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PERSONAL INSURANCE FEDERATION
OF CALIFORNIA



SENATE FLOOR ALERT

SB 824 (Lara) – 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 as amended May 2, 2018 unless it is amended to address concerns discussed further below.

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 recently submitted amendments that would still limit 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. We sincerely appreciate the author suggesting this as a potential pathway for agreement and endorse the bill moving forward with only the data call language, with the understanding that we will work together on further amendments on the specifics of a data call.

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. Though less restrictive than the original bill, the language still prevents an insurer from considering a catastrophic event in its underwriting or premium for any property in a county where a state of emergency has occurred. 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.

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. SB 824 attempts to address an issue that is not born out by the statistics, and in a manner we believe will do more harm than good.

For the above reasons, we are opposed to SB 824 unless it is amended to address our concerns.