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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVERSIDE, CALIFORNIA, REQUESTING THE CALIFORNIA INSURANCE COMMISSIONER, STATE LEGISLATURE, AND THE GOVERNOR TAKE EMERGENCY ACTION TO STRENGTHEN AND STABILIZE CALIFORNIA’S MARKETPLACE FOR HOMEOWNERS AND COMMERCIAL PROPERTY INSURANCE.

WHEREAS, in 1988, California voters enacted Proposition 103, which established a robust set of consumer protections designed to keep insurance rates fair and affordable and to ensure a competitive marketplace; and

WHEREAS, last year, two of the State’s largest insurance carriers, representing over 27 percent of the admitted insurance market in California, announced they would stop issuing new homeowners and commercial property insurance policies in California; several others, representing more than another 36 percent of the market, announced plans to limit new policy origination; and

WHEREAS, the reduction of insurance options in the State has a direct negative effect on consumer access to coverage; in all parts of the State, homeowners, business owners, and farmers are now unable to obtain new insurance policies from the admitted insurance market; and

WHEREAS, access to insurance allows existing homeowners to protect what is for many their largest and most important asset and empowers homebuyers to secure a mortgage for a home that can build generational wealth, but a scarcity of options may freeze real estate transactions and slow or stop the rate of new housing development, including attached dwelling units like affordable housing projects, apartments, and condominiums, exacerbating the State’s critical housing shortage; and

WHEREAS, Californians who cannot obtain coverage from the admitted market are forced to apply for protection through the California Fair Access to Insurance Requirements (“FAIR”) Plan, a state-established risk pool intended to operate as California’s insurer of last rest providing temporary coverage as consumers pursue insurance in the traditional market; and

WHEREAS, the collapsing admitted-provider market has caused steadily increasing enrollment in the FAIR Plan over the past five years, threatening the ongoing stability of the FAIR plan, putting even this safety net at dire risk; and

1 WHEREAS, policy decisions have placed Californians’ homes and businesses at risk of
2 catastrophic loss that can only be prevented by stabilizing the homeowners insurance and commercial
3 property insurance markets while providing rates that remain fair and affordable to consumers and
4 maintaining the ongoing viability of the FAIR Plan, which provides a vital safety net to Californians
5 whose policies are nonrenewed and to homebuyers who cannot secure a mortgage without insurance;
6 and

7 WHEREAS, the California Insurance Commissioner has released draft regulations to address
8 this immediate crisis, but the Little Hoover Commission hearing on March 28, 2024, reports that
9 reforms “will not go into effect until at least 2026, and it may take a few years after that for the market
10 to react... this timeline, of course, could be delayed further if lawsuits by any party, including insurers
11 or consumers, were to occur;” and

12 WHEREAS, the California Insurance Commissioner has broad authority under the Insurance
13 Code to adopt emergency regulations to promote the public welfare, including under Sections 1861.01,
14 1861.05, and 1861.055, to adopt emergency regulations governing the prior approval process for
15 insurance rate change applications and to adopt emergency regulations under Section 11346.1 of the
16 Government Code and Section 12921.7 of the Insurance Code; and

17 WHEREAS, Code of Federal Regulations Title 13, Part 123, “Disaster Loan Program” requires
18 the following for property owners to receive low-interest loans from the Disaster Loan Program for
19 uninsured losses: “(i) In any county or other smaller political subdivision of a State or U.S. possession,
20 at least 25 homes or 25 businesses, or a combination of at least 25 homes, businesses, or other eligible
21 institutions, each sustain uninsured losses of 40 percent or more of the estimated fair replacement
22 value or pre-disaster fair market value of the damaged property, whichever is lower”; and

23 WHEREAS, this threshold often prohibits property owners from receiving such low-interest
24 loans because the threshold has not been met and this threshold should be reviewed and either be
25 lowered or alternate thresholds be established for communities in an urban/suburban wildland
26 interface who experience destructive wildfires on a smaller scale.

27 NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Riverside,
28 California, as follows:

1 Section 1: The Insurance Commissioner, State Legislature, and the Governor are requested to
2 declare a state of emergency and take immediate emergency regulatory and legislative action to
3 strengthen and stabilize California’s marketplace for homeowners insurance and commercial property
4 insurance. The Commissioner, Legislature, and Governor must consider the following goals in
5 crafting an appropriate regulatory response:

- 6 a. Expand coverage choices for all consumers, particularly in underserved areas of the
7 State.
- 8 b. Improve the efficiency, speed, and transparency of the California Department of
9 Insurance’s rate approval process.
- 10 c. Tailor the rate approval process to account for all factors necessary to promote a
11 robust, competitive insurance marketplace, including through potential revisions to
12 the way catastrophe risks, reinsurance costs, and other legitimate insurer costs are
13 accounted for.
- 14 d. Maintain the long-term availability of homeowners and commercial property
15 insurance coverage.
- 16 e. Maintain the solvency of the FAIR Plan to protect its policyholders and promote
17 long-term resiliency in the face of extreme weather events, including by identifying
18 mechanisms to reduce its share of the overall market in underserved areas and move
19 its customers into the admitted insurance market.
- 20 f. Lower the threshold and/or establish alternate thresholds for communities in an
21 urban/suburban wildland interface who experience destructive wildfires on a
22 smaller scale as set forth in Code of Federal Regulations Title 13, Part 123,
23 “Disaster Loan Program” to allow property owners to receive low-interest loans
24 from the Disaster Loan Program for uninsured losses.

25 ADOPTED by the City Council this _____ day of November, 2024.

26
27
28 _____
 PATRICIA LOCK DAWSON
 Mayor of the City of Riverside

1 Attest:

2

3 _____
4 DONESIA GAUSE
5 City Clerk of the City of Riverside

6

7 I, Donesia Gause, City Clerk of the City of Riverside, California, hereby certify that the
8 foregoing resolution was duly and regularly introduced and adopted at a meeting of the City Council
9 on the _____ day of November, 2024, by the following vote, to wit:

10 Ayes:

11 Noes:

12 Absent:

13 Abstain:

14

15 IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the
16 City of Riverside, California, this _____ day of November, 2024.

17

18 _____
19 DONESIA GAUSE
20 City Clerk of the City of Riverside

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