

RESOLUTION NO. .

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

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RESOLUTION REQUESTING THAT: A) THE GOVERNOR DECLARE A STATE OF EMERGENCY RELATED TO THE PROPERTY INSURANCE MARKET; AND (B) THE GOVERNOR, INSURANCE COMMISSIONER, AND THE CALIFORNIA STATE LEGISLATURE TAKE IMMEDIATE ACTION TO STRENGTHEN AND STABILIZE CALIFORNIA'S RESIDENTIAL AND COMMERCIAL PROPERTY INSURANCE MARKET; AND C) THE PRESIDENT OF THE BOARD OF SUPERVISORS BE AUTHORIZED AND DIRECTED TO TRANSMIT A LETTER TO APPROPRIATE STATE OFFICIALS REQUESTING THAT STEPS BE TAKEN TO STABILIZE THE PROPERTY INSURANCE MARKET

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

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

WHEREAS, in 2023, two of the State's largest insurance carriers announced they would stop issuing new homeowners and commercial property insurance policies in California, and these carriers represented over 27 percent of the admitted insurance market in California, and several other insurance carriers, representing more than 36 percent of the market, announced plans to limit new policy origination; and

WHEREAS, wildfires have continued to be a significant and growing concern in San Mateo County, particularly in the unincorporated areas of the County, and throughout many areas in California and San Mateo County, along with other local government agencies, non-profit organizations, and homeowners have worked extensively to improve fire resistance and reduce wildfire risk; and

WHEREAS, despite these efforts, many residents and businesses have reported having their property insurance policies canceled or having significantly higher premiums imposed by their carriers, indicating that a reduction in insurance options is directly impacting consumer access; and

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

WHEREAS, access to property insurance allows 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 affordable housing, including farmworker housing, attached dwelling units and other affordable housing options, exacerbating the State's critical housing shortage and particularly impacting the most vulnerable, including young families and those on fixed incomes; and

WHEREAS, those unable to obtain property insurance coverage in the commercial market must seek 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 over the past five years, the reduced availability of property insurance through the traditional commercial marketplace has resulted in steadily increasing enrollment in the FAIR Plan, threatening the ongoing stability of this state-established risk pool; and

WHEREAS, even those businesses and homeowners who are able to secure temporary insurance coverage through the FAIR Plan face premiums that are, in many cases, many times their previous rates and that are unaffordable to them, forcing them, in some cases, to sell their businesses or homes; and

WHEREAS, the California Insurance Commissioner recently drafted regulations to address the immediate crisis in the property insurance market but it may take years for these regulations to impact the market and even this timeline could be delayed if lawsuits by any party, including insurers or consumers, were to occur; and

WHEREAS, the Governor has authority under California law to declare emergencies and the Insurance Commissioner similarly has broad authority under law to adopt emergency regulations to promote the public welfare, including with respect to the process governing the prior approval process for insurance rate change applications.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of the County of San Mateo County requests that the Governor declare a state of emergency relating to the property insurance marketplace.

BE IT FURTHER RESOLVED that the Board of Supervisors requests that the Insurance Commissioner and the State Legislature take immediate action to strengthen and stabilize California's property insurance market and that the Commissioner, Legislature, and Governor consider the following goals in crafting an appropriate regulatory response:

1. Expand coverage choices for all consumers, particularly in underserved area of the State.
2. Improve the efficiency, speed, and transparency of the California Department of Insurance's rate approval process.
3. 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.
4. Maintain the long-term availability of homeowners and commercial property insurance coverage.
5. 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.

BE IT FURTHER RESOLVED that the President of the Board of Supervisors be authorized and directed to work with County staff to draft and transmit a letter to appropriate State officials, requesting that steps be taken to stabilize the State's property insurance market.

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