

- a) Consult with Cal FIRE.
 - b) Consider ZIP Codes with at least 10 percent of the sum of the following that are insured by the FAIR Plan:
 - i) The number of residential properties in the ZIP Code that are insured by the FAIR Plan.
 - ii) The number of residential properties in the ZIP Code that are insured in the voluntary market by admitted insurers under a policy of qualifying residential property insurance.
 - c) Develop and implement a process that allows for meaningful public participation that includes, at a minimum, both of the following:
 - i) Holding at least one public meeting to allow interested persons to submit suggestions for distressed areas.
 - ii) Making available the proposed distressed areas for public review and comment.
- 2) Requires CDI to publish a bulletin on or before January 1, 2028, and yearly thereafter, with a list of ZIP Codes in distressed areas, on CDI's website, and provide the information to the Assembly Committee on Insurance and the Senate Committee on Insurance.
 - 3) Makes related findings and declarations.

Background

According to the author:

“The Sustainable Insurance Strategy (SIS) regulations promulgated by the Department of Insurance fall short of protecting all Californians. Of particular concern are those communities in the wildland urban interface (WUI), which may not qualify as a “distressed area”, but have neighborhoods facing severe wildfire risks and insurance cancellations/nonrenewals. We must ensure that impacted communities are not left behind when determining which homes qualify for state assistance in attaining property insurance.”

Questions

CDI has raised concerns with the current bill language particularly regarding the linking of the bill's provisions to the SIS, and the subsequent impact the bill may have on the established regulatory framework and distressed area methodology. The author may wish to consider amending the bill to remove the linkage with the SIS and other related concerns.

ARGUMENTS IN SUPPORT:

A coalition of cities and counties states:

“Under the Catastrophe Modeling Regulations adopted in January 2025, insurance companies are required to offer insurance to 85% of their statewide market share in distressed areas identified by the Insurance Commissioner. Distressed areas are defined by zip codes that have 15% or more

property owners enrolled in the FAIR Plan and counties that have 20% or more properties that are in a high-risk area.

During the public comment period of the Catastrophe Modeling, our organizations noted our concern with the 15% statistic and noted that even with this requirement it was unclear whether insurance companies would provide coverage to all communities experiencing high insurance policies or the ability to obtain coverage.

This bill would require CDI to specifically consider the number of residential properties in the ZIP Code that are insured by the FAIR Plan, and the number of residential properties in the ZIP Code that are insured in the voluntary market by admitted insurers under a policy of qualifying residential property insurance. By reviewing the distressed areas definition this could allow more jurisdictions to have access to insurance under the Catastrophe Modeling regulations.”

ARGUMENTS IN OPPOSITION:

None received.

SUPPORT:

California State Association of Counties
Contra Costa County
Lafayette; City of
League of California Cities
Orinda; City of
Rural County Representatives of California

OPPOSITION:

None.

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