DEPARTMENT OF INSURANCE

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Insurance remains the sole interstate business exclusively regulated by state governments rather than federal oversight. In California, the Department of Insurance ("CDI" or "the Department"), organized in 1868, holds this responsibility. CDI, headed by an elected Insurance Commissioner since 1988, operates under the authority of Insurance Code sections 12900 through 12938. Authorization for CDI is found in section 12906 of the 1,000-page Insurance Code, while the Department's operational regulations are codified in Chapter 5, Title 10 of the California Code of Regulations ("CCR").

The Department stands as the consumer protection agency for the nation's largest insurance marketplace, ensuring consumer protection through insurance industry regulation. This entails licensing of agents and brokers and admitting companies to offer insurance products within the state. With a workforce of almost 1,400 employees, CDI oversees more than 1,600 insurance companies and licenses more than 495,000 agents, brokers, adjusters, and business entities. Annually, CDI processes more than 5,500 rate applications and issues approximately 260,000 licenses (new and renewals). CDI conducts hundreds of financial reviews and insurer examinations while managing 200,000 consumer assistance calls, investigating more than 56,000 consumer complaints, and recovering over $130 million annually for consumers. In addition, CDI receives and processes tens of thousands of referrals regarding suspected fraud against insurers and conducts criminal investigations resulting in thousands of arrests every year.

Beyond its licensing role, CDI serves as the principal agency involved in collecting annual taxes paid from the insurance industry, overseeing over 175 different fees levied against insurance producers and companies. The Department performs the following consumer protection functions: (1) it ensures solvency through tri-annually auditing all domestic insurance firms and selective participation in the auditing of other companies licensed in California but organized in another state or foreign country; (2) it evaluates and approves/disapproves tens of thousands of insurance policies and related forms annually as required by statute, principally related to accident and health, workers' compensation, and group life insurance; (3) it sets rates and rules for workers' compensation insurance; (4) it pre-approves rates in certain lines of insurance under Proposition 103 and enforces compliance with the general rating law in others; and (5) it assumes control of insurance companies facing financial or significant challenges.

The Insurance Code empowers the Commissioner to hold hearings to assess brokers' or carriers' adherence to state law and issue orders to cease business operations within the state. However, the Commissioner may not force an insurer to pay a claim; that power is reserved for the courts.

CDI's Consumer Services Division (CSD) manages consumer inquiries and complaints regarding insurance companies or producers. CSD comprises four separate bureaus: Consumer Communications Bureau; Claims Services Bureau; Health Claims Bureau; and Rating and Underwriting Services Bureau. CSD operates the Department's toll-free complaint line. Through its bureaus, CSD responds to general information requests, investigates and resolves individual consumer complaints against insurers, agents, and brokers; monitors trends in code violations; and collaborates with law enforcement for compliance enforcement. Unresolved cases from the CSD are transferred to CDI's Legal Division, which possesses the authority to formally charge licensees and impose appropriate disciplinary actions, including cease and desist orders, fines, and license revocation.

Founded in 1979, the Department's Fraud Division protects the public from financial harm by actively investigating and arresting insurance fraud perpetrators. The Fraud Division operates through four separate fraud programs: automobile, workers' compensation, property, life, and casualty, and disability and health care.

On November 17, 2023, Commissioner Lara announced appointments to CDI's California Organized Investment Network (COIN) Advisory Board. The COIN Advisory Board guides the Commissioner regarding the COIN program. COIN was established to guide insurers in making financially sound investments that yield environmental benefits throughout California and social benefits within the State's underserved communities. The Board consists of one member of the public, appointed by the Speaker of the Assembly, one member of the public, appointed by the Senate Committee on Rules, and nine industry/industry-affiliated members appointed by the Commissioner. Two new members were appointed to the COIN Advisory Board, and one former member was reappointed:

- **Doug Bystry** was reappointed to the community development financial institution representative seat. Bystry currently serves as President and CEO of the Clearinghouse CDFI, one of the largest community development financial institutions in the United States. He also serves on the Board of Directors for Affordable Housing Clearinghouse as well as Mary Erickson Community Housing. Bystry's term is set to end on November 16, 2025.
- **Gina Zapanta** is a newly appointed member in the attorney practicing insurance law representative seat. Zapanta is Co-Founder of Z.A. Lawyers, a workers' compensation firm. She is an appointed trustee on the Los Angeles County Employees Retirement Association's Board

of Retirement, President of the Hispanic Lawyers Association of Louisiana. Additionally, and serves on the USC Latino Alumni Association Executive Advisory Board, the Loyola Law School Board of Directors, the Children's Hospital Los Angeles Foundation Board of Trustees, and the Latina Lawyers Bar Association Advisory Board. Zapanta's term on the COIN Advisory Board is set to end November 16, 2025.

- **Vanessa Delgado** is a newly appointed member in the local economic development practitioner representative seat. Delgado is President of Azure Development and Board Chair of the South Coast Air Quality Management District. She served on the City Council of the City of Montebello in 2015 and as the mayor in 2017. Additionally, she was elected as a State Senator for District 32. Delgado's term on the COIN Advisory Board is set to end November 16, 2025.

On March 6, 2024, Commissioner Lara announced 10 new appointments and reappointments of members to several of CDI's boards, task forces, and committees: The Curriculum Board, the California Insurance Guarantee Association ("CIGA") Board of Governors, the California Life & Health Insurance Guarantee Association ("CLHIGA") Board of Directors, the Insurance Diversity Task Force, the California Workers' Compensation Insurance Rating Bureau ("WCIRB") Governing Committee, and the COIN Advisory Board.

The Curriculum Board oversees developing pre-licensing and continuing education curricula for agents and brokers to uphold professional standards that protect consumers. The Curriculum Board also develops standards for providers and instructors who offer courses and other training to licensed agents and brokers. The Board consists of representatives of insurance agents, brokers, life agents/trade associations, insurance companies, consumer groups, bail agents, and insurance adjusters. Commissioner Lara appointed one new member to the Curriculum Board on March 6, 2024:

- **Samantha Tradelius** is a newly appointed member in the agent/broker representative seat. Tradelius serves as Vice President of Operations of LyteSpeed Learning and is the Founder and Executive Director of Sparkle Foundation, a 501(c)(3) with a mission of helping single mothers through enrichment programs, micro-loans to female-owned small businesses, and connecting women to a vast business network. She is a commercial property insurance broker with 25 years of industry expertise. Tradelius' term is set to end on March 6, 2027.

CIGNA Board of Governors comprises all insurance companies licensed in specified lines of insurance in California and acts as a guarantor of insurance liabilities for insolvent insurers to protect policyholders from loss. Managed by a Board of Governors, CIGA oversees operations, including hiring the CIGA Director, approving contracts, investments, and asset managers. The Board consists of 1 public member appointed by the Speaker of the Assembly, 1 public member appointed by the Senate President, 9 member insurers appointed by the Commissioner, and 2 public members representing labor and business. Commissioner Lara reappointed two members to the CIGA Board of Governors on March 6, 2024:

- **Andrew Chick** was reappointed as the representative of Lawyers' Mutual in a member insurer seat. Chick currently serves as President & CEO of Lawyers' Mutual Insurance Company. He is a member of the Care West Insurance Company Board of Directors and a member of the National Association of Bar Related Insurance Companies Board of Directors. Chick's term on the CIGA Board of Governors is set to end on December 31, 2026.

- **Heather Pierce** was reappointed as the representative of State Farm in a member insurer seat. Pierce is currently the Assistant Vice President and Actuary for State Farm. She is also a Fellow of the Casualty Actuarial Society, a member of the American Academy of Actuaries, and a member of the Insurance Institute for Business and Home Safety (IBHS) Research Advisory

Council. Pierce's term is set to end on December 31, 2026.

CLHIGA Board of Directors manages CLHIGA, which is comprised of all insurance companies licensed to sell life and health insurance and annuities in California. The Board oversees contracts, reinsurance, assessments, borrowing, legal actions, and audit and investment functions. It includes two public members appointed by the Commissioner, who cannot be affiliated with insurance entities, and nine to 13 member insurers elected by the Board and approved by the Commissioner, serving three-year terms. Commissioner Lara reappointed one member to the CLHIGA Board of Directors on March 6, 2024:

- **Ronald Coleman Baeza** was newly appointed as a public member representative. Baeza is the current Managing Policy Director of the California Pan-Ethnic Health Network ("CPEHN"), where he leads statewide legislative and budgetary advocacy and statewide mobilization for CPEHN's community partners on many policy initiatives. Additionally, Baeza is a board member of One Community Health and a prior board member of Health Access California.

The Insurance Diversity Task Force advises CDI on increasing diversity within the insurance industry, focusing on procurement with diverse suppliers and diversity on governing boards. It identifies insurance companies engaged in diversity issues, explores diverse representation on boards, and provides recommendations to enhance diversity, including potential legislative changes. The Commissioner appoints the Task Force, which comprises 13 to 15 members, including representatives from the insurance industry, business enterprise advocates/representatives for minority groups, women, disabled veterans, LGBTQ groups, and persons with disabilities, and advocates/experts on supplier diversity and governing board diversity. Members serve two-year terms with no term limits. Commissioner Lara reappointed four members to the Insurance Diversity Task Force on March 6, 2024:

- **Imelda Alejandrino** was reappointed to the Task Force as an advocate/representative of minority business enterprises. Alejandrino is the Chief Executive Officer and Creative Director of AP42 Integrated Marketing and serves on the Leadership Forum as the Vice Chair of the Global Service Team for the Women's Business Enterprise National Council. Alejandrino's term is set to end on March 23, 2026.

- **Cecil Plummer** was also reappointed to the Task Force as an advocate/representative of minority business enterprises. Plummer acts as Chief Executive Officer of MojoHire.ai and iTalent Digital company, overseeing operations and strategy of MojoHire.ai's Comparative AI solution for talent acquisition. Previously, Plummer was President and Chief Executive Officer of the Western Regional Minority Supplier Development Council. He has over 20 years of executive leadership experience in strategic sourcing, change management, performance and process improvement, supplier diversity, strategic planning, and risk management. Plummer's term is set to end on March 23, 2026.

- **Annalisa Barrett** was reappointed to the Task Force as an advocate/expert of governing board diversity. Barrett is a Senior Advisor at KPMG Board Leadership Center and serves on the board of Corporate Directors Forum, the Research Advisory Council for Glass Lewis, the California Partners Project Gender Equity Advisory Council, and the Southern California Advisory Council of the Society for Corporate Governance. She is an adjunct professor of corporate governance at the Knauss School of Business, at the University of San Diego. Barrett's term is set to end on March 23, 2026.

- **Linda Akutagawa** was also reappointed to the Task Force as an advocate/expert of governing board diversity. Akutagawa is the President and Chief Executive Officer of Leadership Education for Asian Pacifics, Inc. and the Immediate Past Chair of the Alliance for

Board Diversity, a national organization focused on advancing gender and ethnic/racial diversity on corporate boards, of which LEAP is a partner organization. She is a Board Member of the AAPI Equity Alliance, a member of the Asian/Asian American Institute Advisory Board at California State University at Los Angeles, and a Board member of Japanese American Community Services. Akutagawa's term is set to end on March 23, 2026.

WCIRB is a private organization licensed by DOI, which includes all state workers' compensation insurance companies as mandated by law. The WCIRB collects, analyzes, and compiles rating data funded by assessments from insurer members. The Governing Committee sets policies, oversees WCIRB management, and handles issues related to premium rates, classifications, rating plans, systems, rules, and policy forms. The Committee comprises seven private insurer members elected by the Committee, the State Compensation Insurance Fund as a permanent member, and four public members appointed by the Commissioner (two representing insured employers and two representing organized labor) serving two-year terms. Commissioner Lara reappointed one member to the WCIRB Governing Committee on March 6, 2024:

- **Jeremy Smith** was reappointed to the WCIRB Governing Committee in the organized labor representative seat. Smith serves as Chief of Staff at the State Building and Construction Trades Council of California and previously served as the Deputy Legislative Director for the Council. He has worked as a Legislative Advocate at the California Labor Federation, as the Legislative Director of the Illinois AFL-CIO, and as staff for the Senate Labor and Employment Committee in the Illinois State Senate. Smith's term is set to end on March 23, 2026.

As described in this writing, the COIN Advisory Board guides the Commissioner regarding the COIN program. One member was reappointed to the COIN Advisory Board on March 6, 2024:

- **Debra Gore-Mann** was reappointed as a representative with experience seeking investments for low-to-moderate-income or rural communities. Gore-Mann has over 25 years of leadership experience in nonprofit and private research universities, over 10 years of private sector business development expertise, and is currently President and CEO of The Greenlining Institute. She also serves on multiple nonprofit and foundation boards. Gore-Mann's term is set to end on March 23, 2026.

As of this writing, there are no vacancies in CDI's boards, task forces, or committees.

HIGHLIGHTS

Commissioner Lara Issues Press Release on the "Hidden Cost" of Delaying Climate Action Amid Consumer Concerns About Rate Hikes

On February 6, 2024, CDI Commissioner Ricardo Lara issued a press release on the "hidden cost" of delaying climate action in response to the publication of a new investment stress test report by West Coast insurance regulators. The first-of-its-kind analysis states that insurance companies could face billions of dollars in losses if they stay on the current course of investments contributing to climate change. This conclusion relies on stress testing insurance companies' existing financial models against simulated economic shock from climate-driven scenarios. Insurance companies' ability to pay consumer claims rests mainly on the performance of investment income from premiums; thus, if an insurance company's investments perform poorly, it risks losing its ability to pay claims made on its consumers' policies. According to the report, while the average exposure of investments to fossil fuel extraction was only 4.5% across all insurance companies, some companies have up to 95% of their corporate bond portfolio and 30%

of their listed equity portfolio in climate-exposed assets. The stress test revealed significant losses for corporate bonds related to coal, oil, gas, power, and automotive sectors, which are predicted to increase dramatically as more extended transition to climate-conscious assets is delayed. The analysis projects that "[a]ggregate expected losses on bonds range from $7 billion to $28 billion, depending on the pathway, with a shock transition in the year 2026 but more than double to range between $14 billion and near $40 billion if the transition is delayed to 2034. This is on a scale with the 2017 and 2018 California wildfires, which cost an estimated $22.7 billion in aggregate losses." Thus, investment exposure to climate risk could threaten market solvency for consumers.

The stress test and corresponding press release by Commissioner Lara come in the wake of mounting concerns by consumer advocacy groups that insurance companies may be inflating their projected losses from climate change to raise rates. Consumer Watchdog argued last September that Commissioner Lara's Sustainable Insurance Strategy–which was implemented in the recent stress test analysis–is not the result of catastrophic losses, but rather, "insurance companies are using their economic power to create shortages to pressure elected officials to change the rules that have kept insurance premiums in California stable." Commissioner Lara approved significant rate increases by insurance companies in November/December of last year, costing policyholders millions, as reported by Consumer Watchdog on January 9, 2024. The advocacy group's primary concern is the Commissioner's apparent disregard for Proposition 103, which, among other things, requires rate-setting methods, including climate modeling, to be open to public scrutiny as part of the public rate-setting process. Additionally, Consumer Watchdog takes issue with insurers' non-transparent use of climate catastrophe algorithms and artificial intelligence models to calculate rates. Despite the backlash towards his Sustainable Insurance Strategy and criticisms of Prop. 103, Commissioner Lara stood by his position at a recent

Assembly hearing, stating, "[t]here is no question that the risks that existed when voters passed Proposition 103 are not the same risks we are facing today."

Little Hoover Commission Holds Public Hearings on California's Homeowners Insurance Market

On March 28, 2024, and April 25, 2024, the Little Hoover Commission held a two-part hearing on California's insurance market. The Little Hoover Commission, formally known as the Milton Marks "Little Hoover" Commission on California State Government Organization and Economy, is an independent state oversight agency created in 1962. According to its website, the Little Hoover Commission's mission is "to investigate state government operations and policy, and—through reports and legislative proposals—make recommendations to the Governor and Legislature to promote economy, efficiency and improved service in state operations."

The initial hearing on March 28, 2024, featured testimony from former California Insurance Commissioner Dave Jones, who was joined by Carmen Balber, Executive Director at Consumer Watchdog, Amy Bach, Executive Director at United Policyholders, and Rex Frazier, President of the Personal Insurance Federation of California. Jones testified at length to the "dire situation" surrounding the state's home insurance market, which he attributed to severe climate-driven events. He stated, "I think we're marching towards an uninsurable future—not just in California, but across the country." "The challenge . . . for every state is that . . . we are not doing enough to transition away from fossil fuels and greenhouse gasses." Jones stated in 2023 alone, the U.S. had 28 weather and climate disaster events that exceeded $1 billion in losses.

Notably, Bach and Balber emphasized a different type of crisis in concert with the rising threat of climate change. According to Bach, "[i]n many zip codes across the state, non-renewals are a plague. Name brand insurers have stopped selling new policies or imposed strict limits on agents . . . resulting in premiums that have doubled or tripled." Balber shared this sentiment and has been highlighted repeatedly by Consumer Watchdog. Balber remarked, "What [insurance providers] don't like to talk about is the fact that they recouped a lot of those losses from the utilities [companies] that were responsible for a number of those large fires. PG&E, for example, paid $11 billion to the insurance industry for their role in the 2017 and 2018 fires."

Frazier held a different opinion. He strongly disagreed with Bach's and Balber's allegations regarding insurance companies taking advantage of the climate change crisis to hold California policymakers, hostage. In his statement that insurance companies have struggled to gain approval for rate increases because of how long the Department could take to approve such rates, Frazier stated, "I can assure you that insurance executives for the last few years have not been getting bonuses at the end of the year for how much California wildfire risk they brought into their business." "If someone's going to tell me that State Farm's having a great time right now, that's an utterly ridiculous statement." Frazier testified that insurers cannot get increased rates approved to keep up with inflation within California, as some rates can take up to a year to be approved. Further, Frazier stated that the Department is ignoring a portion of Proposition 103, a section that requires rates to be approved after 60 days of submission.

The April 25, 2024, hearing featured testimony from Victoria Roach, President of the California FAIR Plan, Mark Ghilarducci, President and CEO of Emergent Global Solutions and former Director of the California Governor's Office of Emergency Services, Laurie Johnson, PhD FAICP, environmental research consultant, and Benjamin McKay, Chief Executive Officer and Executive Director of the Surplus Line Association of California.

Roach testified that the FAIR Plan has experienced significant growth as more Californians turn to it for the needed coverage. Roach stated that the FAIR Plan is now one of the state's top five insurance writers and has more than doubled the number of policies since 2019. Moreover, Roach noted that the FAIR Plan is currently one of the largest writers of residential insurers in the state, with record numbers of new policies over the past nine months. As of December 2023, the FAIR Plan has 339,044 dwelling policies in force with over $296 billion in exposure. Roach noted that California faces "an unprecedented insurance crisis," current steps to address this crisis include depopulating the FAIR Plan, obtaining adequate rates, including reinsurance in our rates, and using catastrophe modeling, which are critical components in stabilizing the FAIR Plan.

Ghilarducci, who also serves as chair of the California Catastrophe Response Council as Governor Newsom's Designee, voiced similar concerns about disruption to the insurance industry related to destruction caused by wildfires throughout California. He remarked that some insurers use payout models that do not take the sharp increase in construction costs/surge pricing from such catastrophic loss into consideration with rebuild and replacement amounts. Ghilarducci emphasized his support for SB 1060 (Becker), which would enable and accelerate partnership between communities, governments and individuals to offer fire prevention incentives to existing and/or potential policyholders that have been identified as meeting fuels hazard reduction, structural building material, defensible space, and other fire prevention and mitigation guidelines, according to Ghilarducci. Additionally, Ghilarducci highlighted the need for communication and coordination between the insurance industry, financial institutions, local and state government and the public as essential to long-term recovery.

Johnson's presentation focused on mitigating potential hazards as an avenue for stabilizing the insurance industry. Specifically, she proposed implementing publicly tracked and measured public and private mitigation actions at parcel, community, and statewide levels.

McKay noted that the Surplus Line Association (SLA), which reviews surplus line carriers for an assessment of their solvency to promote a healthy marketplace and identify carriers who may have difficulties paying claims in the event of a loss, found that homeowners' coverage outside the FAIR Plan accounts for only a small fraction of surplus lines transactions and premiums in California. McKay testified homeowners' insurance transactions represented only 5.1% of all surplus line transactions and 3.6% of all surplus line premiums written in California last year. According to McKay, these data points show that the increases in recent years coincided either with periods of high wildfire activity (2017–18) or, since 2023, with the pullback of admitted insurers from the California homeowners' insurance market. Furthermore, most of these dwellings are in areas with large concentrations of high-end homes, and very few—only about 0.6%—of California's homes are insured in the surplus lines market. In contrast with recent reports from non-profit organizations like Consumer Watchdog, McKay stated that restraints on rates for admitted carriers—the result of the cumbersome intervenor process established by Proposition 103 in 1988 for rate change applications–have kept admitted carriers' rates artificially low.

The Little Hoover Commission reportedly called on CDI Commissioner Ricardo Lara multiple times to participate in the public hearings, but Commissioner Lara nor the Department responded to the request. Lara stated that his top priority is pushing forward a series of rule changes he hopes will make insurance more available to homeowners.

RULEMAKING

The following is a status update on recent rulemaking proceedings initiated by CDI:

- **Catastrophe Modeling and Ratemaking (Reg-2023-00010):** On March 14, 2024, CDI published a Workshop Draft Text of Regulation to amend and adopt various sections of the Insurance Code. The proposed regulation would amend and establish guidelines for catastrophe modeling and ratemaking. Notably, the rulemaking would allow catastrophe models to project losses for various insurance lines such as earthquake, flood, wildfire, and terrorism exposures, provided these models conform to actuarial standards and use the best available scientific information. The regulation also introduces a "Pre-Application Required Information Determination" (hereinafter, "PRID") procedure, requiring insurers to submit detailed model information with their rate application. Additionally, the regulation specifies the conditions under which variances from standard rate formulas may be requested, emphasizing consumer protection, competitive market maintenance, and fairness in insurance availability. Commissioner Lara held a public workshop to discuss the proposed regulation on April 23, 2024. He also testified on the proposed rulemaking before the Assembly Committee on Insurance on December 13, 2023.

- **Complete Property and Casualty Rate Applications (Reg-2019-00025):** On February 9, 2024, CDI published proposed rulemaking to amend Title 10, Chapter 5, Subchapter 4.8, Article 3, section 2643.3; Article 4, section 2644.27; and Article 8, sections 2648.1, 2648.2, and 2648.4 of the CCR. According to the Initial Statement of Reasons, the proposed rulemaking would amend the regulations specifying what data should be initially included in a complete rate application. By requiring that all materials be included with the initial rate application filing, this rulemaking aims to provide the public the time and opportunity necessary to decide whether to intervene. The amendments will purportedly reduce unnecessary delays CDI has encountered in reviewing rate applications.

- **Medicare Supplement New or Innovative Benefits**: On March 1, 2024, CDI's proposed rulemaking adopting Title 10, Chapter 5, Subchapter 2, Article 1.6, section 2220.59 to the Insurance Code was filed with the Secretary of State. According to the Initial Statement of Reasons, this rulemaking will ensure that current and prospective policyholders of Medicare Supplement insurance are notified of plans with new or innovative benefits. Given that such plans can differ with respect to the benefits covered and the out-of-pocket costs for those benefits, the new rulemaking now requires issuers to provide clear descriptions of the costs and benefits of each plan in a standardized format so that consumers can make informed decisions.

LEGISLATION

- **AB 2416 (Connolly)**, as amended April 10, 2024, would add Article 5 (commencing with section 2095) to Chapter 2 of Part 1 of Division 2 of the Insurance Code. This bill would mandate CDI to evaluate and potentially update its Safer from Wildfires regulations every three years starting by January 1, 2026. The bill emphasizes enhancing wildfire risk mitigation through property-level building hardening and community-wide programs. It requires the Department to consult with relevant state agencies and stakeholders to identify new building hardening measures, including noncombustible construction materials, and to ensure public participation in the evaluation process. *[A. Ins]*

- **AB 2996 (Alvarez)**, as amended March 21, 2024, would add section 63049.63 to the Government Code. This bill would authorize the California FAIR Plan Association to request the California Infrastructure and Economic Development Bank to issue bonds and authorize the bank to issue said bonds. *[A. JED&E and Ins]*

- **AB 1933 (Calderon)**, as amended February 26, 2024, would add section 12964 to the Insurance Code. This bill would require CDI to annually report to the Assembly and Senate Insurance Committees on wildfire risk models it utilizes no later than January 1, 2026. The bill aims to provide oversight and transparency regarding the use and regulation of these models, which are used to assess wildfire risk for residential and commercial structures. *[A. Appr]*

- **AB 1883 (Calderon)**, as amended April 9, 2024, would amend section 12743 of, and add Article 16.8 (commencing with section 1758.1000) to Chapter 5 of Part 2 of Division 1 to, the Insurance Code. This bill would require individuals or entities selling home protection contracts to be licensed as insurance agents or brokers or obtain a specific license under this new article. The bill would establish criteria for licensure, including application procedures, fees, and training requirements for endorsees. Further, the bill would prohibit certain sales practices, such as telephone solicitations and sales within a customer's home. *[A. Ins]*

- **AB 1844 (Calderon)**, as introduced January 16, 2024, would amend section 10094 of the Insurance Code. The bill would mandate the inclusion of the Speaker of the Assembly and the Chairperson of the Senate Committee on Rules as nonvoting, ex officio members of the California FAIR Plan Association's governing committee, with the option for each to appoint a designee in their place. This bill aims to enhance legislative oversight and involvement in the administration of the FAIR Plan, which provides basic property insurance to those unable to secure it through normal channels. *[S. Rules]*

LITIGATION

- ***California FAIR Plan Association v. Lara***: On November 27, 2023, the Los Angeles Superior Court denied Petitioner California FAIR Plan Association petitions for a writ of mandate directing Respondent Ricardo Lara to vacate Amended Order 2021-2, which partially revoked certain aspects of the FAIR Plan's then-existing plan of operation and which required the FAIR Plan to submit a new revised plan of operation to effectuate various business operational changes. On November 19, 2021, the Commissioner amended the order to require the FAIR Plan to expand its dwelling fire policy offerings to include additional coverages to increase the stability of the property insurance market, among other things. The court found that the Commissioner had authority to take such actions and deferred policy judgment to that of the Commissioner.