

## ASSEMBLY THIRD READING

AB 1554 (Calderon)

As Amended April 30, 2026

Majority vote

**SUMMARY**

Requires the California Earthquake Authority (CEA), in submitting its annual report on the operations of the CEA to the Legislature, to provide the report to both of the Legislature's insurance committees, and to post the report on the CEA's website.

**Major Provisions**

Requires the Insurance Commissioner to convene a working group regarding risk transfer market mechanisms, by January 1, 2028, to incorporate hazard mitigation projects into its recommendations.

**COMMENTS**

*Background:* As a publicly managed entity organized to provide earthquake insurance to Californians, the operations of the CEA are important to its customers and potential customers. The CEA is the largest provider of residential earthquake insurance in the United States. At present, although California public policy strongly favors the public to consider purchases of earthquake insurance, and a mandatory offer of earthquake insurance is required by law when a person purchases a homeowner's policy and every two years thereafter, nonetheless, only about 12% of California homeowners buy earthquake insurance. CEA ended 2024 with 1,000,249 policies in force.

Providing for broader dissemination of the CEA Annual Report may tend to support greater visibility of the availability in California of earthquake insurance and is consistent with transparency in government.

*CEA:* CEA was formed through legislation in 1995 and 1996 to primarily address a homeowners-insurance availability crisis that followed the 1994 Northridge earthquake. After that earthquake, many homeowners found it difficult, and in some cases impossible, to find basic homeowners' insurance. Many others were faced with the prospect of having their homeowners insurance non-renewed as insurance companies tried to shed their exposure to earthquake risk. Because state law required insurers to offer earthquake insurance biennially to both residential policy applicants and current residential policyholders, the insurers' retreat from the California market resulted in an availability crisis for homeowner's earthquake insurance. The California Department of Insurance (CDI) reported in summer 1996, at the height of the crisis, that 95 percent of the homeowners-insurance market had either stopped or severely restricted sales of new homeowners' policies. Today, CEA continues in its role as the largest residential earthquake insurer in California with slightly over 62% of the residential earthquake insurance market. CEA participating insurers are responsible for 70% of California's residential property insurance

CEA operates as essentially a "take-all-comers" insurer for personal residential earthquake insurance coverage. Any consumer that has a personal residential property insurance policy with a CEA participating insurer is eligible to buy a CEA policy provided there is no unrepaired structural earthquake damage at the insured location.

**According to the Author**

This measure provides greater transparency to the Legislature and the public by clarifying that the annual report must be submitted to the relevant policy committees, and additional information posted to the CEA internet website.

**Arguments in Support**

None on file.

**Arguments in Opposition**

None on file.

**FISCAL COMMENTS**

According to Assembly Appropriations Committee, costs to the CEA should be minor and absorbable.

**VOTES****ASM INSURANCE: 17-0-0**

**YES:** Calderon, Wallis, Addis, Alvarez, Ávila Farías, Berman, Chen, Ellis, Gipson, Hadwick, Harabedian, Krell, Nguyen, Ortega, Petrie-Norris, Michelle Rodriguez, Valencia

**ASM APPROPRIATIONS: 15-0-0**

**YES:** Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

**UPDATED**

VERSION: April 30, 2026

CONSULTANT: Kathleen O'Malley / INS. / (916) 319-2086

FN: 0002602