

California should require insurers to cover homeowners who protect property, advocate says

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Carmen Balber, the executive director of the advocacy organization Consumer Watchdog, said she came to Sacramento recently to pitch legislators and their staff on a plan she hopes will help some Californians keep their property insurance. She wants lawmakers to require that companies sell policies to homeowners who take specific action to protect their homes from wildfires. “We are talking to everyone that we can about that idea,” said Balber, who also made an appeal to members of the Assembly Insurance Committee during a meeting last month.

Will the mandate gain enough support to move forward? That’s an unknown question in the early days of the new legislative calendar. It faces strong opposition from the state’s insurers. Balber’s push comes after a tough 2023 when major companies, including State Farm and Farmers Insurance, decided to limit and pause new business in California. And after more than 241,000 policies were canceled or not renewed by insurance companies in 2021, the most recent data available, according to the Department of Insurance. Severe wildfires over the past decade and rising risk from climate change have contributed to turmoil for property insurers. Industry groups say outdated regulations and the lengthy process of obtaining rate increases approved in the state have also played a part in the pull back. As a result, homeowners have been left with fewer options and higher prices.

In September, Insurance Commissioner Ricardo Lara announced regulatory actions with the goal of spurring companies to write more policies in the state and make prices more affordable for homeowners. The details are still in the works and aren’t expected to be finalized until at least the end of the year. Even so, Balber said Lara’s proposed actions don’t go far enough. She wants a guarantee for homeowners who make their properties more fire resistant — and consequences for companies that

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don't agree to it. "We think it's the one thing," Balber said, "that will get insurers back in the market." Industry groups disagree. Denni Ritter, who handles state government relations for the American Property Casualty Insurance Association, a national trade group for insurers, called the proposal's intent commendable; mitigation efforts should be encouraged. Nevertheless, Ritter warned of the consequences of forcing companies to issue policies. "It is really important for insurers to be able to control when and where they write," Ritter said.

Janet Ruiz, a spokeswoman for the Insurance Information Institute, said coverage mandates like the one favored by Balber "threaten insurance availability" for Californians and would "eliminate an insurer's ability to manage risk." Dozens of insurance companies are members of the New York-based institute, according to its website. That opposition is likely what helped stall a similar proposal introduced last year by Sen. Mike McGuire D-Healdsburg. Senate Bill 672 would require companies to offer and sell property insurance to customers whose properties meet the fire hardening and mitigation standards introduced by Lara's office and approved in 2022. Homeowners who clean up flammable debris and vegetation from around their properties and have certain types of roofs, vents and windows on their homes, are supposed to be eligible for discounts. The fate of the bill, or a similar one, could change this year. McGuire is set to become the top leader in the Senate on Feb. 5.

In an interview, McGuire said the bill "must be part of the conversation and should be considered Homeowners who do the right thing need to be able to get insurance." Sen. Susan Rubio, D-Baldwin Park, chairs the Senate Insurance Committee. In an emailed statement Rubio said she agreed with McGuire "that we also need to acknowledge responsible homeowners who have made substantial investments to harden and upgrade their properties to make them more resilient to wildfire." Assemblywoman Lisa Calderon, D-Whittier, the chair of the Assembly Insurance Committee, said in a recent interview she did not have a comment at the time on Balber's proposal. The idea has support from outside of the Capitol.

Aurora Mullett, a managing partner of Sky Insurance Brokers in Rocklin, said it is great that homeowners can pay lower prices for protecting their properties. "But if the people who have all the home hardening can't find coverage," Mullett said, "it doesn't help." The Consumer Federation of California and United Policyholders, a nationwide organization that advocates on behalf of insurance customers, also support the concept pitched by Balber and McGuire.

It is not clear how many people would be able to keep their insurance if any such measure becomes law.

The more than 241,000 policies canceled or not renewed in 2021 was the highest since at least 2015. In an email, an unidentified department spokesperson said the agency did not know when it would release more recent data. That said, the effect of the mandate could be limited because it would apply only to people with enough financial resources to make costly improvements. Balber acknowledged this challenge and said she wants lawmakers to provide funding to help people make the changes. That may also be difficult; the state faces a projected \$37.9 billion shortfall for the upcoming fiscal year.

Balber wouldn't disclose who she met with in Sacramento. But she said the conversations did not immediately result in any concrete plans for future legislation. "Is it an easy fight?" Balber said. "Absolutely not." The outcome of her push will be determined by how many lawmakers are willing to take up that fight.