

# Commissioner Lara's Sustainable Insurance Strategy

## Status Update

On September 21, 2023, Governor Newsom signed an **executive order** urging Insurance Commissioner Lara to take swift action to address California's insurance crisis and expand coverage options for consumers. In response, Commissioner Lara announced his **"Sustainable Insurance Strategy"**—a package of regulatory reforms aimed at modernizing California's insurance framework—with the goal of implementing each reform by the end of 2024.

OBJECTIVE	STATUS
<p><b>Improve rate review timelines</b></p> <p><b>In Process</b></p>	<p><b>May 2024</b> CDI entered two new contracts aimed at helping assess and improve the performance of the Rate Regulation Branch.</p> <p><b>May 28, 2024</b> Governor Newsom released <b>budget trailer bill language</b> requiring CDI to finish rate reviews within 60 days of rate filing.</p> <p><b>August 8, 2024</b> Governor Newsom pulled his budget trailer bill language.</p> <p><b>August 9, 2024</b> Commissioner Lara issued a Bulletin requiring CDI to finish rate reviews within 120 days of rate filing; no material change to date.</p>
<p><b>Cat Modeling</b></p> <p><b>COMPLETED</b></p> <p><b>Adoption in Progress</b></p>	<p><b>December 13, 2024</b> The Office of Administrative Law filed the final regulation with the Secretary of State—concluding the rulemaking process.</p> <p><b>March 2025</b> CDI updated the definition, zip codes and counties designated as "wildfire-distressed areas."</p> <p><b>July 2025</b> CDI approved catastrophe models for use in filing rate plans.</p> <p><b>Next Steps</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> Insurers must write 85% of their market share in "wildfire-distressed areas" or grow by 5% in those designated areas.</li><li><input type="checkbox"/> CDI must approve rate plans filed by insurers using approved models.</li></ul>
<p><b>Reinsurance</b></p> <p><b>COMPLETED</b></p> <p><b>Adoption in Progress</b></p>	<p><b>May 15, 2024</b> Commissioner Lara announced an actuarial firm contract.</p> <p><b>January 14, 2025</b> The Office of Administrative Law filed the final regulation with the Secretary of State—concluding the rulemaking process.</p> <p><b>March 2025</b> CDI updated the definition, zip codes and counties designated as "wildfire-distressed areas."</p> <p><b>June 2025</b> CDI developed and released the Net Cost of Reinsurance (NCOR).</p> <p><b>Next Steps</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> Insurers must write 85% of their market share in "wildfire-distressed areas" or grow by 5% in those designated areas.</li><li><input type="checkbox"/> CDI must approve new rate plans that account for the NCOR.</li></ul>

## OBJECTIVE

## STATUS

### Depopulate the FAIR Plan

—Require insurers to write 85% of their market share in wildfire-distressed areas.

**In Process**

**December 13, 2024**

CDI proposed this requirement as a condition of insurers utilizing the Catastrophe Modeling and Reinsurance regulations detailed above.

### Next Steps

- Insurers must write 85% of their market share in "wildfire-distressed areas" or grow by 5% in those designated areas.

**March 2025**

CDI updated the definition, zip codes and counties designated as "wildfire-distressed areas."

### Increase rate application requirements

**COMPLETED**

**October 8, 2024**

The Office of Administrative Law filed the final "Complete Application" regulations with the Secretary of State—concluding the rulemaking process.

### Modernize the FAIR Plan

—Expand commercial coverage and establish safeguards to prevent insolvency.

**In Process**

**July 26, 2024**

CDI announced an agreement with the FAIR Plan to issue a new Plan of Operation that will expand commercial coverage and establish financial safeguards.

**September 3, 2024**

CDI released a Bulletin outlining insurer recoupment procedures in the event of a FAIR Plan assessment.

**February 11, 2025**

The FAIR Plan levied a \$1 billion assessment on admitted insurers to help cover the cost of Southern California wildfire losses, and CDI released updated guidance on policyholder recoupment procedures.

**March 28, 2025**

CDI announced an increase in commercial coverage limits to \$20 million per building and \$100 million per location.

### Increase transparency in the Intervenor Process

**In Process**

**October 2023**

CDI made prior intervenor filings publicly available on CDI's website.

**September 12, 2025**

CDI released reforms to the intervenor process.

**November 20, 2025**

CDI held public hearing on proposed reforms.

### Expand Home and Community Wildfire Mitigation

**On-Going**

**June 2020**

Ongoing CA budget allocation for home hardening, mitigation inspectors, forest health projects and fire prevention grants.

**October 2022**

CDI's "Safer from Wildfire" discount regulations adopted.

**February 6, 2025**

Governor Newsom issued an Executive Order directing the State Board of Forestry to adopt "Zone 0" regulations—requiring 5 ft. of defensible space for structures located in the highest fire severity zones.

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