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 **Decades of outdated regulations and unsustainable mandates** have forced insurers to pay out more in claims than they collect in premiums—**creating extreme market imbalance and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 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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