

## [Consumer Watchdog Claims New Regulations from Commissioner Lara Will Silence Consumer Voice in Insurance Rates](#)

Morningstar

Ignoring the protests of 32 consumer protection, labor, senior, immigrant, low-income, and public advocacy organizations, Insurance Commissioner Ricardo Lara has issued regulations that will make it nearly impossible for members of the public to scrutinize and challenge increases in home, auto and business insurance premiums.

“As in so many of Lara’s actions as Commissioner, only the insurance industry will benefit from Lara’s directive,” said Will Pletcher, Consumer Watchdog’s Litigation Director. “Severely limiting the ability of consumers to independently monitor insurance companies and the insurance commissioner’s compliance with Proposition 103 will lead to higher insurance rates and more abuses by insurance companies. Consumers will end up paying billions more in premiums than needed.”

Indeed, the protections targeted by Lara recently produced a landmark result for California homeowners, renters and condo owners. Consumer Watchdog’s intervention in State Farm’s pending rate cases resulted in a settlement that is expected to save California policyholders [approximately \\$530 million](#) compared with the insurer’s original requests.

Lara’s proposal targets one of the most effective and unique provisions of Proposition 103, the 1988 insurance reform law. 103 requires insurance companies to justify changes in rates and premiums before they take effect. The initiative empowers Californians to hire their own lawyers, actuaries and other experts to scrutinize and challenge an insurance company when it seeks the insurance commissioner’s approval for an increase in home, auto, or business premiums, or when a company engages in unlawful

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practices. Insurers are required to compensate consumer groups for their reasonable legal expenses if they make a substantial contribution in that challenge. The system is unique in the nation; Consumer Watchdog and other citizen organizations have used it to save Californians over \$6 billion since 2003. Insurance companies have bitterly resisted public accountability for decades.

Lara claims public participation is unnecessary because his agency, the California Department of Insurance, already does the job of protecting Californians. But the statistics reveal the truth: when no member of the public is watching, Lara approved 97% of the increase requested in rate filings from January 2022 to October 2023. When Consumer Watchdog participated as an intervenor, the percentage of the rate increase approved in homeowner insurance cases was 62% and in auto insurance cases it was 71%.

Confronted with strong criticism of his proposal by [dozens of citizen organizations](#), including Consumer Watchdog and the Consumer Federation of California Education Foundation, Lara claims he is “protecting” consumer representation and that “every dollar in the rate review process belongs to consumers.” But Lara has offered no evidence of problems with public accountability – only insurance industry talking points.

At a time when Californians are already facing massive premium increases under other rules approved by Commissioner Lara, weakening the compensation standards that make independent intervention financially viable would remove an important check on insurer rate requests and leave policyholders with less protection, not more.

### **Regulation Conflicts with Proposition 103’s Protections**

Couched in buzzwords, Lara’s regulation will limit public participation in multiple ways:

- **Eliminating challenges to rate increases under 7%.**  
The regulation redefines consumer intervention rights to prevent consumer protection challenges to home, auto, and business insurance rate increases below 7%, allowing insurers to repeatedly file 6.9% increases indefinitely (which would compound) without any meaningful public scrutiny.
- **Allowing retroactive denial of compensation.**

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After consumer protection advocates advance their own funds to invest months of complex legal and actuarial work to protect policyholders, the Commissioner can arbitrarily deny compensation after the work is complete — by determining that the work was not “material,” addressed topics the Department disagreed with or chose not to pursue, duplicated CDI work, or was unnecessary “for any other reason.”

- **Retroactively undermining consumer standing.**

The proposal permits the Commissioner to decide after the fact that a consumer organization does not “represent the interests of consumers” in a particular case.

- **Limiting legal arguments and actuarial analysis through compensation decisions.**

The regulation allows the Commissioner to limit the kinds of issues a consumer can raise and deny compensation because he disagrees with the consumer advocate’s arguments or analysis.

- **Removing independent review from consumer protection decisions.**

The amendments bar independent administrative law judges from reviewing compensation requests and instead give the Commissioner exclusive authority over such requests, eliminating an important structural safeguard against politically-motivated bias in consumer protection proceedings.

## Full List of Signatories

The letter is signed by the following consumer protection and public interest leaders and organizations:

- Dolores Huerta, President, Dolores Huerta Foundation
- Rosemary Shahan, President, Consumers for Auto Reliability and Safety
- Robert Herrell, Executive Director, Consumer Federation of California
- Matt Broad, Legislative Advocate, Teamsters California
- Noe Páramo, Legislative Advocate, California Rural Legal Assistance Foundation
- Chuck Bell, Programs Director, Advocacy, Consumer Reports
- Hene Kelly, Legislative Director, California Alliance for Retired Americans
- Ruth Susswein, Director of Consumer Protection, Consumer Action
- Douglas Heller, Director of Insurance, Consumer Federation of America
- Mark Toney, Executive Director, TURN - The Utility Reform Network
- Amy Bach, Executive Director, United Policyholders

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- Carmen Comsti, Director of Government Relations, California Nurses Association
- Nancy Drabble, Executive Director, Consumer Attorneys of California
- Carly Fabian, Senior Insurance Policy Advocate, Public Citizen
- Arthur Levy, Director of Litigation, Housing and Economic Rights Advocates
- Sal Rosselli, President Emeritus, National Union of Healthcare Workers
- Joy Chen, Executive Director, Eaton Fire Survivors Network
- Michael Lighty, President, Healthy California NOW
- Matt Broad, Legislative Advocate, California Conference of Machinists
- Brian Brosnahan, President, Life Insurance Consumer Advocacy Center
- Kevin Stein, Chief of Legal and Strategy, Rise Economy
- Edward Lopez, Executive Director, Utility Consumers' Action Network
- Charles Langle, Executive Director, Public Watchdogs
- Chelsea Kirk, Director of Policy and Advocacy, Strategic Actions for a Just Economy
- Caitlin Chan, Executive Director, Legal Assistance for Seniors
- Judy Yee, Legislative Advocate, State Building and Construction Trades Council
- Harvey Rosenfield, Consumer Watchdog
- Stephanie Carroll, Managing Attorney, Public Counsel
- Richard Marcantonio, Managing Attorney, Public Advocates, Inc.
- Malinda Dickenson, Legal & Executive Director, The Protect Our Communities Foundation
- Ted Mermin, Director, CA Low Income Consumer Coalition
- Amber Parrish, Executive Director, UFCW Western States Council

[Read the latest coalition letter.](#)

Read the [March 2026](#) and [November 2025](#) letters from dozens of California organizations opposing Lara's regulation.

[Read Consumer Watchdog's March 2026 analysis of Lara's latest plan](#), and Consumer Watchdog's [November 19, 2025 comments](#). Read [Consumer Federation of California Education Fund's March 2, 2026 comments](#) on Lara's plan.

[Read Commissioner Lara's press release.](#)

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[Read Consumer Watchdog's Announcement](#) of Settlement with State Farm.

[Read more about Proposition 103.](#)

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