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**Date:** September 15, 2025

**To:**

Rob Bonta, Attorney General, State of California  
Attn: Initiative Coordinator  
Office of the Attorney General  
1300 "I" Street, 17<sup>th</sup> Floor  
Sacramento, CA 95814

**Subject:** Amended Submission of Proposed Initiative Measure for Preparation of Circulating Title and Summary

**Measure Title:** *California Insurance Market Reform and Consumer Protection Act of 2026*

**Enclosures:**

1. **Full Text of Proposed Initiative Measure** – *California Insurance Market Reform and Consumer Protection Act of 2026*. Two hard copies.e
- 2.e **Proponent Declaration** – Signed and dated (Elections Code § 9608)e
3. **Proposed Circulating Title and Summary**
4. **Legislative Memo**
5. **Fiscal Impact Analysis Memo**
- 6.e **USB Drive with Documents #1-5 above in both Word and PDF versions**

**Summary of Measure's Purpose:**

The California Insurance Market Reform Act of 2026 repeals provisions of Proposition 103 (1988) including prior approval rate-setting system, and the compensated third-party intervenor process in insurance rate hearings and replaces it with a modernized file and use insurance regulatory framework designed to restore market stability, increase competition, and protect consumers.

The measure reforms rate regulation, provides fair and adequate rates to consumers, creates transparency in rate filings and reviews, eliminates third-party intervenor compensation, establishes wildfire risk mapping standards, and strengthens solvency requirements for insurers, while strengthening core consumer protections.

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Major provisions include:

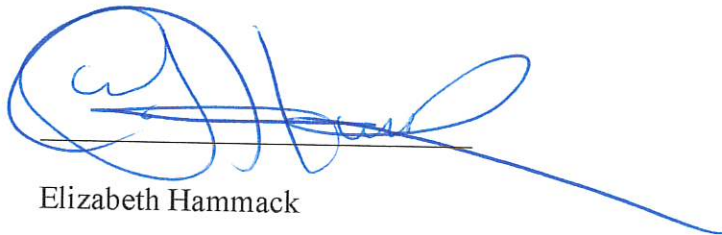
- Replacing prior-approval rate review with a modern file-and-use process that includes deadlines and allows actuarial consideration of reinsurance costs and mitigation credits.
- Removing financial payments to self-serving third parties in the rate process.
- Preserving consumer protections while restoring market competition.

Overall, the California Insurance Market and Consumer Protection Reform Act of 2026 seeks to restore insurer participation in the California market, expand insurance availability, affordability and choice to consumers, remove payments to intervenors, and provide fair and adequate rates to consumers.

I am an independent Insurance Agent who has seen for years first-hand the dysfunction of that the old Prop 103 has wreaked upon our state – and it's only going to get worse - and I want to make a difference for the better of all the people of California.

Thank you.

**Signature of Proponent:**



**Printed Name:**

Elizabeth Hammack

Elizabeth Hammack  
650-492-9800

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*\* A copy of this letter is also included on the USB Drive.  
Thank you.*

1 **CALIFORNIA INSURANCE MARKET REFORM AND CONSUMER PROTECTION**  
2 **ACT OF 2026**

3  
4 **SEC. 1. Title.**

5 This Act may be cited as the "California Market Reform and Consumer Protection Act of 2026."  
6

7 **SEC. 2. Findings**

8 The people of the State of California enact the "California Market Reform and Consumer  
9 Protection Act of 2026" and hereby find and declare:

- 10 1. Families and businesses need affordable, reliable insurance to protect homes, cars, and  
11 livelihoods.
- 12 2. Current antiquated rules cause unnecessary delays and fewer choices for consumers, raising  
13 costs to consumers and reducing availability of affordable insurance.
- 14 3. Transparency and open competition protect consumers better than outdated bureaucracy.
- 15 4. Households that take steps to reduce risk, such as wildfire safety, should receive fair premium  
16 credits.
- 17 5. The FAIR Plan must remain a last-resort safety net, not a substitute for a healthy competitive  
18 market.
- 19 6. Public participation and strong oversight should be robust and transparent without creating  
20 private party financial incentives for delay.
- 21 7. The Office of Insurance Commissioner should be led by individuals with meaningful insurance  
22 expertise to more effectively regulate the industry.

23  
24 **SEC 3. Purpose.**

- 25 1. Modernize California's insurance rate regulatory system into a proven file-and-use system so  
26 coverage is available without bureaucratic gridlock.
- 27 2. Promote competition and consumer choice.
- 28 3. Ensure strong solvency oversight and fair rates.
- 29 4. Guarantee public transparency through electronic filings and easy online access for  
30 consumers.
- 31 5. Provide discounts for verified safety measures that lower risk for families and communities.

32 6. Keep the FAIR Plan as a temporary backstop and require a plan for returning consumers to  
33 the competitive market.

34 7. End intervenor compensation while preserving public participation and accountability.

35 8. Require the Commissioner of Insurance to have professional qualifications.

36

37 **SEC. 4. Repeal of Existing Law.**

38 Protect consumers through transparent rate oversight and strong solvency safeguards. Sections  
39 1861.01, 1861.02, 1861.04, 1861.05, 1861.055, 1861.10, 1861.13, 1861.137, 790.036 and 12901  
40 of the Insurance Code are hereby repealed in their entirety.

41

42 **SEC. 5. Section 1861.01 of the Insurance Code is added to read:**

43 1861.01. Application. (a) This section does not apply to lines excluded by Section 1851. Nothing  
44 in this Act shall be construed to alter, amend, or repeal any provision of the Insurance Code  
45 governing workers' compensation, title insurance, or mortgage guaranty insurance.

46

47 **SEC. 6. Section 1861.02 of the Insurance Code is Added to Read**

48 1861.02. Modernized Automobile Rating; Competitive Variables; Good Driver Discount.

49 (a) The Commissioner shall adopt regulations authorizing competitive rating variables,  
50 discounts, and class plans for private passenger automobile insurance, provided no factor shall be  
51 unfairly discriminatory.

52 (b) Authorized rating variables may include, but are not limited to, mileage-based rating,  
53 multi-policy discounts, vehicle safety and anti-theft features, telematics-based measures of  
54 driving behavior, and other data-driven methods of assessing risk. New data-driven factors may  
55 be authorized by regulation to reflect advances in technology and actuarial science. Participation  
56 in any telematics program shall be voluntary for the consumer.

57 (c) The Good Driver Discount shall remain available to qualifying insureds under standards  
58 described in this chapter. In a reasonably competitive market under Section 1861.05, the rate or  
59 discount for a Good Driver Discount policy shall not be subject to mandatory prior approval  
60 solely on that basis.

61 (d) Nothing in this section authorizes the use of rating factors that are unfairly discriminatory or  
62 that violate state or federal law.

63

64 **SEC. 7. Section 1861.05 of the Insurance Code is added to read:**

65 §1861.05. Standards; Competitive Market Presumption; Prospective Disapproval

66 (a) No rate shall be excessive, inadequate, or unfairly discriminatory, or otherwise in violation of  
67 this chapter. A rate shall not be determined to be excessive on the basis of the insurer's profit,  
68 rate of return, or investment income. The Commissioner shall not establish or prescribe a  
69 particular rate of return or profit for an insurer. In a reasonably competitive market, a rate is  
70 deemed not excessive. A rate shall not be deemed excessive solely because of the level of  
71 premium or insurer profitability.

72 (b) The Commissioner may disapprove a rate only if it is excessive, inadequate, or unfairly  
73 discriminatory under this chapter. Any disapproval shall be prospective only and shall not affect  
74 coverage, premium, or rates for policies issued or renewed before the effective date of the  
75 disapproval.

76 (c)(1) A market shall be presumed reasonably competitive unless the Commissioner, by written  
77 order, determines otherwise based on clear and convincing evidence of sustained lack of  
78 competition.

79 (c)(2) In determining whether a market is not reasonably competitive, the Commissioner may  
80 consider the following factors:

81 (A) The number of active insurers and recent new entrants into the market;

82 (B) The market share and market concentration of the largest insurers, including commonly used  
83 measures of concentration;

84 (C) The existence of substantial barriers to entry or expansion by other insurers;

85 (D) The availability and affordability of coverage for consumers in the market; and

86 (E) The size and growth of the residual market, including the California FAIR Plan.

87 (c)(3) No single factor shall be determinative, and the presumption of competitiveness may be  
88 overcome only by clear and convincing evidence considering the totality of circumstances.

89 (c)(4) Any determination that a market is not reasonably competitive shall specify the geographic  
90 area and line(s) of insurance affected, state the factual findings supporting the determination, and  
91 expire two (2) years from issuance unless renewed by a new written order supported by updated  
92 findings.

93 (c)(5) A determination under this subdivision shall not delay or suspend the effectiveness of filed  
94 rates. Rates may be used upon filing and shall remain in effect unless and until prospectively  
95 disapproved under this section.

96

97 **SEC. 8. Section 1861.051 of the Insurance Code is added to read:**

98 1861.051. Filing and Use of Insurance Rates.

99 (a) Every insurer that desires to change any rate shall file a complete rate application with the  
100 Commissioner. Rates filed with the Commissioner shall be effective immediately upon filing and  
101 shall remain in effect unless and until prospectively disapproved by written order of the  
102 Commissioner under Section 1861.05.

103 (b) Any disapproval shall be prospective only and shall not affect coverage, premium, or rates  
104 for policies issued or renewed before the effective date of the disapproval.

105 (c) The pendency of review or any hearing under Section 1861.052 shall not delay or suspend the  
106 effectiveness of a filed rate, except as provided in subdivision (d).

107 (d) The Commissioner may suspend the effectiveness of a filed rate only upon a written finding,  
108 supported by credible evidence, that the rate would cause imminent insolvency of the insurer or  
109 would result in unlawful unfair discrimination.

110

111 **SEC. 9. Section 1861.052 of the Insurance Code is added to read:**

112 1861.052. Review, Hearings; Orders.

113 (a) All rate filings shall be submitted electronically through the System for Electronic Rate and  
114 Form Filing (SERFF) or any successor system designated by the Commissioner. The  
115 Commissioner shall provide public notice of all rate filings in a manner reasonably calculated to  
116 inform interested persons, including publication on the Department's website.

117 (b) The Commissioner may review any filed rate to determine whether it is excessive,  
118 inadequate, or unfairly discriminatory under this article.

119 (c) The Commissioner may hold a hearing on a filed rate. Any hearing shall be conducted in an  
120 expeditious manner and shall not suspend the effectiveness of the filed rate, except as provided  
121 in subdivision (d).

122 (d) All reviews and hearings shall be completed within sixty (60) days of the filing of a complete  
123 rate application. The Commissioner may extend review or a hearing up to one hundred and  
124 twenty (120) days only upon a written finding of credible evidence of (1) imminent  
125 insolvency of the insurer or (2) unlawful unfair discrimination in the proposed rate.

126 (e) Any order of disapproval shall be in writing, state with specificity the reasons for  
127 disapproval, and apply prospectively only.

128 (f) Refunds, surcharges, or retroactive adjustments shall not be required for policies issued  
129 before the effective date of any disapproval.

130 (g) The Commissioner shall adopt regulations to implement the requirement of this section,  
131 including, at a minimum, rules governing completeness of filings, timeliness, and hearings.  
132 Nothing shall preclude the Commissioner from commencing hearings required by this section  
133 prior to adopting the regulations required by this section.

134 (h) For the purposes of this section, "receipt" means the date delivered to the Department.  
135

136 **SEC. 10. Section 1861.055 of the Insurance Code is added to read:**

137 1861.055. Mitigation Premium Credits.

138 (a) Insurers shall provide actuarially supported premium credits for verified mitigation measures  
139 that demonstrably reduce the risk of loss. Such measures include, but are not limited to:

140 (1) Compliance with Insurance Institute for Business and Home Safety (IBHS) Fortified  
141 standards;

142 (2) Installation of ember-resistant vents;

143 (3) Creation and maintenance of defensible space; and

144 (4) Other mitigation techniques recognized by the Commissioner as effective in reducing risk.

145 (b) Premium credits under this section shall be actuarially supported, commensurate with  
146 demonstrated risk reduction, filed with the Commissioner, and made available to all eligible  
147 policyholders in a transparent and nondiscriminatory manner.

148 (c) The Commissioner may adopt regulations to implement this section, including verification  
149 standards and reporting requirements.  
150

151 **SEC. 11. Section 1861.10 of the Insurance Code is amended its entirety to read:**

152 1861.10. Consumer Participation. Any person may initiate or intervene in any proceeding  
153 permitted or established pursuant to this chapter, challenge any action of the commissioner under  
154 this article, and enforce any provision of this article. No person shall be entitled to intervenor  
155 compensation, advocacy or witness fees, awards or expense reimbursements for such action.  
156

157 **SEC. 12. Section 10101.5 of the Insurance Code is added to read:**

158 10101.5. California FAIR Plan; Market of Last Resort.

159 (a) The California FAIR Plan shall remain a market of last resort for property insurance, with  
160 eligibility limited to risks unable to obtain coverage in the admitted market.

161 (b) Rates charged by the FAIR Plan shall be adequate to cover expected losses, expenses, and  
162 contingencies, consistent with actuarial soundness and solvency.

163 (c) The FAIR Plan shall publish and periodically update a depopulation schedule, designed to  
164 transition risks into the admitted market when coverage becomes reasonably available.

165 (d) The FAIR Plan shall not be expanded beyond its statutory purpose as a temporary, market-of-  
166 last-resort mechanism.

167 (e) Nothing in this section limits the Commissioner's authority to ensure that the FAIR Plan  
168 fulfills its statutory obligations to provide basic property insurance on an equitable and  
169 nondiscriminatory basis.

170

171 **SEC. 13. Section 12901 of the Insurance Code is added to read:**

172 12901. (a) Qualifications. The commissioner shall be a person competent and fully qualified to  
173 perform the duties of the office and, at the time of election or appointment, shall have at least  
174 five (5) years of professional experience in insurance regulation, insurance company operations,  
175 insurance law, actuarial science, or insurance risk management and hold a California property  
176 and casualty license.

177 (b) Ethics and conflicts. Neither the commissioner nor any deputy or employee shall, during their  
178 tenure, be an officer, agent, or employee of an insurer or directly or indirectly interested in any  
179 insurer or licensee under this code, except (1) as a policyholder or (2) by virtue of relationship by  
180 blood or marriage to any person interested in any insurer or licensee.

181

182 **SEC. 14. Adoption of Regulations.**

183 Notwithstanding any other law, the Commissioner shall adopt emergency regulations necessary  
184 to implement this Act within 180 days of its effective date. Such regulations shall remain in  
185 effect until replaced by permanent regulations. The Department shall conform all existing  
186 regulations within 12 months of the Act's effective date. The failure to adopt regulations shall not  
187 delay or impair the effectiveness of the file-and-use framework established by this Act.

188

189 **SEC. 15. Severability & Construction.**

190 If any provision of this Act, or its application, is held invalid, that invalidity shall not affect other  
191 provisions or applications of the Act which can be given effect without the invalid provision or  
192 application. Any provision of the Insurance Code which are in conflict with this Act shall be  
193 conformed to meet the provisions and purpose of this Act.

194

195 **SEC. 16. Effective Date.**

196 The provisions of this Act take effect on January 1, 2028, except for the repeal and replacement  
197 of Section 1861.10 and the repeal of Section 790.036, which take effect January 1, 2027, and  
198 section 12901, takes effect for 2030 election cycle.