

RESOLUTION NO. 2024-94

A RESOLUTION OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, STATE OF CALIFORNIA, REQUESTING THE CALIFORNIA INSURANCE COMMISSIONER, STATE LEGISLATURE, AND THE GOVERNOR TAKE EMERGENCY ACTION TO STRENGTHEN AND STABILIZE CALIFORNIA'S MARKETPLACE FOR HOMEOWNERS AND COMMERCIAL PROPERTY INSURANCE.

On Tuesday June 25, 2024, on motion of Supervisor Hagman, duly seconded by Supervisor Baca, Jr., and carried, the following resolution is adopted by the Board of Supervisors of San Bernardino County, State of California.

WHEREAS, in 1988, California voters enacted Proposition 103, which established a robust set of consumer protections designed to keep insurance rates fair and affordable and to ensure a competitive marketplace; and

WHEREAS, last year, two of the State's largest insurance carriers, representing over 27 percent of the admitted insurance market in California, announced they would stop issuing new homeowners and commercial property insurance policies in California; several others, representing more than another 36 percent of the market, announced plans to limit new policy origination; and

WHEREAS, the reduction of insurance options in the State has a direct negative effect on consumer access to coverage: in all parts of the State, homeowners, business owners, and farmers are now unable to obtain new insurance policies from the admitted insurance market; and

WHEREAS, access to insurance allows existing homeowners to protect what is for many their largest and most important asset, and empowers homebuyers to secure a mortgage for a home that can build generational wealth, but a scarcity of options may freeze real estate transactions and slow or stop the rate of new housing development, including attached dwelling units like affordable housing projects, apartments, and condominiums, exacerbating the State's critical housing shortage; and

WHEREAS, Californians who cannot obtain coverage from the admitted market are forced to apply for protection through the California Fair Access to Insurance Requirements (FAIR) Plan, a state-established risk pool intended to operate as California's insurer of last resort providing temporary coverage as consumers pursue insurance in the traditional market; and

WHEREAS, the collapsing admitted-provider market has caused steadily increasing enrollment in the FAIR Plan over the past five years, threatening the ongoing stability of the plan, putting even this safety net at dire risk; and

WHEREAS, policy decisions have placed Californians' homes and businesses at risk of catastrophic loss that can only be prevented by stabilizing the homeowners insurance and commercial property insurance markets while providing rates that remain fair and affordable to consumers, and maintaining the ongoing viability of the FAIR Plan, which provides a vital safety net to Californians whose policies are nonrenewed and to homebuyers who cannot secure a mortgage without insurance; and

WHEREAS, the California Insurance Commissioner has released draft regulations to address this immediate crisis but the Little Hoover Commission hearing on March 28, 2024 reports that reforms "will not go into effect until at least 2026, and it may take a few years after that for the market to react... this timeline, of course could be delayed further if lawsuits by any party, including insurers or consumers, were to occur"; and

WHEREAS, the California Insurance Commissioner has broad authority under the Insurance Code to adopt emergency regulations to promote the public welfare, including under sections 1861.01, 1861.05, and 1861.055 to adopt emergency regulations governing the prior approval process for insurance rate change applications, and to adopt emergency regulations under section 11346.1 of Government Code and section 12921.7 of the Insurance Code.

NOW, THEREFORE, BE IT RESOLVED BY THE SAN BERNARDINO COUNTY BOARD OF SUPERVISORS, as follows:

Section 1. The Insurance Commissioner, State Legislature, and the Governor are requested to declare a state of emergency and take immediate emergency regulatory and legislative action to strengthen and stabilize California’s marketplace for homeowners insurance and commercial property insurance. The Commissioner, Legislature, and Governor must consider the following goals in crafting an appropriate regulatory response:

- a. Expand coverage choices for all consumers, particularly in underserved areas of the State.
- b. Improve the efficiency, speed, and transparency of the California Department of Insurance’s rate approval process.
- c. Tailor the rate approval process to account for all factors necessary to promote a robust, competitive insurance marketplace, including through potential revisions to the way catastrophe risks, reinsurance costs, and other legitimate insurer costs are accounted for.
- d. Maintain the long-term availability of homeowners and commercial property insurance coverage.
- e. Maintain the solvency of the FAIR Plan to protect its policyholders and promote long-term resiliency in the face of extreme weather events, including by identifying mechanisms to reduce its share of the overall market in underserved areas and move its customers into the admitted insurance market.

PASSED AND ADOPTED by the Board of Supervisors of San Bernardino County, State of California, by the following vote:

AYES: SUPERVISORS: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

NOES: SUPERVISORS: None

ABSENT: SUPERVISORS: None

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STATE OF CALIFORNIA)
)
SAN BERNARDINO COUNTY) ss.

I, **LYNNA MONELL**, Clerk of the Board of Supervisors of San Bernardino County, State of California, hereby certify the foregoing to be a full, true and correct copy of the record of the action taken by the Board of Supervisors, by vote of the members present, as the same appears in the Official Minutes of said Board at its meeting of June 25, 2024. #6 CCM

LYNNA MONELL
Clerk of the Board of Supervisors

By _____
 Deputy