
UNFINISHED BUSINESS

Bill No: SB 547
Author: Pérez (D) and Rubio (D), et al.
Amended: 7/17/25 in Assembly
Vote: 21

SENATE INSURANCE COMMITTEE: 6-0, 4/23/25
AYES: Rubio, Niello, Becker, Caballero, Padilla, Wahab
NO VOTE RECORDED: Jones

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SENATE FLOOR: 39-0, 6/3/25
AYES: 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
NO VOTE RECORDED: Reyes

ASSEMBLY FLOOR: 62-0, 9/13/25 – Roll call is not available

SUBJECT: Commercial property insurance cancellation and nonrenewal

SOURCE: Insurance Commissioner Ricardo Lara/California Department of Insurance

DIGEST: This bill prohibits an insurer from canceling or refusing to renew a commercial property insurance policy, as specified, for one year from the declaration of a state of emergency, if the commercial property is located within the perimeter of a wildfire or in an adjacent ZIP Code.

Assembly Amendments:

- Clarify that the cancellation/non-renewal prohibition does not include a policyholder of a commercial property insurance policy with an annual

premium of \$25,000 or more that has employed at least 25 employees on average during the prior 12 months.

- Further specify the types of commercial property insurance policies that are included in the prohibition mentioned in the bill.

ANALYSIS:

Existing law:

- 1) 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.
- 2) Describes that such a fire perimeter is determined by Department of Forestry and Fire Protection (CAL FIRE) in consultation with the Office of Emergency Services. 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.
- 3) 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.

This bill:

- 1) Extends the conditions and exceptions of the one-year moratorium against cancellation and nonrenewal to include certain commercial property insurance policies, as defined in existing law.
- 2) Specifies that certain policies are not included in the moratorium including:
 - a) Policies that are inland marine, transit, or transportation, including commercial automobile insurance.
 - b) A commercial property insurance policy with an annual premium of \$25,000 or more, where the insured employed at least 25 employees on average during the prior 12 months.

- 3) Stipulates that this bill's provisions apply to a commercial property insurance policy 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:
- a) Homeowners associations
 - b) Condominium associations
 - c) Long-term rental hotels or motels
 - d) Apartment complexes
 - e) Condominium complexes
 - f) Multifamily dwellings with greater than five units
 - g) Student housing
 - h) Senior living facilities

Background

Los Angeles Fires and Impact on Business. According to the California Department of Forestry and Fire Protection, and the Los Angeles County Economic Development Corporation, Los Angeles County experienced multiple catastrophic wildfires earlier this year which burned over 55,000 acres including 23,700 acres for the Palisades Fire and 14,000 acres for the Eaton Fire. The fires took at least 30 lives, and destroyed over 16,251 structures. 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

Commercial Insurance Policyholders. Commercial policyholders include businesses, but also homeowners associations (HOAs), condominiums, affordable housing units, small businesses, non-profits, and other commercial entities.

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.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

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.”

SUPPORT: (Verified 9/11/25)

Ricardo Lara, Insurance Commissioner /California Department of Insurance
(Source)

California Association of Realtors

California Community Foundation

City of Glendale

Consumer Federation of California

Consumer Watchdog

County of Fresno

County of Madera

County of Mendocino

Eden Housing

Fresno County Board of Supervisors

Glendale; City of

Madera County Board of Supervisors

Mendocino County Board of Supervisors

Rural County Representatives of California

Santa Monica Chamber of Commerce

United Policyholders

OPPOSITION: (Verified 9/11/25)

None received

ARGUMENTS IN SUPPORT:

Insurance Commissioner Ricardo Lara, sponsor of this bill, states:

“This bill would expand the current residential insurance moratorium law to also cover commercial insurance. The expanded protections will safeguard businesses, HOAs, condos, affordable housing units, small businesses, and non-profits, among other commercial businesses, from being non-renewed or canceled by their commercial insurer for one-year following an emergency declaration.

When disasters strike, our communities don’t just lose homes - they lose the businesses, non-profits, and essential services that help them rebuild and recover. While homeowners have for years benefited from a yearlong moratorium on insurance non-renewals following a state of emergency, commercial entities remain exposed to sudden cancellations, even in the immediate aftermath of a catastrophe. This bill ensures they receive the same consideration and stability during their most vulnerable moments.

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 for homeowners, but for every member of the community.”

Prepared by: Brandon Seto / INS. / (916) 651-4110
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