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POLITICS & GOVERNMENT

Changes to California home, auto insurance rate process expected to be unveiled soon

BY STEPHEN HOBBS

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California Insurance Commissioner Ricardo Lara in September announced a series of proposed rule changes with the goal of improving options for residents. He gave an update on his plans during a hearing in front of state lawmakers. HECTOR AMEZCUA hamezcua@sacbee.com

Insurance Commissioner [Ricardo Lara](#) told state lawmakers on Wednesday that his office would soon begin unveiling the first in a series of highly-anticipated rule changes that could affect the price and availability of home and auto insurance in California.

Lara said insurers would be required to submit complete applications with the state when they are asking for customers to pay different rates for policies, under a new proposal that will be released “in the next few weeks.” The applications aren’t always finished when they are sent to the Department of Insurance, Lara said, which has caused delays.

That revision is part of a larger set of new regulations Lara [announced](#) last year that he hopes will increase insurance availability in the state. They came in response to major insurers limiting and pausing new business. As a result, residents have faced higher prices.

He made the comments via video call during a [Senate Insurance Committee](#) hearing.

Key details of the new plans are not fully known, so their release will be closely watched. They will still need to go through a formal review process before they are finalized.

Lara on Wednesday did not say when his office expected to put forward the specific wording of central aspects of his proposals. They include the requirement that

companies write a minimum share of policies in communities with high wildfire risks. In turn, insurers would be able to use computer models to better plan for future disasters and also recover costs related to buying their own insurance for policies in the state.

Lara reiterated that he wants those, and other changes, completed by the end of the year. He called the timeline “ambitious” and allowing “little room for error” and said the process would involve “public input and transparency.”

His agency approves rate increases for home, auto and other forms of insurance. Along with incomplete applications, Lara said outside groups that challenge those rate changes have also slowed down the process. He said the office would restrict when they can intervene.

“We will be introducing new regulations to improve all areas of the rate review process,” he said.

Representatives of insurance industry trade groups seemed on board with what Lara has announced so far.

“We are optimistic that this will result in increased availability and reliability,” said Seren Taylor, a lobbyist for the [Personal Insurance Federation of California](#), which represents major insurance companies.

On the other hand, Carmen Balber, the executive director of the advocacy organization [Consumer Watchdog](#), criticized committee members for not asking Lara more specific questions about his proposals.

For their part, lawmakers were generally positive about Lara’s ideas but expressed an urgency to have them approved sooner.

“At the end of 2024 seems so far away, but we’ve been dealing with this crisis for a long, long time,” said [Sen. Susan Rubio](#), D-Baldwin Park, who chairs the committee. “And this is better than what we had before.”

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STEPHEN HOBBS



916-321-1692

Stephen Hobbs is an enterprise reporter for The Sacramento Bee. He has worked for newspapers in Colorado, Florida and South Carolina.

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