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Good morning, Subcommittee Chairman Cleaver, Ranking Member Hill, esteemed members of the Subcommittee. Thank you for having me virtually speak to you all today. I also want to personally thank Committee Chairwoman Waters for her invitation to me to be a part of this hearing, and for the overall attention given to this important issue of insurance availability and reliability due to continued climate-intensified wildfires.

As the elected Insurance Commissioner of the Nation's largest insurance market, I have taken significant steps to safeguard the availability of insurance for consumers and to maintain a competitive insurance

market – granted by California voters in passing

Proposition 103 back in 1988. Proposition 103 allows for insurance companies to request rates that are adequate to pay future claims, while giving me the authority to protect consumers from excessive or unfairly discriminatory rates.

In December 2019, I implemented a “moratorium” law that I proudly authored while in the California State Legislature, that protects wildfire survivors by preventing insurance companies from non-renewing policies for those living adjacent to a declared wildfire emergency for one total year, recognizing that it’s absolutely critical to give consumers “breathing room” after a wildfire disaster. Even if they did not lose their home, they might have lost

a neighbor, a friend, a loved one. My action also gives insurance companies a chance to assess so they are not so quick to drop their longtime customers. To date, since 2019, I have protected more than 4 million residential policies from nonrenewal by their insurance company.

For years, California and other like-minded states have warned – repeatedly – to prepare for the impact that climate change is having on risk and our ability to prepare for it. At the National Association of Insurance Commissioners, I co-chair its Climate and Resiliency Task Force with my fellow insurance regulator from Florida; wildfires, wildfire smoke, flooding, and heat waves do not respect state borders so we have to work together as the state-based regulators of insurance through

the NAIC. I am also proud to be creating a historic “Sustainable Insurance Roadmap” with the United Nations Principles for Sustainable Insurance Initiative, which will outline key actions that regulators and insurance companies need to take to protect consumers and to create more sustainable insurance markets in a time of intensifying climate risks.

Otherwise, insurance companies that threaten to withdraw from wildfire risk regions of California or any state defy a central purpose for insurance: To incentivize home hardening behaviors that will reduce risk. That is why I created a first-in-the-nation insurance pricing regulation that, after three years of stakeholder engagement and in partnership with California’s

emergency preparedness agencies, would require all insurance companies to recognize and reward wildfire mitigation efforts made by homeowners and businesses such as upgraded roofs and windows, defensible space, and living in Firewise communities. Transparency is another important benefit of my regulation, requiring insurance companies to provide consumers with their property's "risk score" and a right to appeal that score. I have also advocated for increased state budget funding to help residents and businesses pay for mitigation efforts necessary for them to retain their insurance coverage. I believe funding pre-disaster mitigation for local communities is critical, and I commend Congress for passing the "Inflation Reduction Act" earlier this year that

includes critical funding for hazardous fuel reduction and community resilience and risk mitigation projects; every dollar of pre-disaster mitigation saves \$5-to-\$7 in avoided future insurance losses – helping make insurance more available and affordable.

You are familiar with the residual “insurer of last resort” market -- known as the FAIR Plan in California -- which will cover you if no insurance company will.

Because of an increase of nonrenewals in the Wildland Urban Interface, I have worked to modernize the FAIR Plan by ordering it to provide consumers with increased homeowners and commercial insurance coverage limits as well as offer more comprehensive property coverage

options to protect what for most of us is our largest financial safeguard – our homes.

I am committed to continue to look at how we give insurance companies tools to better manage risk so we can maintain competition; however, there must be a firm commitment from the voluntary insurance market to provide and maintain insurance, especially to our most vulnerable. As you know, many rural residents in our states are retirees on fixed incomes, working people, and those pushed out of the urban core. When people cannot obtain affordable insurance and have no incentive to harden their homes and communities, it can lead to a downward spiral of increased community wildfire risk, falling home values, lower property tax rolls, and less

revenue for basic services like emergency response and school facilities for our kids.

In sum, Mother Nature is the best advocate we have on climate change. As one looks at the wildfires, heat waves, and atmospheric river flooding events, one cannot deny the reality of what we are facing or the need for immediate action. Further reducing risks and closing protection gaps are vital for strengthening our Nation's climate resilience today and tomorrow.

Thank you again for the opportunity to testify and I would be pleased to take your questions.

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