

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 547 (Pérez) – As Amended July 17, 2025

Policy Committee: Insurance

Vote: 17 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill prohibits an insurer from canceling or refusing to renew a policy of commercial property insurance for certain properties near a fire perimeter for one year after the declaration of a state of emergency, based solely on the proximity of the insured structure.

This bill also requires the Insurance Commissioner (IC) to determine which zip codes are within or adjacent to the fire perimeter, as determined by the Department of Forestry and Fire Protection (CAL FIRE) and Office of Emergency Services (OES), and issue a bulletin to inform impacted insurers.

FISCAL EFFECT:

- 1) Costs of approximately \$5,000 in fiscal year (FY) 2025-26, \$22,000 in FY 2026-27, and \$9,000 in FY 2027-28 to CDI to identify impacted properties and notify additional insurers about the prohibition (Insurance Fund).
- 2) No costs to CAL FIRE and OES. CAL FIRE already establishes the perimeter of a fire for which a state of emergency is declared, and OES notes it has no involvement in determining the fire perimeter.

COMMENTS:

- 1) **Purpose.** According to the author:

Just like residential homeowners, holders of commercial insurance policies need and deserve reliable insurance during a disaster like the wildfires we've just experienced...SB 547 will expand the one-year moratorium to prevent cancelations or notices of nonrenewal on small businesses and nonprofit organizations – protecting this valued and essential part of the community.

This bill is sponsored by IC Ricardo Lara and supported by various local government entities, consumer groups, and the California Association of Realtors.

- 2) **One-year Moratorium.** SB 824 (Lara), Chapter 616, Statutes of 2018, instituted a one-year cancellation and nonrenewal moratorium after a wildfire emergency for residential property insurance policyholders in zip codes within or adjacent to the fire perimeter. The IC has issued 36 moratoriums since 2019. In addition to the numerous homes lost to the Pacific

Palisades and Eaton Wildfires, there were also 1,863 affected businesses located within the fire perimeters. This bill expands the moratorium period to cover commercial property insurance for certain small business properties, such as homeowners associations, apartment complexes, and senior living facilities.

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