



# **Santa Barbara County Insurance Town Hall**

**Insurance Commissioner Ricardo Lara**

**February 27, 2025**





## **LA County Fires Claims Paid to Date**

- Nearly 20,000 claims have already been partially paid – almost \$7 billion has already gone out to survivors.
- By the numbers, that is nearly 350,000 dollars on average to help people pay for rent and replacing the things they lost.





# Commissioner's Emergency Actions to Assist Consumers

- Declare One-Year Nonrenewal Moratorium for residential policies within or adjacent to wildfire perimeters (January 9<sup>th</sup> and January 14<sup>th</sup> [Bulletin 2025-1](#))
- Request to all insurers to forego any pending residential policy nonrenewals/cancellations received by homeowners *before* fires started (January 9<sup>th</sup> [Notice 2025-01](#))
- Request to all insurers to **exceed** Current 60-Day Grace Period Law for affected policyholders to pay their home insurance premiums (January 9<sup>th</sup> [Notice 2025-01](#))





# Commissioner's Emergency Actions to Assist Consumers

- Require Health Insurers to ensure access to medically necessary health services, including prescription drugs (January 8<sup>th</sup> [Notice](#))
- Dispatch Department's Enforcement Team to safeguard consumers from fraudsters and help with evacuation efforts
- Allow out-of-state adjusters to help handle claims under strict oversight by Department (January 13<sup>th</sup> [Emergency Declaration](#) and January 10<sup>th</sup> [Notice](#))





# Sustainable Insurance Strategy

- **Improve Department's rate application approval process** with faster rate filing approval times to create more certainty in insurance market
- **Introduce new climate risk management tools in ratemaking** – Catastrophe Modeling and Reinsurance Costs
- **Modernize FAIR Plan** to ensure it remains financially solvent and sustainable while providing more – yet temporary – comprehensive commercial coverage for HOAs, affordable housing developers, and larger businesses
- **Enact intervenor reform** to ensure transparency and accountability for groups that intervene in insurer rate filings at Department. Additional public rulemaking to be pursued in 2025.
- **Create first-in-the-Nation insurer commitments to write more policies** in wildfire distressed areas and reduce FAIR Plan policies in order to achieve greater insurance availability for consumers





# Preventing Fraud

## Disaster Assistance Response Team (DART) Deployed

California Department of Insurance's Disaster Assistance Response Team (DART) was deployed to wildfire-affected areas to protect survivors from scams and fraud. In coordination with the Contractors State License Board and other state agencies, DART educates residents about their rights, checks contractor and vendor licenses, and ensures compliance with state regulations.

## Statewide Efforts to Prevent Fraud

California's Department of Insurance has a proven record of combating fraud. Since 2019, the Department has provided over \$550 million in funding to District Attorney offices statewide, including \$116 million to Los Angeles County, to support local investigations and prosecutions of insurance fraud. This includes \$14.5 million for the 24-25 fiscal year.





# Wildfire Response Legislative Priorities

- **California Safe Homes Act** – Asm. Lisa Calderon
- **Commercial Insurance One-Year Moratorium** – Sen. Sasha Renée Pérez
- **Independent Statewide Commission** to investigate catastrophic wildfire events
- **Statewide inspections system** at CAL FIRE to promote defensible space
- **Local Climate Insurance Pilot Projects**
- **Enforcement Branch anti-fraud grant programs** funding increase
- **FAIR Plan Modernization Plan** assessment reform
- **Mandatory disclaimers on advertisements** seeking new business after a catastrophic event
- **AB 1 (Connolly)** on Commissioner's Safer from Wildfire Regulation
- **AB 226 (Calderon/Alvarez)** on FAIR Plan access to catastrophe bonds
- **AB 234 (Calderon)** on FAIR Plan Governing Committee membership
- **AB 232 (Calderon/Gipson)** on Catastrophe Savings Account for mitigation efforts



# Myths Vs. Reality

1. *"Insurers will not pay claims."*
2. *"These wildfires were an act of God."*
3. *"The FAIR Plan will fail."*
4. *"Insurance companies will leave California."*
5. *"Insurance premiums will go up."*

1. Insurers will pay consumers' claims and I, as Insurance Commissioner, will ensure that happens.
2. These are catastrophic wildfires, like several other wildfires preceding these ones, including Paradise.
3. My financial solvency experts are in regular communication with the FAIR Plan, and actively monitoring other admitted carriers in the affected region. Plus, my FAIR Plan Modernization Plan in effect today ensures the FAIR Plan remains solvent and sustainable.
4. I have talked directly with CEOs of California's largest residential and commercial insurance companies and they stand ready to pay consumer's claims and are committed to remain in California, partly due to my Sustainable Insurance Strategy.
5. Yes, if justified by my rate regulation experts, insurance premiums will need to go up to accurately account for consumers living in wildfire-risk areas of California and for increasing risks due to climate change.





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