

SENATE THIRD READING

SB 547 (Pérez and Rubio)

As Amended July 17, 2025

Majority vote

SUMMARY

Expands the prohibition to commercial property insurance, for an insurer from canceling or refusing to renew a residential property insurance policy for one year from the declaration of a state of emergency, if the residential property is located within the perimeter of a wildfire or in an adjacent zone improvement plan (ZIP) Code.

Major Provisions

- 1) Provides the fire perimeter shall be determined by the Department of Forestry and Fire Protection in consultation with the Office of Emergency Services.
- 2) Requires the California Department of Insurance (CDI) to provide the Insurance Commissioner with data describing the fire perimeter sufficient for the Insurance Commissioner to determine which ZIP Codes are within or adjacent to the fire perimeter.
- 3) Requires the Insurance Commissioner to issue a bulletin to inform insurers which ZIP Codes are subject to this subdivision.
- 4) Specifies the above provisions do not apply in following circumstances:
 - a) If willful or grossly negligent acts or omissions by the named insured, or the named insured's representatives, are discovered that materially increase any of the risks insured against;
 - b) If losses unrelated to the post disaster loss condition of the property have occurred that would collectively render the risk ineligible for renewal; and,
 - c) If there are physical or risk changes to the insured property beyond the catastrophe-damaged condition of the structures and surface landscape that result in the property becoming uninsurable.
- 5) Defines "policy of commercial property insurance" as a policy subject to Section 675.5, but does not include either of the following:
 - a) Policies that are inland marine, transit, or transportation, including commercial automobile insurance, and;
 - b) A policy of commercial property insurance with an annual premium of twenty-five thousand dollars (\$25,000) or more and the insured employed at least 25 employees on average during the prior 12 months.
 - i) Specifies a policy of commercial property insurance that insures against loss of, or damage to, real property, used primarily for commercial residential or habitational purposes, including, but not limited to, policies insuring all of the following:
 - (1) Homeowners associations.

- (2) Condominium associations.
- (3) Long-term rental hotels or motels.
- (4) Apartment complexes.
- (5) Condominium complexes.
- (6) Multifamily dwellings with greater than five units.
- (7) Student housing.
- (8) Senior living facilities.

COMMENTS

- 1) *SB 824 (Lara) Chapter 616 Statutes of 2018*: It's important to highlight SB 824 as it relates to this bill. This bill expands the residential property insurance moratorium to commercial property insurance with specified exceptions. Since 2019, the Insurance Commissioner has issued 36 moratoriums. Under existing law, following the Governor declaring a state of emergency, CDI partners with CAL FIRE and CalOES to identify the wildfire perimeter and adjacent ZIP Codes. Once the area is determined, CDI issues a mandatory one-year moratorium on insurance companies from cancelling or non-renewing residential property insurance policies. The one year moratorium begins on the date the Governor declares a state of emergency.
- 2) *Pacific Palisades and Eaton Wildfires*: In addition to the numerous homes lost in the fires, there were also 1,863 businesses located within the fire zones, with the Palisades Fire affecting 1,117 businesses (60.0%) and the Eaton Fire affecting 746 businesses (40.0%). These businesses employed an estimated 9,610 workers, generating \$1.4 billion in annual sales.

According to the Author

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. These small businesses, non-profits, and other entities that have commercial insurance not only contribute to the local economy by generating revenue and infusing tax dollars into the city and county, they serve the community and are an integral part of the process to restore the neighborhood to how it was before the disaster struck. 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."

Arguments in Support

According to Insurance Commissioner Ricardo Lara, "This bill will safeguard commercial policyholders from further harm following an emergency and reinforces the economic and social infrastructure that communities depend on to rebuild. This helps maintain continuity for business, condominiums, homeowner associations, and other commercial policies- fortifying the local economies that depend on them, especially during a period of recovery and rebuilding. It's

a practical step toward ensuring that recovery is possible for all- not just homeowners, but for every member of the community."

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee, 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). 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.

VOTES**SENATE FLOOR: 39-0-1**

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Reyes

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, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Jeff Gonzalez, Solache, Ta, Tangipa

UPDATED

VERSION: July 17, 2025

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

FN: 0001191