

Thirty-two Groups Urge Insurance Commissioner to Withdraw Proposed Intervenor Regulations; Rules Would Undermine \$530 Million State Farm Settlement, Say Consumer Watchdog

Street Insider

LOS ANGELES, March 12, 2026 /PRNewswire/ — A broad statewide coalition of 32 consumer protection, labor, senior, immigrant, low-income, and public advocacy organizations urged Insurance Commissioner Ricardo Lara to withdraw proposed regulations that would significantly restrict independent public participation in insurance rate proceedings.

The coalition warned that the draft rules would effectively eliminate consumer challenges to rate increases under 7%. More than half of the more than \$6 billion saved in Consumer Watchdog’s rate challenges came from cases where the proposed increase was less than 7%.

The proposed rules also gives the Commissioner broad discretion to deny compensation to consumer intervenors in other cases — undermining the independent oversight system established by Proposition 103 in 1988. That system recently produced a landmark result. Consumer Watchdog’s intervention in State Farm’s pending rate cases resulted in a settlement that is expected to save California policyholders approximately \$530 million compared with the insurer’s original requests.

The coalition formally urged the Commissioner to withdraw the proposal in a letter filed March 2:

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<https://uphelp.org/thirty-two-groups-urge-insurance-commissioner-to-withdraw-proposed-intervenor-regulations-rules-would-undermine-530-million-state-farm-settlement-say-consumer-watchdog/> Date: July 7, 2026

“Californians have experienced skyrocketing premium rates in automobile, homeowner’s, renter’s, condominium owners, and other lines of personal property and casualty insurance. Consumer participation through intervention in the California ratemaking process provides an effective check on the power of the insurance industry even though it is only used in a tiny fraction of rate filings. The proposed Reg-2025-00006 as amended would undermine effective consumer representation in insurance rate setting and other matters, adversely affect policyholders, and violate the language and intent of Proposition 103.”

The Commissioner’s proposal targets one of the most effective and unique provisions of Proposition 103, the 1988 insurance reform law. 103 empowers Californians to hire their own lawyers, actuaries and other experts to scrutinize and challenge an insurance company when it seeks the insurance commissioner’s approval for an increase in home, auto, or business premiums, or when a company engages in unlawful practices. Insurers are required to compensate consumer groups for their reasonable legal expenses if they make a substantial contribution in that challenge.

New Regulations Would Significantly Restrict Public Participation

The Insurance Commissioner first proposed the regulation last November and revised them last month. According to the coalition, the February 13 amendments contain vague and ambiguous language that would limit public participation in multiple ways:

- **Eliminating consumer protection challenges to rate increases under 7%.**

The amended regulation appears to redefine intervention in a way that would prevent consumer protection challenges to home, auto, and business insurance rate increases below 7%, allowing insurers to repeatedly file 6.9% increases indefinitely (which would compound) without any meaningful public scrutiny.

- **Allowing retroactive denial of consumer protection compensation.**

After consumer protection advocates advance their own funds to invest months of complex legal and actuarial work to protect policyholders, the Commissioner could deny compensation based on vague standards he applied after the work is complete — including determinations that the work was not “material,” addressed topics the Department disagreed with or chose not to pursue, duplicated staff work even when independently developed, or was unnecessary “for any other

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reason.”

- **Limiting legal arguments and actuarial analysis through compensation decisions.**

The regulation would allow the Commissioner to limit the issues raised in consumer protection proceedings by denying compensation because he disagrees with the consumer advocate’s arguments or analysis.

- **Retroactively undermining consumer standing.**

The proposal would permit the Commissioner to decide after the fact that a consumer organization does not “represent the interests of consumers” in a particular case, undermining predictable and stable consumer protection participation.

- **Denying compensation for defending consumer protection work.**

Advocates could be denied compensation for time spent responding to insurer efforts to block payment or for preparing and defending their compensation requests — work that is integral to enforcing consumer protection rights.

- **Removing independent review from consumer protection decisions**

The amendments would bar independent administrative law judges from reviewing compensation requests and instead concentrate that authority within the Commissioner’s office, reducing an important structural safeguard against politically-motivated bias in consumer protection proceedings.

Independent Consumer Voice Is a Structural Safeguard

Proposition 103 was deliberately structured to separate the regulator from independent consumer protection advocates. The Insurance Commissioner decides rate applications; independent advocates build the evidentiary record, present actuarial analysis, and test insurer claims. That separation promotes transparency and strengthens public confidence in insurance decisions.

The system has produced measurable consumer protection benefits. Independent interventions have helped reduce or block excessive rate increases, saving California policyholders more than \$6 billion over the past two decades. By contrast, rate filings that proceed without meaningful public scrutiny frequently result in significantly higher approved increases. Weakening compensation standards risks undermining

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this proven safeguard at a time when premiums are already rising.

The coalition has urged the Commissioner to withdraw REG-2025-00006 and preserve the independent consumer participation framework voters established in Proposition 103. At a time when Californians are already facing significant premium increases, weakening the compensation standards that make independent intervention financially viable would remove an important check on insurer rate requests and leave policyholders with less protection, not more.

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