
SENATE COMMITTEE ON INSURANCE

Senator Susan Rubio, Chair

2025 - 2026 Regular

Bill No:	SB 365	Hearing Date:	April 23, 2025
Author:	Alvarado-Gil		
Version:	April 21, 2025	Amended	
Urgency:	No	Fiscal:	Yes
Consultant:	Brandon Seto		

SUBJECT: Fire insurance: reporting on cancellation and nonrenewal

DIGEST: Beginning no later than January 1, 2027, and by every January 1 thereafter, requires the Department of Insurance to report information to the Legislature on how the one-year prohibition on residential property insurance cancellation/nonrenewal for designated fire areas (prohibition/moratorium) affects cancellations, nonrenewals, and FAIR Plan coverage secured in the ZIP Codes subject to the prohibition.

ANALYSIS:

Existing law:

- 1) Defines a policy of residential property insurance to mean a policy insuring individually owned residential structures of not more than four dwelling units, individually owned condominium units, or individually owned mobilehomes, and their contents, and used exclusively for residential purposes. This definition also includes a tenant's policy insuring personal contents of a residential unit.
- 2) States that for one year after the declaration of a state of emergency, an insurer cannot cancel or refuse to renew a residential property insurance policy for a property located in any ZIP Code within or adjacent to a fire perimeter, based on the fact that the insured structure is located in a wildfire area.
- 3) Describes that such a fire perimeter is determined by the Department of Forestry and Fire Protection (CAL FIRE) in consultation with the Office of Emergency Services (Cal OES). Subsequently, CAL FIRE must provide the Insurance Commissioner with data describing the fire perimeter so that the Commissioner may determine which ZIP Codes are within or adjacent to the fire perimeter. The Commissioner must then issue a bulletin to inform insurers which ZIP Codes are subject to this one-year moratorium.
- 4) Creates exceptions to this moratorium in cases where the policyholder was willfully or grossly negligent, or if there are losses, physical, or risk changes to the property unrelated to the damage caused by the catastrophe.
- 5) Establishes the California Fair Access to Insurance Requirements Plan Association (FAIR Plan) to assure stability of the property insurance market, to assure the availability of basic property insurance, as defined, to encourage maximum use of the normal insurance market in obtaining basic property insurance provided by admitted insurers and licensed surplus line brokers.

This bill:

- 1) Requires the Department of Insurance to submit a report to the Legislature by January 1, 2027, and by every January 1 thereafter that describes how the one-year prohibition on cancellation and nonrenewal affects the cancellations and nonrenewals of residential property insurance in the moratorium ZIP Codes. The report must also include an analysis of whether the imposition of the prohibition has had a measurable impact on the number of residential property insurance policies issued through the FAIR Plan in those ZIP Codes. Specifically, the report must include the following:
 - a) The number of policies that were cancelled or not renewed in ZIP Codes in the area covered by the prohibition
 - b) The number of new policies issued by the FAIR Plan in those ZIP Codes covered by the moratorium during the one-year prohibition and in the year following its expiration
 - c) A comparative assessment of the FAIR Plan policy uptake in the relevant ZIP Codes before, during, and after the prohibition

Background

According to the author:

Californians living in high wildfire-risk areas are facing an increasingly fragile insurance market. As climate-related disasters become more common and intense, too many homeowners find themselves unexpectedly dropped from their coverage or priced out of traditional policies. In response, California enacted a one-year moratorium that prohibits insurers from canceling or refusing to renew policies in wildfire-affected areas.

While this moratorium is essential to providing temporary stability, we must ask: is it working? And just as importantly—what happens after the moratorium ends?

SB 365, as amended, focuses the Legislature's attention where it's needed most: on the communities directly protected by the moratorium and on the availability of coverage through the California FAIR Plan, our insurer of last resort.

This bill does not expand regulation or create a new mandate on insurers. Instead, it ensures that we are evaluating the state's existing consumer protections with clarity and precision. By narrowing the Department of Insurance's reporting to only the ZIP Codes subject to the moratorium and requiring data on FAIR Plan sign-ups, we will better understand whether these protections are actually keeping people insured—or simply pushing them into limited, higher-cost coverage options.

The bill avoids an overly broad and diffuse report that blends together unrelated data from adjacent or unaffected regions. We need focused insights on what's working, what's not, and how our policy choices are impacting access to coverage on the ground.

In short, this bill empowers the Legislature with the information needed to shape responsible, data-driven solutions for California's vulnerable homeowners.

Related/Prior Legislation

SB 824 (Lara, Chapter 616, Statutes of 2018): Instituted, among other things, the one-year cancellation and nonrenewal moratorium after a wildfire emergency for residential property insurance policyholders in ZIP Codes within or adjacent to a fire perimeter.

ARGUMENTS IN SUPPORT:

None received.

ARGUMENTS IN OPPOSITION:

None received.

SUPPORT:

None.

OPPOSITION:

None.

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