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PR Newswire

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LOS ANGELES, Nov. 20, 2025 /PRNewswire/ — Insurance Commissioner Ricardo Lara's proposal to change the rules that govern consumers' right to scrutinize and challenge unjustified rates would derail the public participation process set up by insurance reform Proposition 103, Consumer Watchdog told the Commissioner in a hearing at 1pm today. Thirty-six public interest organizations also urged Lara to withdraw his proposal.

By giving himself the power to deny compensation to consumers who disagree with his positions, Lara's draft regulation would make it financially impossible for consumers to mount challenges to unjustified and discriminatory rates - a power that Consumer Watchdog has used to save Californians over \$6 billion since 2002, at a cost of 25 cents per \$100 saved, Consumer Watchdog explained in its analysis.

For example, Consumer Watchdog is presently challenging State Farm's request for a \$1.2 billion rate increase the company says it needs to continue to do business in California. Commissioner Lara has

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already approved a conditional “emergency” rate increase of \$749 million.

“If Commissioner Lara’s plan goes into effect, no consumer group will be able to afford to challenge insurance companies – or the commissioner – when they propose excessive or unfair rates,” said Will Pletcher, Consumer Watchdog’s Litigation Director. “The result will be more and larger increases in the premiums Californians pay for home, auto and business insurance.”

Read comments by Consumer Watchdog and by thirty-six organizations criticizing the draft regulations.

Insurance Companies Target Compensation for Advocates Who Level the Playing Field

One of the most powerful reforms of Proposition 103 grants consumers the right to enforce and defend Proposition 103’s consumer protections in regulatory proceedings at the Department of Insurance and in the courts. To enable consumers to independently review and challenge rates proposed by insurers, Proposition 103 requires the companies to pay a consumer representative (also called an “intervenor”) who makes a “substantial contribution” their reasonable legal and expert fees.

Commissioner Lara’s proposal would:

- Allow him to retroactively deny compensation for consumers’ advocacy and witness expenses by applying subjective standards found nowhere in the statute — if he arbitrarily claims the advocacy is “vexatious,” “duplicative,” “cumulative,” “peripheral,” “oppositional” or merely “irrelevant,” or if he decides that the intervenor has “conflicts of interest” or an “ideological agenda.”
- Allow the commissioner to veto a consumer representative’s “substantial contribution” simply by failing to acknowledge it in a ruling or order he issues.
- Arbitrarily cap the number of advocates for which a consumer representative can be compensated (2 lawyers, 1 expert, 1 supervisor, 1 administrative person), while placing no limits on the number of lawyers, lobbyists, and experts an insurance company can hire – at policyholders’ expense;
- Eliminate the authority of independent Administrative Law Judges to (1) review proposed settlements of administrative challenges over rates; (2) decide requests for compensation by consumer advocates.
- Allow insurance companies to interrupt and delay a hearing on a rate challenge by appealing ALJ

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rulings that they don't like - in the middle of a case - to the commissioner, who would be allowed to override the judge.

- Eliminate the requirement that insurance companies that challenge the compensation of consumer representatives must reveal their own legal expenditures in the same proceeding.
- Consumer Watchdog concluded that Lara's proposals are unlawful and unconstitutional: they violate Proposition 103 and other state laws that protect the public against renegade actions by government officials, as well as the First Amendment.

"If consumers disagree with the commissioner, they are 'oppositional'; if they agree they are 'duplicative.' Either way they don't get compensated," added Consumer Watchdog staff attorney Ben Powell. "Commissioner Lara is attempting a massive power grab, seizing power from neutral judges who decide cases on their merits, a politicization of the process that flouts judicial norms and the rule of law," Pletcher said.

Lara's proposal on intervenors fees is part of his so-called "Sustainable Insurance Strategy," which has centered on agreeing to the insurance industry's demands for deregulation and higher rates in exchange for a loophole-ridden promise that insurance companies will begin selling home insurance to those who need it, as the New York Times recently reported. The result has been soaring insurance premiums and a near doubling of enrollment in the California FAIR Plan, which accepts people who can't find residential coverage in the regular market.

Lara has frequently attacked Proposition 103, as well as Consumer Watchdog, one of two nonprofits that currently represent consumers in insurance matters. The last commissioner to "crack down" on the intervenor process, Chuck Quackenbush (1994-2000), proposed similar rules and also criticized Consumer Watchdog; his actions discouraged many other organizations from continuing to participate in the process, as Consumer Watchdog's comments discuss.

In its comments, Consumer Watchdog urged Commissioner Lara to adopt regulations that would enhance the public participation process by making it more transparent, encouraging more participation, and providing more procedural protections for consumer representatives.

Coalition Urges Lara to Withdraw Proposal

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A coalition of thirty-six organizations representing consumers, workers, homeowners and tenants, environmental protection, social and economic justice, also submitted a letter to Commissioner Lara, detailing how his proposal would harm policyholders and undermine strong consumer representation in insurance rate setting. Their comments can be found here.

Read Consumer Watchdog's Comments.

Read a February 2024 report on how public participation has benefitted California consumers.

Read Commissioner Lara's proposals.

Read about Proposition 103 and Consumer Watchdog's work protecting Californians against insurance company greed and mismanagement.

Read about the current State Farm case in which Consumer Watchdog is challenging an unjustified \$1.2 billion bailout of the company.

The organizations urging Commissioner Lara to withdraw the draft regulations are:

Dolores Huerta Foundation

California Federation of Teachers

State Building and Construction Trades Council

Consumers for Auto Reliability and Safety

Consumer Federation of California

Teamsters California

California Rural Legal Assistance Foundation

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Communications Workers of America District 9

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Eaton Fire Survivors Network

Healthy California NOW

Public Advocates, Inc.

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Life Insurance Consumer Advocacy Center

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