

Date of Hearing: April 29, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2038 (Harabedian) – As Amended March 16, 2026

Policy Committee: Insurance Vote: 13 - 3

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill increases by one year the time periods for which an insurer must renew or is prohibited from canceling or non-renewing certain residential property insurance policies after a disaster.

Specifically, this bill:

- 1) Requires, in the case of a total loss of an insured structure under a residential property insurance policy due to a disaster, an insurer to renew the policy for at least the next three (instead of two) annual periods, for no less than 36 (instead of 24) months of coverage from the date of the loss.
- 2) Prohibits an insurer from canceling or refusing to renew a residential property insurance policy for a property in a zip code within or adjacent to a fire perimeter for two (instead of one) years after the declaration of a state of emergency.

FISCAL EFFECT:

Costs of approximately \$45,000 in fiscal year (FY) 2026-27, \$94,000 in FY 2027-28, and \$81,000 in FY 2028-29 and annually thereafter to the Department of Insurance (CDI) to notify insurers of the extended coverage requirements and provide related enforcement efforts.

COMMENTS:

- 1) **Purpose.** The author notes that “More than a year after the Eaton and Palisades fires, many of the families I represent are still trying to rebuild what they lost.” According to the author:

When the Legislature passed SB 824 (Lara, 2018), it created important protections to prevent insurance companies from canceling policies right after a disaster. But in the years since, we’ve seen that rebuilding often takes much longer than those timelines anticipated.

That’s why we introduced [this bill], which simply extends those protections to better match the reality on the ground, so families don’t have to worry about losing their insurance coverage while they are still working to rebuild their homes.

- 2) **Continuous Coverage.** SB 894 (Dodd), Chapter 618, Statutes of 2018, required an insurer to offer a policyholder who suffers a total loss of an insured structure caused by a disaster at

least two renewals of the residential property insurance policy covering the structure, and at least 24 months of coverage after the loss. This bill extends the required offer period to at least three renewals and at least 36 months of coverage after the loss.

SB 824 (Lara), Chapter 616, Statutes of 2018, instituted a one-year cancellation and non-renewal moratorium for residential property insurance policyholders in zip codes within or adjacent to a fire perimeter set by CDI after the Governor has declared a state of emergency for a wildfire. The Insurance Commissioner has issued 40 moratoriums under this law since 2019. SB 547 (Perez), Chapter 544, Statutes of 2025, expanded the one-year moratorium period to cover commercial property insurance for certain small business properties, such as homeowners associations, apartment complexes, and senior living facilities. This bill extends the one-year cancellation and non-renewal moratorium for residential property insurance policyholders only.

- 3) **Support and Opposition.** This bill is supported by local government associations and consumer groups, with the Consumer Federation of California arguing this bill correctly aligns state law “with the sad reality of the amount of time necessary to rebuild.”

This bill is opposed by a coalition of insurance associations led by the American Property Casualty Insurance Association, which notes “California’s property insurance market is already under significant pressure” and argues:

If an insurer cannot manage their risk concentration in one area of the state, under AB 2038 they may be forced to nonrenew properties outside of these emergency declaration ZIP Codes. This could result in more properties that are lower risk being driven to the FAIR Plan.

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