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PERSONAL INSURANCE FEDERATION
OF CALIFORNIA



June 13, 2018

To: Honorable Tom Daly, Chair
Assembly Insurance Committee

Re: SB 824 (Lara): Insurance: Nonrenewal
Oppose Unless Amended

The above listed associations (The “Trades”), represent the majority of the homeowners’ insurance market share in California. We respectfully maintain our position of **Oppose Unless Amended** to SB 824 by Senator Ricardo Lara.

We have been engaged in productive discussions with the author’s office and appreciate the dialogue on the bill. However, we are still opposed to the current version of the bill that still limits an insurer’s ability to non-renew. The trades remain very open to the proposed concept of authorizing a data call that would provide the CDI and other interested parties with information that could help show how the marketplace is functioning, and provide the attached proposed amendments we believe achieves this goal. We sincerely appreciate the author suggesting this as a potential pathway for agreement.

Most importantly, SB 824 would significantly limit insurers from managing their risk appropriately, by reducing their ability to consider loss history to evaluate and re-underwrite homeowners policies. Insurers cannot simply ignore significant events. And where one insurer may be over-exposed to a risk or rate inadequate in a certain area, thus necessitating nonrenewals, other insurers are available to build new relationships with new policyholders. Though less restrictive than the original bill, the language still prevents an insurer from considering a catastrophic event in its underwriting or premium property in a county where a state of emergency has occurred -- an overly broad and arbitrary area. Nonetheless, we would be open to limiting the area to burn areas as identified by CalFire.

The 2017 wildfires constitute one of the greatest natural disasters in California history, with some \$12 billion of insured losses according to the California Department of Insurance, in addition to the tragic loss of life they caused. Disasters of this magnitude invariably bring up concern over availability of insurance. But homeowners insurance is available. With the amendments we discuss above, however, we could remove our opposition.

For the above reasons, the Trades must **oppose SB 824 unless it is amended.**

Should you have any questions, please contact Kara Cross, Personal Insurance Federation of California ([916-442-6646/kcross@pifc.org](mailto:kcross@pifc.org)); Armand Feliciano, Property and Casualty Insurers Association of America ([916-440-1117/armand.feliciano@pciaa.net](mailto:armand.feliciano@pciaa.net)); Katherine Pettibone, American Insurance Association ([916-873-3677/kpettibone@aiadc.org](mailto:kpettibone@aiadc.org)); Shari McHugh, Pacific Association of Domestic Insurance Companies ([916-930-1993/smchugh@mchughgr.com](mailto:smchugh@mchughgr.com)); or Christian Rataj, National Association of Mutual Insurance Companies ([303-907-0587/crataj@namic.org](mailto:crataj@namic.org))

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