



Southern California Wildfire Recovery and Insurance





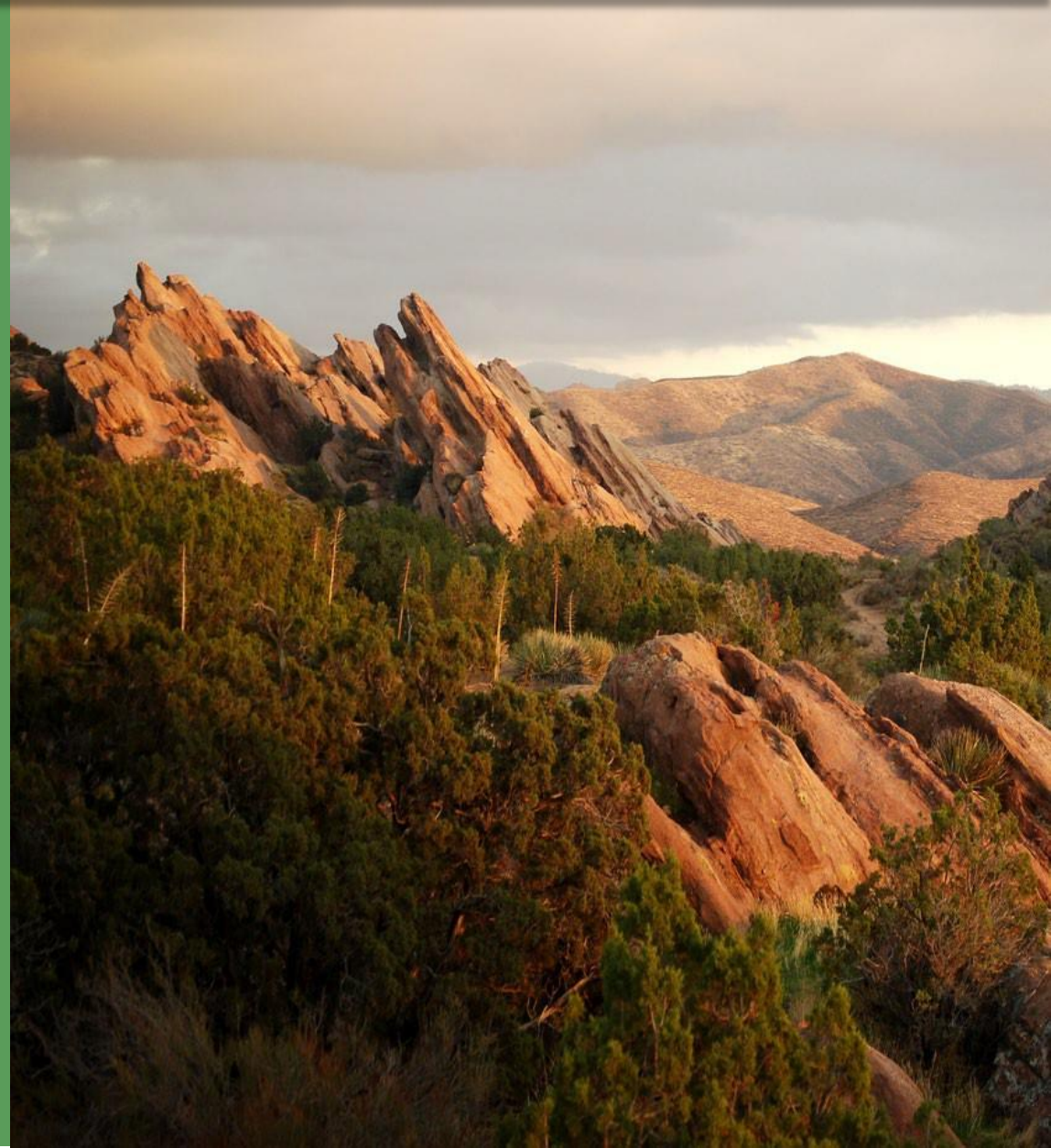
RICARDO LARA
INSURANCE COMMISSIONER
California Department of Insurance

Commissioner Lara announces more than \$4.2 billion already paid to wildfire survivors

*Creates first-ever public
consumer claims
tracker to monitor
claim amounts,
payments, and
provide transparency*



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Commissioner's Emergency Actions to Assist Consumers

- Declare One-Year Nonrenewal Moratorium for residential policies within or adjacent to wildfire perimeters (January 9th and January 14th [Bulletin 2025-1](#))
- Request to all insurers to forego any pending residential policy nonrenewals/cancellations received by homeowners *before* fires started ([January 9th Notice 2025-01](#))
- Request to all insurers to exceed Current 60-Day Grace Period Law for affected policyholders to [pay their home insurance premiums \(January 9th Notice 2025-01\)](#)





Commissioner's Emergency Actions to Assist Consumers

- Require Health Insurers to ensure access to medically necessary health services, including prescription drugs ([January 8th Notice](#))
- Dispatch Department's Enforcement Team to safeguard consumers from fraudsters and help with evacuation efforts
- Allow out-of-state adjusters to help handle claims under strict oversight by Department ([January 13th Emergency Declaration](#) and [January 10th Notice](#))





Commissioner's Insurance Support Workshops, Disaster Recovery Centers, and Resources

Commissioner's Workshops / Disaster Recovery Centers

- Commissioner's Workshops –
 - January 18-19 at Santa Monica College Performing Arts Center
 - January 25-26 at Pasadena City College
- FEMA's Disaster Recovery Centers –
 - Opened January 14th at UCLA Research Park West
 - Opened January 14th at Pasadena City College

Department's Consumer Services

- Hotline: 800-927-4357
- Written Inquiries and Complaints: www.insurance.ca.gov
- CDI [Wildfire Resources](#) for Consumers
- Outreach Partnerships and Local Liaisons
- Office of the Ombudsman



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 HOAs, affordable housing developers, and larger businesses
- Enact intervenor reform to ensure transparency and accountability for groups that intervene in insurer rate filings at Department. Additional public rulemaking to be pursued in 2025.
- 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





Myths Vs. Reality

1. "Insurers will not pay claims."

2. "These wildfires were an act of God."

3. "The FAIR Plan will fail."

4. "Insurance companies will leave California."

5. "Insurance premiums will go up."

1. Insurers will pay consumers' claims and Insurance Commissioner will ensure that happens.

2. These are catastrophic wildfires, like several other previous wildfires, including Paradise.

3. CDI financial solvency experts are in regular communication with the FAIR Plan, and actively monitoring other admitted carriers in the affected region. Plus, CDI'S FAIR Plan Modernization efforts in effect today ensures the FAIR Plan remains solvent and sustainable.

4. Commissioner talked directly with CEOs of California's largest residential and commercial insurance companies and they stand ready to pay consumers' claims and are committed to remain in California, partly due to CDI's Sustainable Insurance Strategy.

5. Yes, if justified by CDI rate regulation experts under Prop. 103, insurance premiums may go up to accurately reflect consumers living in California's wildfire-risk areas and for increasing risks due to climate change.



**What happens to
homeowners who are
underinsured or
uninsured?**

- While the Department is not aware of widespread uninsured properties, homeowners who are uninsured should make sure they register with FEMA to determine what individual assistance and other relief may be available. There is no insurance solution for those without insurance.
- It is too soon to know the frequency and severity of underinsurance, but anyone that finds themselves underinsured should file a complaint with the Department so we can make sure the insurance company paid what they owe. However, registering with FEMA will also keep them eligible for any assistance that can mitigate their underinsurance.



Does the claims process differ between Homeowners and Renters?

- • No, the claims process should be the same, except there won't be coverage for the building for renters so those claims should be handled more quickly compared with the homeowners' claims.
- • But Renters Insurance should cover things like Additional Living Expenses and personal property claims.



**What oversight
does the Department
provide going
forward to ensure
claims are paid?**

- Requesting and tracking claims filed/claims paid data directly from insurers.
- Meeting with trade groups and insurers as issues arise to resolve them before they become a major problem.
- Expediting all consumer complaints that the Department gets in order to resolve delays, etc.
- Conducting Department Market Conduct Exams, if necessary, to resolve systemic issues.



**What does this
disaster mean for the
FAIR Plan paying
claims?**

- We expect the FAIR Plan to handle and pay claims as expeditiously as possible. We've advised them of our expectations that they have sufficient capacity, adjusters, and resources to pay claims.
- At this time – based upon information provided by the FAIR Plan to the Department – we believe the FAIR Plan has the capital and capacity to pay all covered claims.
- Of course, this is also a very fluid situation. The Department's financial solvency experts are in regular communication with the FAIR Plan, and actively monitoring other admitted carriers in the affected region as well.
- Lastly, the Commissioner's FAIR Plan Modernization efforts in effect today ensures the FAIR Plan remains solvent and sustainable, namely through assessment reform.



**How does
Contents Insurance
work? And what are
home inventories of
personal belongings?**

- “Contents coverage” covers the cost to replace damaged or destroyed personal property. In general, the insurer first pays the depreciated value of personal property based on the age and condition of each item. Once the items are replaced, the depreciation that was withheld will be reimbursed.
- In order to pay contents claims, the insurer needs to know what items you had, such as all the clothing, furniture, electronics, kitchenware, etc. This process is cumbersome for the insured, but insurance companies may assist them with this process.
- Recently enacted laws require the insurance company to allow the insured to list items in bulk vs. each item. The law also allows an insured to request and get paid for a certain percentage of their contents coverage up to \$250,000 without having to do the inventory.



**Do residents need to
continue to pay
their insurance
policies as their
homes are being
rebuilt?**

- Our advice is for everyone to keep the insurance that they have.
- Homeowners will still need liability coverage, plus coverage on the property as it's being rebuilt. And, if they have a lender, insurance may still be required.
- Also, if the homeowner suffered a total loss, the insurance company is required under existing law to renew their policy for the next two renewals for no less than 24 months, so consumers should take advantage of that protection.



Looking Ahead

Legislative Proposals

- CA Safe Home Act
Grants up to \$10,000 for mitigation
- Expand our Moratorium Authority to Commercial Policies
- FAIR Plan access to Catastrophic Bonds



Questions?

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