

Costly Legislation Would Make California's Bad Insurance **CRISIS** Even Worse *Driving Up Consumer Costs and Eliminating Coverage*

California's insurance market is already in crisis, with millions of consumers struggling to secure coverage for their homes, cars, and businesses. **Decades of outdated regulations and unsustainable mandates** have forced insurers to pay out more in claims than they collect in premiums—**creating extreme market imbalance and limiting consumer access to coverage**. The California Department of Insurance is making progress to improve the market with its Sustainable Insurance Strategy (SIS). But now, several bills moving through the Legislature would layer on **new, unworkable and costly mandates—making a bad insurance crisis even worse**. Individually, these laws would increase consumer costs and strain coverage. **Together, they risk driving dramatic price increases and further crippling insurance availability for consumers across the state.**

Legislative Mandates Threaten to **WORSEN** California's Insurance Crisis:

SB 876 (Padilla): Mandates rigid, excessive disaster claim payout requirements—often beyond policy coverage or verified losses—and increases minimum coverage requirements, forcing consumers to purchase more expensive policies. By effectively **rewriting insurance policies after disasters and requiring payouts beyond what premiums were priced to cover**, the bill would **significantly increase insurance costs and push more insurers to restrict or exit the market**.

SB 877 (Perez): Requires insurers to provide excessive documents under unrealistic timelines. This **unnecessary bureaucracy complicates and slows the claims process** without improving consumer outcomes, delaying relief after disasters.

SB 878 (Perez): Imposes rigid, **one-size-fits-all timelines and automatic penalties** for wildfire claims—even when delays are caused by outside factors, such as debris removal delays, contractor shortages, or permitting delays. Eliminating necessary flexibility during catastrophic events will **increase litigation, inflate claim costs and further discourage insurers from writing policies in high-risk areas**.

SB 1209 (Allen): Eliminates insurers' ability to modify or contest recommendations in regulatory examination reports—**turning guidance into rigid mandates and exposing insurers to penalties for technical disputes**. The result is higher compliance costs, legal risk, and uncertainty that **discourage insurers from operating or expanding in California**.

SB 1301 (Allen): Layers unnecessary reporting, documentation, and extended notice requirements when insurers choose not to renew a policy. These **mandates restrict insurers' ability to manage risk and respond to changing conditions** while **increasing administrative costs that will ultimately be passed on to consumers** without improving coverage availability.

AB 1642 (Harabedian): Creates **cumbersome, non-science-based remediation standards** after wildfires that will **substantially increase rebuilding costs** and **delay recovery efforts**. These unnecessary mandates will **slow families' ability to safely return home** while **driving higher costs for policyholders statewide**.

AB 1795 (Gipson): Authorizes **hundreds of state and local government agencies to create new—potentially conflicting—"smoke zones" after a fire, with retroactive application**. These unworkable mandates would trigger **costly new coverage requirements, increase regulatory uncertainty, and drive insurers out of the market**—risking higher premiums for all Californians.

AB 2038 (Harabedian): Substantially **expands requirements for insurers to provide coverage in high-risk wildfire areas—even when premiums do not support the risk**—further distorting the market and forcing insurers to take on unpriced risk. These unsustainable mandates threaten to **shrink availability** and **raise premiums for all policyholders—including those in lower-risk areas forced to subsidize the costs**.

Don't Make a Bad Insurance Crisis EVEN WORSE!
REJECT Risky, Costly Insurance Mandates!

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