



California Senate Insurance Committee Informational Hearing

"Understanding California's Insurance Market:
Key Factors and Future Outlook in the Aftermath of Recent Wildfires"

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California Department of Insurance

Wednesday, March 12, 2025





Major Department Actions to Protect Wildfire Survivors

- Ordered advance payments on claims, especially for Additional Living Expenses and Contents coverages
- Issued one-year residential insurance moratoriums, preventing insurers from canceling or non-renewing policies in wildfireaffected areas
- Created Insurance Fraud Strike Team to protect consumers from scammers
- Directed health insurers to submit emergency plans so consumers continue to have access to medical care and medications

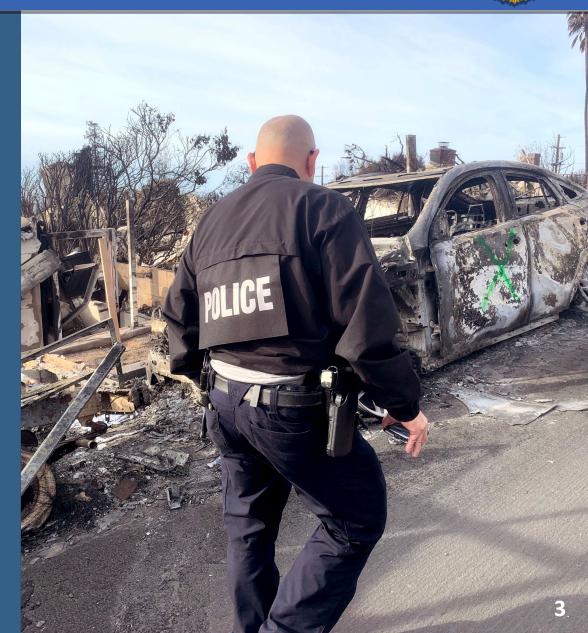






Major Department Actions to Protect Wildfire Survivors

- Hosted several weekend Insurance Support Workshops to help consumers file their claims
- Ordered insurers, including FAIR Plan, to properly and promptly investigate all consumers' smoke damage claims and ensure fair payments under law
- Ordered insurers, including FAIR Plan, to continue providing Additional Living Expenses coverage until wildfire survivors' homes are deemed habitable as a result of fire debris, ash, and other hazardous substances
- Launched first-ever public consumer claims tracker, showing <u>27,000 claims</u> have already been partially paid – <u>more than \$12 billion in</u> relief to date







Sustainable Insurance Strategy

- Improve Department's rate application approval process with faster rate filing approval times to create more certainty in insurance market
- Introduce new climate risk management tools in ratemaking Catastrophe Modeling and Reinsurance Costs
- Modernize FAIR Plan to ensure it remains financially solvent and sustainable while providing more – yet temporary – comprehensive commercial coverage for businesses such as HOAs, affordable housing developers, and non-profits
- Enact intervenor reform to ensure transparency and accountability for groups that intervene in insurer rate filings at Department, with additional public rulemaking to be pursued this summer
- Create first-in-the-Nation insurer commitments to write more policies in wildfire distressed areas and reduce FAIR Plan policies in order to achieve greater insurance availability for consumers





Sustainable Insurance Strategy

Risk Mitigation

- Department's "Safer from Wildfires" Regulation
- Department's Catastrophe Modeling and Reinsurance regulations
- Collaboration with other local and state agencies

Catastrophe Modeling

 Four private modelers have petitioned to begin Department's PRID review process – currently underway

California "Distressed Area" Identification

- Based on wildfire hazard, FAIR Plan percentages, and affordability metrics
- Encompass 662 ZIP codes in California, based on December 31, 2023 data







Sustainable Insurance Strategy -- Insurance Company Commitments

Catastrophe Modeling

For Residential:

85% minimum

for large and statewide companies to meet and maintain

5% growth

for small or regional insurance companies

Net Cost of Reinsurance

For Residential:

85% minimum

for all companies to meet and maintain

5% growth

every two years until companies meet 85% threshold

For Commercial: 5% growth for all companies