



UNITED STATES CONGRESS

February 6, 2025

The Honorable Scott Fitzgerald
Chair, Subcommittee on the Administrative State, Regulatory Reform, and Antitrust
House Judiciary Committee
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Jerrold Nadler
Ranking Member, Subcommittee on the Administrative State, Regulatory Reform, and Antitrust
House Judiciary Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Chair Fitzgerald and Ranking Member Nadler,

As members of the California Democratic Congressional Delegation, we write in support of California's insurance regulation, which has provided critical consumer protection for our constituents. As the Subcommittee convenes for the hearing entitled "California Fires and the Consequences of Overregulation," we ask that the Subcommittee Members refrain from amplifying harmful misinformation about the fires, response efforts, and ongoing regulatory efforts.

Across the country, insurance markets are in crisis as climate change exacerbates the frequency and severity of natural disasters. Prolonged drought periods, higher temperatures, and increased extreme weather events are leading to more common and intense wildfires. In California, higher temperatures have caused more erratic precipitation cycles leading to increased vegetation, which acts as hazardous fuel during a wildfire, like the 2025 Southern California wildfires.

Insurers have responded to increased climate-related financial risks with higher premiums, gutted coverage, and withdrawal from high-risk areas. In California, over ten major insurers have restricted their homeowner coverage, often citing the increased climate risk. Unfortunately, some have seized upon recent tragedies to push for wholesale deregulation. As regulators and industry look for opportunities to address increased climate risk, it is critical to focus on proven and effective strategies, including disaster mitigation assistance, transparent data publication regarding non-renewals and cancellations, and efficient rate reviews for requests that are

necessary, adequate, and not excessive for consumers. Strong oversight and transparent rulemaking are essential to protecting consumers from unchecked profit-seeking.

California's Insurance Regulation

In 1988, California voters passed Proposition 103, which put in place new regulations to protect consumers from arbitrary insurance rates and ensure that insurance is affordable and accessible for all Californians. Specifically, Proposition 103 instituted a prior approval system, empowering the Insurance Commissioner to approve increases in insurance rates through a thorough, impartial review. According to the Consumer Federation of America, Proposition 103 has saved consumers [over \\$154 billion](#) in auto insurance alone.

California's regulatory system has guaranteed consumers comprehensive coverage and reasonable rates, while also ensuring fair profits for the insurance industry. According to [data reported by the National Association of Insurance Commissioners](#) (NAIC), home insurers have financially performed better in California than nationwide. Over the past 20 years, the return on net worth, which is the profit on insurance transactions plus investment gains on surplus and reserves and less the sum of claims losses, expenses, taxes, and policyholder dividends, was 6.1% nationally, and 9.2% in California. Moreover, in 2022, the return on net worth was just 0.7% nationally, and 14.3% in California. Meanwhile, California's average home insurance premium is in line with the countrywide average, far below most states facing insurance crises.

In states that have deregulated or weakened their consumer protections, consumers have paid the price—a significantly high one. In Florida, limited oversight of insurance rate setting and state subsidies for reinsurance costs, have failed to deliver lower insurance premiums for consumers. At the behest of insurers, the Florida government [has](#) “allow[ed] probabilistic models to be used for rates, allow[ed] reinsurance costs to be included in rates, has established two taxpayer-backed public reinsurance pools to lower the cost of reinsurance for private insurers, has limited third-party lawsuits against insurers, has eliminated private insurers' exposure to an assessment if Florida's Citizens Property Insurance Corp...runs out of money.” Yet, in 2023, Florida's average home insurance cost was [\\$10,996](#), which was more than four times the national average; California's average cost was \$1,782, less than the national average. With insurers continuing to pull out of the market, Florida consumers have turned to the state's FAIR Plan, also known as the Citizens Property Insurance Corporation, which has [three times](#) as many policies as California's FAIR Plan.

Comprehensive insurance regulations in California are critical to ensuring consumers have access to fairly priced coverage. To protect consumers from price gouging and redlining, Proposition 103 authorizes California's Department of Insurance to hold the insurance industry to a high standard of transparency. Climate change will only lead to more frequent and severe natural disasters, putting additional pressure on homeowners and insurers. As we look for ways to confront this crisis, it is essential that we strengthen, and not weaken, regulations that provide

strong oversight for consumers, ensure reasonable profits for insurers, and invest in making our communities more resilient.

Thank you for your attention to our concerns.

Sincerely,



John Garamendi
Member of Congress



Zoe Lofgren
Member of Congress



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Member of Congress



Pete Aguilar
Member of Congress



Nanette Diaz Barragán
Member of Congress



Julia Brownley
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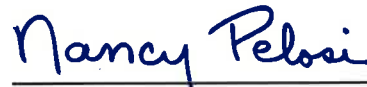
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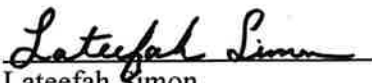
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