

State senator and businessman run for state insurance commissioner post in wildfire aftermath

Insurance News Net

The race for California insurance commissioner this year has taken on greater importance for North Bay residents, after many have found themselves with homes underinsured as a result of last year's wildfires. And reforms to overhaul homeowner insurance regulations to provide more ways to help fire victims were mostly thwarted in the Legislature this year as a result of strong insurance industry lobbying.

The two candidates for the post as the state's insurance chief have pledged to hold the industry accountable, though they have different backgrounds and styles.

State Sen. Ricardo Lara, D-Bell Gardens, touts his working-class roots and pro-consumer bonafides, since he sponsored the first major attempt at a Medicare-for-all health insurance program in the state. He also was a strong ally of local officials such as Sens. Mike McGuire, D-Healdsburg, and Bill Dodd, D-Napa, as they pushed insurers earlier this year for more recovery relief to policyholders whose homes were destroyed during the historic 2017 fires.

Steve Poizner is a former technology executive from the Silicon Valley who already worked as state insurance commissioner from 2007 to 2011 as a Republican. He is now running to be elected as an independent in a campaign that stresses his previous experience in the job, as well as his goal to focus on preventive measures for homeowners that would reduce the destruction caused by wildfires.

The incumbent, Dave Jones, is leaving office after eight years. He chose not to run for re-election and pursued an unsuccessful bid earlier this year for state attorney general. Jones has thrown his support to Lara, a fellow Democrat.

The next person elected to the key position will oversee the \$310 billion California insurance market, the largest in the country and the fifth-largest in the world. The state department among other things also monitors the licensing of agents and brokers; checks on insurers' solvency; prosecutes insurance fraud; and helps to resolve consumer complaints, including through mediation. In addition, Proposition 103

provides the department the authority to approve or reject property-and-casualty insurance rate increases on such policies as automobile and homeowner insurance policies.

In his role, Jones used his office as a bully pulpit to press for a legislative package that would inject more pro-consumer measures into the home insurance market in the aftermath of the wildfires.

Locally, state regulation of the home insurance industry became a hot topic as a result of the fires that destroyed 5,334 homes a year ago in Sonoma County. The prevalence of underinsurance — with some homeowners underinsured by hundreds of thousands of dollars to build new houses to replace ones burned — has been cited as one of the main reasons for the slow pace of rebuilding. By the one-year anniversary of the fires last month, only about 50 homes were rebuilt in the county.

One troubling statistic: 66 percent of local fire victims have reported they would be underinsured in trying to rebuild houses, according to a survey released last month by United Policyholders, a San Francisco-based nonprofit consumer advocacy group. More than 500 local fire victims participated in the survey.

The same survey also found 53 percent of fire victims still have not settled with their insurers on full reimbursements for fire-damaged properties.