

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

Improve rate review timelines

In Process

May 2024

CDI entered two new contracts aimed at helping assess and improve the performance of the Rate Regulation Branch.

May 28, 2024

Governor Newsom released **budget trailer bill language** requiring CDI to finish rate reviews within 60 days of rate filing.

August 8, 2024

Governor Newsom pulled his budget trailer bill language.

August 9, 2024

Commissioner Lara issued a Bulletin requiring CDI to finish rate reviews within 120 days of rate filing; no material change to date.

Cat Modeling

COMPLETED

Adoption in Progress

December 13, 2024

The Office of Administrative Law filed the final regulation with the Secretary of State—concluding the rulemaking process.

March 2025

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

July 2025

CDI approved catastrophe models for use in filing rate plans.

Next Steps

- ☐ Insurers must write 85% of their market share in "wildfire-distressed areas" or grow by 5% in those designated areas.
- ☐ CDI must approve rate plans filed by insurers using approved models.

Reinsurance

COMPLETED

Adoption in Progress

May 15, 2024

Commissioner Lara announced an actuarial firm contract.

January 14, 2025

The Office of Administrative Law filed the final regulation with the Secretary of State—concluding the rulemaking process.

March 2025

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

June 2025

CDI developed and released the Net Cost of Reinsurance (NCOR).

Next Steps

- ☐ Insurers must write 85% of their market share in "wildfire-distressed areas" or grow by 5% in those designated areas.
- ☐ CDI must approve new rate plans that account for the NCOR.

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.

March 2025

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

Next Steps

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