Insurance Informational Meeting Hosted by PRC

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After the Palisades Fire, people find they are underinsured, are not being paid for claims, or are having trouble receiving insurance money for smoke damage. The Palisades Recovery Coalition hosted an insurance townhall on August 24 to address problems and more.

Othe insurance issues include people worrying that they may not be able to get insurance in the future, that the only insurance available will be California Fair Plan (CFP) and that there are issues specific to condos, townhomes and HOAs. The CFP commercial coverage limit of $20 million which is the maximum coverage for a condo HOA. One person noted that most Palisades Condo HOA's will be non-renewed, and the fair plan coverage is not enough in most cases.

Some residents wanted to know if they build a "hardened" new structure would there be less costly insurance. One person wrote in the chat "It doesn't matter how much we harden our homes if the fire burns for three days at 2200 degrees without any water. Current code includes IBHS+ build to one to two-hour rated homes. What will the State do for us to ensure brush clearance, fire saving, and water will be there for the next fire? Would insurance companies be willing to contribute to the overall resiliency measures?"

This editor wanted to know would the insurance companies hold cities responsible for the problems, such as no water, lack of hydrants and brush clearance, downed electrical wires or would the homeowner bear the brunt of the increased costs.

On the insurance panel were State Senator Ben Allen; Deputy Commissioner Consumer Services and Market Conduct Branch Tony Cignarale; Director of Rand Feinberg for Catastrophic Risk Management and Compensation Lloyd Dixon; and Emily Rogan, Senior Program officer of United Policyholders.

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The answers to the questions? Nothing concrete.

Allen has proposed legislation SB 495. This bill would require insurance companies to pay wildfire survivors 100 percent of their contents coverage without needing a detailed inventory list. Now, if a claimant itemizes every item in their household, some insurance companies still delay and deny payment, saying either the consumer need receipts (burned), and the items listed are under examination. Even if SB 495 passes, it would not apply retroactively.

“We are putting pressure on the industry to do right,” Allen said,

“We have a regulatory problem in California,” said Dixon, who coauthored the August 2025 paper “After the Los Angeles Wildfires” Implications for Risk Mitigation, Compensation and the Insurance Market. https://www.rand.org/pubs/conf_proceedings/CFA3937-1.html Dixon predicted higher rates, but that one would always be able to get coverage from the Fair Plan. But “it will be expensive because of the higher risk.”

Cignarale said, “We see some companies doing it right and other companies not doing it right. We’re still handling claims. The Fair Plan and State Farm have come under scrutiny.”

It becomes obvious that the California insurance market is in trouble and unfortunately no one has answers.

How did California get here? Proposition 103 was passed in 1988 and required insurance companies to obtain prior approval from the California Department of Insurance before setting a higher rate. It also mandated a 20% rollback on rates, established a rate-setting formula for auto insurance based primarily on driving records, and made the Insurance Commissioner an elected position. The current commissioner is Ricardo Lara.

According to Cignarale, to raise rates above 6.9%, a company would be required to hold a hearing, and he blamed insurance companies for not asking for more.

Measured against home values, insurance costs are cheaper in the Palisades than in 97% of U.S. postal codes, according to a Reuters analysis of a national database of price data collected by Mulder and University of Pennsylvania’s Wharton School professor Benjamin Keys as well as home-value data

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calculated by Zillow, a real-estate firm.

According to United Policyholders, “The prospect of such high-cost catastrophes had long worried California’s private insurers, who said the premiums they were legally allowed to charge did not match the escalating damage from fires fueled by climate change. In the past two years, seven of the state’s top 12 insurers have pulled back on coverage by no longer issuing new policies or not renewing existing ones.”

Though the premiums offered by the FAIR plan are typically higher than those from private insurers, participation in the plan has more than doubled in the past four years. In Pacific Palisades, the number of FAIR plan policies increased 85 percent from 2023 to 2024 — growing at roughly twice the statewide rate.

“There’s definitely going to be some people who don’t have any insurance,” said Amy Bach, executive director of United Policyholders in a January 2025 story (“An Insurance Crisis Was Already Brewing in L.A. Then the Fires hit.”) but we know a lot of the people affected by these fires will have been insured through the FAIR plan. If they’re in the FAIR plan, we know they’re underinsured.” click here.

Vox in a January 2025 story identified insurance price controls as incompetent governance (“There Are No Grown-ups in California”) and wrote that the wildfires led Californians to the sinking realization that “no matter how bad things get, the real grown-ups can’t be called in to save the day because they don’t exist”.click here.

The Eaton Fire Survivors Network, led by Joy Chen hosted a press conference today, August 25, with Assemblymember John Harabedian, Senator Sasha Renee Perez, LA County Supervisor Kathryn Barger and Altadena Town Council Chair Victoria Knapp. Commissioner Lara was asked to:

Expedite the State Farm Market Conduct Exam
Guarantee smoke coverage under the FAIR Plan
Enforce California law to keep families housed
Require transparency in loss estimates
Make CDI’s complaint process transparent

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