

[Insurance Commissioner and Insurance Companies Come to an Agreement](#)

West Side Today

New Package To Bring Insurance Companies and New Policies Back

After several major insurance carriers stepped back from writing new policies in the state of California, Insurance Commissioner Ricardo Lara has unveiled a comprehensive package of executive actions as part of California's Sustainable Insurance Strategy, aimed at enhancing insurance options and safeguarding Californians from rising climate-related threats.

Commissioner Lara said, via a press release, "We are at a major crossroads on insurance after multiple years of wildfires and storms intensified by the threat of climate change. I am taking immediate action to implement lasting changes that will make Californians safer through a stronger, sustainable insurance market. The current system is not working for all Californians, and we must change course. I will continue to partner with all those who want to work toward real solutions."

The changes will take effect by the end of the year, but it is hoped that insurance companies will return to writing new policies soon.

These reforms represent the most significant changes to the state's insurance landscape since the passage of Proposition 103 nearly 35 years ago. The strategy builds upon Commissioner Lara's multi-year initiative to modernize California's insurance market. Governor Gavin Newsom has issued an executive order supporting these actions to address climate change's impact on communities.

The key regulatory components of the plan include:

1. Transitioning homeowners and businesses from the FAIR Plan (California's insurer of last resort)

back into the regular insurance market, with insurers committed to covering at least 85% of their statewide market share in high wildfire-risk communities.

2. Giving FAIR Plan policyholders complying with the new Safer from Wildfires regulation priority for transitioning to the regular market.
3. Accelerating the Department’s introduction of new rules for reviewing climate catastrophe models, considering wildfire safety and mitigation measures.
4. Expanding commercial coverage under the FAIR Plan to \$20 million per building, addressing insurance gaps for homeowners associations, condominium developments, and large businesses.
5. Exploring the inclusion of California-only reinsurance costs in rate filings through public meetings.
6. Enhancing rate filing procedures and timelines to ensure transparency, public participation, and completeness in rate applications.
7. Increasing data reporting by the FAIR Plan to monitor progress in reducing policyholders.
8. Enacting changes to prevent the FAIR Plan from going bankrupt during extraordinary catastrophic events by building reserves and financial safeguards.

Commissioner Lara’s prior initiatives, such as the Safer from Wildfire Regulation and the modernization of the FAIR Plan, are part of this comprehensive strategy. These efforts aim to provide better insurance access, affordability, and wildfire safety for Californians. Various organizations, including the California Farm Bureau, United Policyholders, and community associations, have expressed support for these actions, emphasizing the need to restore insurance competition, expand coverage options, and prioritize wildfire safety.