

RESOLUTION NUMBER 6560

***A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF PERRIS, COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA, REQUESTING THE
CALIFORNIA INSURANCE COMMISSIONER,
STATE LEGISLATURE, AND THE GOVERNOR
TAKE ACTION TO STRENGTHEN AND
STABILIZE CALIFORNIA'S MARKETPLACE
FOR HOMEOWNERS AND COMMERCIAL
PROPERTY INSURANCE.***

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, in 2023, 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.

NOW, THEREFORE, THE PERRIS CITY COUNCIL HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

Section 1. The Insurance Commissioner, State Legislature, and the Governor are to take 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.

ADOPTED, SIGNED and APPROVED this 10th day of December 2024.

Michael M. Vargas, Mayor

ATTEST:

City Clerk, Nancy Salazar

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) §
CITY OF PERRIS)

I, Nancy Salazar, CITY CLERK OF THE CITY OF PERRIS, CALIFORNIA, DO HEREBY CERTIFY that the foregoing Resolution Number 6560 was duly and regularly adopted by the City Council of the City of Perris at a regular meeting held on the 10th day of December 2024, and that it was so adopted by the following vote:

AYES: RABB, ROGERS, NAVA, CORONA, VARGAS

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

By: _____
City Clerk, Nancy Salazar