

Long-shot ballot initiative could have huge effect on California insurance

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A proposed ballot initiative would drastically change the way property insurance is regulated in California by repealing a law voters passed almost four decades ago.

Proposition 103 has regulated home, auto and other types of property and casualty insurance in the state since 1988. It requires insurance companies to seek approval from an elected insurance commissioner to raise their premiums, and allows members of the public to object to rate increases.

The initiative — which experts are calling a long shot — would throw all of that out. Insurance companies would not need the state's approval to raise their policy holders' premiums; the commissioner would be appointed by the governor instead of elected; and the public would no longer be able to intervene in rate filings.

The independent insurance agent who submitted the proposed measure, Elizabeth Hammack, wrote that she "has seen first-hand the dysfunction" that Prop. 103 has "wreaked upon our state." Hammack did not immediately respond to CalMatters' request for an interview.

Denni Ritter, a vice president for American Property Casualty Insurance Association, said the insurance industry group was not involved in drafting the measure and is "reserving judgment" while reviewing it.

To qualify for the November 2026 ballot, the initiative effort would need to collect more than half a million signatures by April.

If the initiative qualifies for next year's ballot and is approved by voters, it could also throw a wrench into Insurance Commissioner Ricardo Lara's [plan](#) to try to fix the state's insurance market as insurers have

refused to renew policies or write new ones as wildfire risk has grown.

Lara crafted his plan around the confines of current insurance law while giving the insurance industry certain concessions, such as allowing them to use catastrophe modeling and to factor in their reinsurance costs when setting their rates. In exchange, the insurance department asks that insurers retain or increase their policies [in areas considered at high risk for wildfires](#). The plan's implementation began this year.

The insurance department did not immediately respond to questions about the proposal or how it would affect Lara's plan.

Consumer Watchdog, the Los Angeles-based advocacy group whose founder wrote Prop. 103 mostly to address rising auto insurance rates, said in a statement that the proposal does not seem to be a "serious" or well-funded campaign. The group also cited a [report](#) that found Prop. 103 has saved California drivers more than \$150 billion in auto insurance rates over the years, as well as a [poll](#) that found consumers blame insurance companies for rising premiums.

"We're confident voters want more accountability from insurance companies," Carmen Balber, the group's executive director, told CalMatters. She said repealing Prop. 103 "would mean skyrocketing rates for home and auto insurance policy holders."

Amy Bach, executive director of San Francisco-based consumer advocacy group United Policyholders, said that while Prop. 103 has "important consumer protections," the intervenor process has resulted in approval delays — which insurers have long complained about — and political pressure that have contributed to California's problematic insurance market.

"I don't give the ballot measure a high degree of success," Bach said. "People are not happy about escalating premiums."

Another consumer advocacy group says Prop. 103 has helped keep California home and auto insurance rates lower than the national average.

Consumer Federation of America, a Washington, D.C.-based research and advocacy organization, “has studied state insurance markets for decades, and this initiative would institute the regulatory system used in states that have seen some of the most dramatic rate spikes around the country,” said Douglas Heller, director of insurance for the group.

Heller added that California is not alone in facing an insurance crisis, and that “removing oversight of the insurance companies at this moment would be like shutting down the fire department in the middle of a blaze.”