

United States House of Representatives  
Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, D.C. 20515

June 6, 2023

The Honorable Janet L. Yellen  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

Steven E. Seitz  
Director  
Federal Insurance Office  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

Dear Secretary Yellen and Director Seitz:

I write to express my concerns regarding the exodus of insurance companies from entire lines of coverage in the State of California, leaving many Californians with higher premiums for products with dwindling competition and shrinking insurance options. Effective May 27, 2023, State Farm is no longer offering new homeowners insurance policies in the State of California.<sup>1</sup> The latest business decision by State Farm comes after American International Group Inc. (AIG) and Allstate also discontinued traditional homeowners insurance for Californians.<sup>2</sup> Similar decisions have been made by insurance companies to reduce or eliminate insurance coverage options in other states like Florida and Louisiana.<sup>3</sup> These trends have also been exacerbated by the diminishing capacity of the retrocession insurance market and increased costs of reinsurance as a result.<sup>4</sup> Meanwhile, some consumer advocates have raised concerns that the exodus of private insurers may represent efforts to force insurance regulators to approve substantial rate increases that were previously denied, and may also raise anti-trust concerns.<sup>5</sup>

In light of industry exodus that may result in unaffordable rate hikes that exacerbate the insurance coverage crisis affecting communities across the country, I am requesting that the Federal Insurance Office (FIO) provide a report to Congress that includes:

- an analysis of the availability and affordability of property and casualty insurance for homeowners, renters, and small businesses in California;
- an analysis of the availability and affordability of these policies in frontline communities impacted by climate disasters where private insurers have exited;
- a state-level analysis of the availability and affordability of these policies across the country;

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<sup>1</sup> State Farm, [State Farm General Insurance Company®: California New Business Update](#), (May 26, 2023).

<sup>2</sup> S&P Global Market Intelligence, [AIG to exit California homeowners insurance market at January-end](#), (Jan. 25, 2022); *See also* San Francisco Chronicle, [Yet another home insurance giant quietly stops writing new policies in California](#), (Jun. 1, 2023).

<sup>3</sup> S&P Global Market Intelligence, [Chubb pulling back sharply in California; CEO blames price inadequacy](#), (May 31, 2023); *See also* WFLA, [United Property & Casualty Insurance ending business in Florida](#), (Dec. 8, 2022); *See also* Fox Business, [More insurance companies pull out of Louisiana: 'We are in a crisis.'](#) (Jan. 16, 2023)

<sup>4</sup> The Insurer, [Retro market continues to harden amid limited supply](#) (Sep. 11, 2022); *Note*: Just as reinsurers act as insurers for insurance companies, allowing them to offload risk from their primary insurance business, retrocession insurance acts as insurance for reinsurers to offload risk.

<sup>5</sup> *Supra* note 2.

- an analysis of the availability and affordability of retrocession insurance and reinsurance, whether there are any signs of anti-trust violations;
- the identification and analysis of potential reasons why private insurance companies are exiting these markets; and
- policy recommendations for Congress to consider in addressing this coverage crisis.

The increased risk of disaster events due to climate change no doubt poses a significant hurdle for insurers across the country, however, it is an unacceptable outcome to leave millions uninsured because of shifts scientists have been predicting for decades. FIO's mandate is to monitor underserved communities' access to affordable insurance products, and, to that end, I am calling on FIO to provide this report to Congress on the availability and affordability of insurance.

I look forward to your analysis and recommendations for increasing access to affordable and adequate insurance coverage across America. Thank you for your attention to this critical issue. Please contact Alia Fierro ([alia.fierro@mail.house.gov](mailto:alia.fierro@mail.house.gov)), Director of the Subcommittee on Housing and Insurance, with any questions.

Sincerely,

Maxine Waters



Ranking Member  
Committee on Financial Services

CC: The Honorable Patrick McHenry, Chair, House Committee on Financial Services