How Newsom ended up siding with insurers

Politico

HITTING A CRISIS POINT: The wildfire insurance problem in California has gotten so bad that Gov. Gavin Newsom is taking a counter-intuitive stance for a top Democrat: siding with industry in its long-standing feud with consumer advocates.

A legislative proposal the Newsom administration published late Tuesday would keep the Insurance Department's review of insurers' rate requests to a stricter timeline — which consumer advocates say would limit their ability to intervene.

The administration's goal is to stabilize the spiraling property insurance market, in part, by speeding up the state's decisions about rate hikes.

Newsom has typically left insurance policy up to the Legislature and Insurance Commissioner Ricardo Lara, who is developing a suite of new rules to entice insurers back to the market. But political pressure on the governor has intensified this year as property insurers continue to flee huge wildfire losses in California, sending tens of thousands of home and business owners (including Newsom himself) to the state's bare-bones insurer of last-resort.

"I don't think we have that much time," Newsom said while introducing the insurance proposal during his budget presentation earlier this month. "We've got to move this."

Newsom spokesperson Alex Stack, in an email, described the governor as neither on the side of the industry nor consumer advocates: "We're on the side of Californians who can't get insurance."

To no one's surprise, the consumer advocacy group that stands to be most affected by this change is crying foul, arguing the move would lead to runaway rates.

"This will be a rubber stamp for serial rate increases the insurance companies have wanted for a long time and cut interveners out of the process," Carmen Balber, the executive director of Consumer Watchdog, said in an interview. "It's a big problem for the governor."

Consumer Watchdog sponsored Proposition 103, a ballot measure voters passed in 1988 to rein in insurance rates. The group says its interventions since have saved insurance customers $5.5 billion by arguing against excessive rate hikes during the Insurance Department's reviews. Californians have some of the lowest property insurance rates in the country.

The insurance industry has long asked for faster rate reviews and has been dialing up its attacks on Consumer Watchdog specifically. The American Property Casualty Insurance Association launched a website and ads last fall that paint Consumer Watchdog as a "publicity-seeking, dark money front that only looks out for its own interests and that of its secret funders."

Public records obtained last week by Steve Maviglio, a consultant working for insurance companies, show that Consumer Watchdog got 96 percent of the fees the Insurance Department paid to intervenors last year, adding up to over $21 million for the group since 1988.

California's property insurance crisis has grown so dire that other consumer advocates are starting to suggest that changes to the intervenor system might be necessary.

"It's great Consumer Watchdog can take claim for saving consumers millions, but look where we are right now: Insurers are saying it's not viable," said Amy Bach, the executive director of United Policyholders, whose nonprofit advocates for consumers but has only rarely intervened in rate reviews. "The pain has to be distributed equally in a situation like this, and I think Consumer Watchdog is going to probably have to intervene in fewer proceedings."

"I wouldn't demonize the governor for this initiative," Bach added. "There's a lot of pressure on him to try to get things moving faster."

Insurance companies are pleased they're being heard. Denni Ritter, APCIA's department vice president for state government relations, called Newsom's proposal an "important reform" in an email on Tuesday.

"Expedited rate reviews will help insurers adapt to ongoing changing conditions such as inflation, population shifts, and more costly disasters caused by climate change," she said.

But a similar version of the proposal failed to gain traction among lawmakers last fall because of concerns about costs to consumers. Now lawmakers must consider it again.

Source: https://uphelp.org/how-newsom-ended-up-siding-with-insurers/ Date: June 8, 2026