized the need for greater public awareness and insurer participation.

Real-world examples were also discussed, such as Mercury Insurance’s continued presence in Paradise following the 2018 Camp Fire. By using parcel-level modeling and onsite inspections, the company is able to differentiate well-mitigated homes from higher-risk properties. This example illustrated how technology and mitigation policy can work hand-in-hand to support insurance availability in fire-prone areas. Despite these advances, participants noted that public understanding of defensible space and home hardening remains limited—especially when it comes to the most critical areas around the home. Bridging this knowledge gap through education, inspections, and targeted incentives will be essential to advancing individual resilience and, ultimately, stabilizing the broader insurance market.

## ADVANCING ZONE 0 DEFENSES

Sandbox participants consistently emphasized the importance of Zone 0—the first five feet surrounding a structure—as one of the most critical areas for effective property-level wildfire mitigation efforts. Targeting this zone can dramatically reduce risk and serve as a foundational step in broader resilience efforts.

According to a [2021 joint study](#) by Zesty.ai and the Insurance Institute for Business & Home Safety (IBHS), enhanced mitigation measures in Zone 0 can improve a home’s chance of survival by more than 50%. These findings help inform and are consistent with defensible space guidelines, integrated into programs like [IBHS’s Wildfire Prepared Home standards](#).

California policymakers have taken steps to formalize zone-based mitigation practices. In response to the increased frequency and intensity of wildfires, the state passed legislation requiring the California Board of Forestry and Fire Protection to establish an ember-resistant defensible zone. The Board is mandated to complete rulemaking for Zone 0 by December 31, 2025.

Several communities are already taking initiative to implement Zone 0. In the Moraga-Orinda Fire District—one of the state’s most at-risk areas—officials have combined extensive vegetation management and shaded fuel breaks with resident education on hardening roofs, gutters, and landscaping.

In South Lake Tahoe, the local fire department has implemented a Zone 0 ordinance and is educating residents on removing flammable materials—such as vegetation, wooden fences, and outdoor furniture—from the first five feet around homes. In Truckee, fire officials incorporated Zone 0 guidance into their inspection program shortly after the legislation passed, positioning the community ahead of the curve on enforcement.

As the state moves closer to adopting formal Zone 0 regulations, the success of these efforts will hinge not just on rulemaking, but on the ability to mobilize residents to act—and to see wildfire resilience not as a personal burden, but as a shared imperative.

The success of these efforts will hinge not just on rulemaking, but on the ability to mobilize residents to act—and to see wildfire resilience not as a personal burden, but as a shared imperative

## COMMUNITY-WIDE MITIGATION

While individual action is critical, several Sandbox participants emphasized that reducing wildfire risk at scale will require systemic, neighborhood-level approaches. Several innovative efforts already underway in California were cited as promising models.

- **Wildfire Prepared Neighborhoods:** California is home to [the nation's first IBHS-certified Wildfire Prepared Neighborhood](#), a first-in-the-nation pilot program that takes a holistic, neighborhood-scale approach that combines home hardening, defensible space enforcement, vegetation management, and community organizing. The initiative aims to build collective resilience across entire communities—not just individual properties—and was highlighted as a scalable model for high-risk areas.
- **Fire Safe Councils:** These grassroots organizations, often partnering with local fire districts and nonprofits, play a vital role in public outreach, fuel reduction projects, and the coordination of grant-funded mitigation activities. Their local trust and long-standing presence make them key actors in driving both cultural change and on-the-ground implementation.
- **Beneficial Fire:** Also referred to as prescribed or cultural burning, this practice helps restore fire-adapted landscapes and reduce hazardous fuels. Beneficial fire was noted by some participants as a scientifically backed strategy that—if scaled appropriately—could significantly reduce risk at the landscape level.

Despite these promising efforts, the scale of need remains daunting. [Research from the Stanford Woods Institute for the Environment](#) from 2020 estimates that 20 million acres across California require some level of treatment. Some Sandbox participants estimated that fully addressing the state's mitigation needs would require \$4 billion to \$5 billion in annual investment over the next four to five years, followed by a sustained annual commitment of approximately \$2.5 billion. Yet, California's recently passed \$10 billion climate resiliency bond dedicates just \$350 million to wildfire mitigation—a fraction of what is needed.



Utilities were flagged as playing a growing role in this space. Some participants estimated utility companies now spend nearly \$7 billion annually on wildfire mitigation, often outpacing any other public or private sector investment. In some cases, insurers are exploring similar models—investing in mitigation work within high-risk neighborhoods even where they do not currently hold policies, recognizing that shared risk reduction benefits the broader system.

These examples illustrate the emerging potential of a more coordinated, system-level approach to wildfire mitigation—one that treats neighborhoods and landscapes, not just individual properties, as the true unit of protection. However, realizing that vision will require sustained funding, stronger coordination, and cultural change. As several Sandbox participants emphasized, public expectations around homeownership and aesthetics in fire-prone areas must evolve. In fire-adapted landscapes, resilience must become the new normal.

## BRIDGING THE COMMUNICATION GAP: CULTURAL RESISTANCE AND PUBLIC BUY-IN

While awareness of wildfire risk is growing among institutions and policymakers, participants repeatedly emphasized the persistent disconnect between collective concern and individual action. Many homeowners acknowledge the broader threat—but assume someone else will act.



Participants stressed that the challenge is not only technical or financial—it's deeply cultural. Long-standing expectations around homeownership, aesthetics, and personal responsibility in fire-prone areas must shift. Without confronting these assumptions and reshaping public narratives, even the most well-designed policies risk limited adoption.

To bridge this divide, Sandbox participants called for more proactive public engagement strategies. Recommendations included storytelling campaigns, community-based education, and leveraging trusted messengers—like REALTORS® and local fire officials—to deliver tailored, actionable information. Framing mitigation not as a burdensome obligation but as a shared act of community protection was seen as essential to building trust and motivating change.

Framing mitigation not as a burdensome obligation but as a shared act of community protection was seen as essential to building trust and motivating change.

## THE CRITICAL ROLE OF REALTORS® IN MITIGATION AND CONSUMER EDUCATION

A recurring theme throughout the discussion was the unique position of REALTORS® to connect homeowners with local mitigation programs, insurance resources, and educational tools. From localized education efforts to facilitating mitigation conversations during the transaction process, real estate professionals are uniquely positioned to help bridge the gap between homeowners, local government programs, and insurers. Research published in

the Oxford Research Encyclopedia of Climate Science in 2017 suggests that building trust via social interactions and relationships helps bridge the gap between wildfire mitigation inaction and action.

REALTORS® increasingly are on the front lines of the homeowners insurance crisis—grappling with rising wildfire risk, shifting insurance markets, and heightened consumer uncertainty. Recent survey data from the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.)—an association with approximately 185,000 members—highlights the scale of the issue and the subsequent impact on its members:

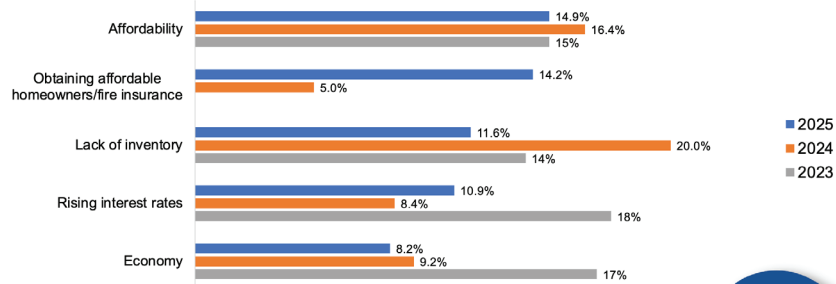
- **13.4%** of REALTOR® survey respondents said they had a transaction fall through in 2024 due to the buyer's inability to secure affordable homeowners insurance—nearly double the 6.9% who reported the same in 2023.
- **55.3%** of respondents cited access to homeowners insurance as their number one industry-specific concern in 2024—up sharply from 26.8% in 2023 and approximately 13% in 2022.
- **14.2%** said “obtaining affordable homeowners/fire insurance” will pose the greatest challenge to their business in the year ahead, second only to “affordability” (14.9%) and ahead of other long-standing concerns like “inventory” (11.6%) and “interest rates” (10.9%).

These findings underscore a clear connection between insurance access and market functionality—and they reveal the critical role REALTORS® can play in California's broader wildfire resilience strategy. From explaining defensible space requirements to sharing property-level wildfire risk reports, REALTORS® can enhance both consumer understanding and housing market stability statewide.

Sandbox participants mentioned several examples of successful community-based

## Affordability and lack of supply remain top challenges, but concerns about insurance surge

Q: What do you anticipate will be the greatest challenge for your real estate business over the next year? (n=2,156)



\*Top 5 answers displayed

CALIFORNIA ASSOCIATION OF REALTORS®

C.A.R. 2025 Membership Survey

initiatives involving REALTORS®. In Colorado, REALTORS® have collaborated with fire protection districts, counties, and nonprofit organizations to support wildfire risk reduction. In Eagle County, for instance, REALTORS® work in tandem with a local property assessment program that evaluates defensible space and home hardening features. REALTORS® receive annual training to understand basic wildfire risk principles and share reliable information with buyers and sellers.

These education efforts are complemented by publicly distributed guides tailored to both homebuyers and sellers, providing practical information during a key moment of homeowner decision-making. Importantly, the Colorado programs were noted to have some success in encouraging continued insurance coverage, particularly when homes had documentation or certification of wildfire preparedness. While these programs are local in nature, they provide a potential blueprint for California communities seeking to integrate real estate professionals into their mitigation strategies.

In California, REALTORS® have been instrumental in assisting with the implementation of real changes as a result of community efforts to increase mitigation. In some California communities, local programs have linked defensible space compliance and Zone 0 standards to the point of sale, helping to overcome resistance that might otherwise

occur with existing homeowners. Sandbox participants noted that the Moraga-Orinda Fire District instituted Zone 0 regulations enforced at the point of sale for all residential properties. By actively engaging REALTORS® to assist sellers with compliance, this partnership model offers a promising example that could be replicated as the state expands Zone 0 implementation.

Additionally, arrangements between C.A.R. and FortressFire offer wildfire risk reports to members, enabling them to access property-level insights for buying and selling clients. As of the date of publishing, C.A.R. has issued more than 11,000 reports since the program launched in late 2023. REALTORS® could play a key role in leveraging the data from these reports, helping consumers understand the information and how to interpret wildfire risk scores and their potential value to homeowners and insurers.

Participants emphasized that REALTORS® do not need to become fire mitigation experts to be a valuable contributor to the effort. Arming them with accurate, tailored information can meaningfully boost community engagement and preparedness. Integrating wildfire risk education into the transaction process—whether by explaining defensible space requirements, leveraging wildfire risk reports, or sharing local hardening programs—positions REALTORS® as a trusted and accessible link between homeowners, mitigation resources, and insurance



● ● solutions. Their involvement will be critical as California seeks to scale mitigation strategies and build resilience in the face of mounting wildfire risk.

## ● ● CONCLUSION

● ● The CCRE Insurance Sandbox discussion reinforced the urgency of California's homeowners insurance crisis—and the necessity of bold, multi-pronged solutions. While no single reform can resolve the state's complex challenges, participants emphasized that progress is achievable through coordinated action: modernizing the regulatory framework, scaling defensible space and home hardening programs, advancing data transparency and consistency, and engaging trusted community actors like REALTORS®. The ideas surfaced in this report reflect not only a deep understanding of the problem, but a shared commitment to ensuring California homeowners have access to stable, affordable and sustainable coverage in an increasingly volatile landscape. CCRE remains committed to facilitating this ongoing dialogue and advancing real-world solutions to protect California's communities.

## SUPPLEMENTAL RESOURCES

- [Insurance Research Council - 2025 Homeowners Insurance Affordability Research Brief](#)
- [Insurance Information Institute-NAR Homeowners Insurance Handbook](#)





CENTER FOR  
CALIFORNIA  
REAL ESTATE

[ccre.us](http://ccre.us)

