Initiative 25-0020 Amdt. 2

October 24, 2025

VIA HAND DELIVERY
Anabel Renteria, Initiative Coordinator
Office of the Attorney General
1300 "I" Street, 17th Floor
Sacramento, CA 95814

Re: Insurance Policyholder Bill of Rights

Dear Initiative Coordinator:

On September 19, 2025, we submitted a proposed statewide initiative titled the "Insurance Policyholder Bill of Rights" ("Initiative") and submitted a request that the Attorney General prepare a circulating title and summary pursuant to section 10(d) of Article II of the California Constitution. On October 13, 2025, we submitted amendments to the text of the Initiative to your office.

Pursuant to Elections Code section 9002(b), we hereby submit the enclosed timely amendments to the text of the Initiative. The enclosed language is intended to supersede the amendments submitted to your office on October 13, 2025. We have also enclosed a redline version showing the differences from the Initiative as previously amended. As the proponents of the Initiative, we approve the submission of the amended text to the Initiative and declare that the amendment is reasonably germane to the theme, purpose, and subject of the Initiative. We respectfully request that the Attorney General prepare a circulating title and summary using this amended Initiative.

Please direct all correspondence and inquiries regarding this measure to:

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Sincerely,

Jamie Court | Carmen Balber | Harvey Rosenfield

Enclosures

INSURANCE POLICYHOLDER BILL OF RIGHTS

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure amends sections of, and adds sections to, the Insurance Code; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Title.

This act shall be known, and may be cited, as the "Insurance Policyholder Bill of Rights."

SEC. 2. Findings and Declarations.

The people of the State of California find and declare all of the following:

(a) Access to affordable insurance is necessary for the stability and financial health of Californians.

(b) Increases in premiums and restrictions on sales by insurance companies have made home, auto, and other insurance unaffordable and unavailable to many.

(c) When people do have insurance coverage and need to use it, they are often denied the benefits they paid for. Insurance companies often "lowball" claims or make it difficult for policyholders to collect the full policy amounts they are entitled to.

(d) Insurance companies often refuse coverage even when homeowners have responsibly taken precautions to protect themselves from wildfire risks. Companies that won't sell to these homeowners don't deserve the privilege of selling auto insurance in the state.

(e) Insurance companies often nonrenew policies without allowing homeowners to appeal or address the reason for the nonrenewal.

(f) Insurance companies often nonrenew or refuse to sell insurance to consumers simply because they have filed a claim, even if it was not their fault or the claim was not paid.

(g) High insurance broker fees are driving up policyholder premiums, especially for high cost policies like those bought by homeowners associations.

(h) We, the People, passed the insurance reform measure Proposition 103 in 1988 to stop insurance companies from imposing overcharges and excessive rates and engaging in other unfair conduct. Proposition 103 has saved Californians hundreds of billions of dollars on their home, auto, and small business insurance.

(i) However, existing laws inadequately protect homeowners' access to coverage.

(j) Since 1988, insurance companies have undermined Proposition 103's policyholder protections in the Legislature, through the courts, and with regulators.

(k) As a result, insurance companies have maintained rates that are excessive and unfair.

(*l*) Insurance reform is needed in order to prohibit insurance companies from engaging in the foregoing practices and to protect the public from insurance company abuses by adding new consumer protections and strengthening existing ones.

SEC. 3. Statement of Purpose.

It is the purpose of the people of the State of California in enacting this act to achieve all of the following:

(a) Prevent insurance companies from denying coverage to homeowners whose properties meet wildfire safety standards established by the Department of Insurance.

(b) Bar insurance companies that refuse to issue policies to homeowners who meet wildfire mitigation standards from the home and auto insurance markets in California for five years.

(c) Require insurance companies to give a policyholder specific notification of the reasons for a home insurance nonrenewal, what repairs or improvements would qualify the policyholder for renewal, and sufficient time for the policyholder to make the repairs or improvements.

(d) Require insurance companies to disclose to a policyholder who files a claim all loss estimates and the reasons for any changes to those loss estimates, and require full payment for a personal property loss after a declared disaster.

(e) Prevent insurance companies from unfair and arbitrary use of claims history to deny coverage.

(f) Prohibit insurance brokers from charging excessive fees.

(g) Preserve and strengthen existing law enacted by the voter-approved measure known as Proposition 103 in order to do all of the following:

(1) Bar insurance companies from overcharging consumers, and require them to repay overcharges, with interest.

(2) Require auto insurance companies to base automobile rates on a motorist's driving safety record and other factors within their control.

(3) Prohibit insurance companies from arbitrarily denying coverage or refusing to renew insurance policies.

(4) Require insurance companies to open their financial books to public scrutiny, justify proposed rates, and obtain the elected Insurance Commissioner's approval before rate changes can take effect, subject to public scrutiny and the opportunity to participate.

(5) Hold insurance companies accountable under California's anti-monopoly, civil rights, and consumer protection laws for a violation of any provision of this initiative.

SEC. 4. Article 4 (commencing with Section 2090) is added to Chapter 2 of Part 1 of Division 2 of the Insurance Code, to read:

Article 4. Wildfire-Safe Property

2090. (a) (1) On and after January 1, 2028, an admitted insurer that offers or sells residential property insurance in this state shall not refuse to offer, sell, or renew a policy of residential property insurance for an applicant or policyholder whose property meets minimum home hardening and wildfire mitigation standards, as established by the commissioner by regulation.

(2) Any residential property insurance offered or sold to an applicant or policyholder described in paragraph (1) shall, at a minimum, provide coverage equivalent in scope to the residential property insurance coverage the admitted insurer most commonly offers or sells in this state.

(b) Notwithstanding subdivision (a), an admitted insurer may refuse to offer, sell, or renew a policy of residential property insurance if the applicant or policyholder does not meet underwriting guidelines that the insurer applies generally to all properties to determine eligibility for coverage and that are unrelated to the risk of wildfire.

(c) (1) An admitted insurer may apply to the commissioner for a temporary waiver of the requirement in paragraph (1) of subdivision (a) in order to be permitted to refuse to offer or sell policies of residential property insurance for property in a particular geographic area of the state, on the grounds that offering new residential property insurance in that geographic area would prevent the insurer from meeting its obligations to policyholders under this code due to an overconcentration of risk in that geographic area. The commissioner shall not approve an application made under this paragraph unless the insurer has made an adequate showing of overconcentration of risk, as determined by the commissioner.

(2) The commissioner shall consider an application for a waiver under this subdivision utilizing procedures for review and approval substantially similar to those established by

Sections 1861.05 to 1861.10, inclusive, including provisions for public notice, hearings, and consumer participation. The commissioner shall hold a hearing on any application upon a timely request. The commissioner shall adopt regulations establishing procedures for the purposes of this paragraph.

(3) An insurer that is granted a waiver under this subdivision shall be required to reapply for an extension of the waiver every six months until the insurer is no longer eligible for the waiver.

(4) A waiver granted under this subdivision does not authorize an insurer to refuse to renew an existing policy of residential property insurance.

(d) (1) If the commissioner determines that an admitted insurer has habitually and as a matter of ordinary practice violated subdivision (a), the insurer's certificate of authority, and the certificate of authority of any affiliated insurer, to offer or sell residential property insurance and automobile insurance in this state shall be suspended or revoked for a period of five years.

(2) If an admitted insurer that offers residential property insurance in this state on or after January 1, 2026, elects to cease offering residential property insurance rather than comply with subdivision (a), the insurer's certificate of authority, and the certificate of authority of any affiliated insurer, to offer or sell residential property insurance and automobile insurance in this state shall be suspended or revoked for a period of five years.

(3) All proceedings in connection with the suspension or revocation of a certificate of authority pursuant to paragraph (1) or paragraph (2) shall be conducted in accordance with the provisions of Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the commissioner shall have all the powers granted therein.

(e) The commissioner shall adopt regulations to implement this section in accordance with the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). Such regulations shall define "minimum home hardening and wildfire mitigation standards" for purposes of subdivision (a) and "overconcentration of risk" for purposes of subdivision (c).

SEC. 5. Section 676.11 is added to the Insurance Code, to read:

676.11. Protection Against Arbitrary Non-Renewal of Residential Policies.

(a) This section applies to policies of residential property insurance subject to Section 675.

(b) An admitted insurer shall not refuse to renew a policy or impose a reduction of limits or an elimination of coverage except upon grounds explicitly identified in the insurer's underwriting guidelines filed with the department. An insurer refusing to renew a policy or imposing a reduction of limits or an elimination of coverage shall provide the policyholder with all of the following:

(1) A clear explanation of the grounds for the nonrenewal or the reduction of limits or elimination of coverage, including a reference to the specific provision or provisions in the insurer's underwriting guidelines upon which the nonrenewal or the reduction of limits or elimination of coverage is based.

(2) All information relating to the decision of nonrenewal or reduction of limits or elimination of coverage, including, but not limited to, all imagery or other documentation relating to the decision of nonrenewal or reduction of limits or elimination of coverage and all sources of such information, imagery, and documentation.

(c) (1) If an admitted insurer issues a notice of nonrenewal or a notice of reduction of limits or elimination of coverage, the insurer shall provide the policyholder with both of the following:

(A) A clear explanation of any remediation necessary to obtain renewal of the policy or to maintain the existing limits or coverage of the policy.

(B) A period of not less than 90 days to perform the necessary remediation, provided that, upon request of the policyholder, the insurer shall provide the policyholder an extension of time of up to 180 days beyond the date of the notice of nonrenewal or the notice of reduction of limits or elimination of coverage if the policyholder encounters a delay beyond the policyholder's control. Circumstances upon which an extension of time shall be granted include, but are not limited to, any of the following:

(i) Unavoidable delays in obtaining a required permit.

(ii) Unavailability of required construction materials.

(iii) Unavailability of contractors to perform the work.

(iv) Disability, injury, or incapacity of the policyholder.

(2) Following any efforts of remediation, the policyholder shall furnish the insurer evidence of remediation or, upon request by the policyholder, the insurer shall perform an on-site physical inspection of the property to verify remediation.

(3) The scope of remediation required by an insurer pursuant to paragraph (1) shall not exceed what is minimally necessary to obtain renewal of the policy or to maintain existing limits or coverage under the insurer's underwriting guidelines. Performance of such remediation by the policyholder shall require the insurer to renew the policy or to maintain existing limits or coverage.

(4) The insurer shall acknowledge receipt of evidence of any remediation within 10 days and shall issue a written determination within 30 days of the acknowledgment of receipt, provided that the 30-day period may be extended by 15 days if the policyholder furnishes the insurer additional evidence of remediation during the 30-day period.

(d) (1) An admitted insurer shall provide a policyholder a reasonable opportunity to dispute, or to correct or amend any inaccurate or incomplete information relied upon by the insurer in connection with, a decision to not renew or to impose a reduction of limits or an elimination of coverage of a policy.

(2) The insurer shall acknowledge receipt of any dispute, correction, or amendment within 10 days and shall issue a written determination within 30 days of the acknowledgment of receipt, provided that the 30-day period may be extended by 15 days if the policyholder furnishes the insurer additional information regarding the dispute, correction, or amendment during the 30-day period.

(e) A nonrenewal or a reduction of limits or elimination of coverage of a policy shall not take effect during a period of remediation under subdivision (c) or during a period of dispute, correction, or amendment under subdivision (d).

SEC. 6. Section 676.12 is added to the Insurance Code, to read:

676.12. Required Annual Disclosures by Residential Insurers.

(a) This section applies to policies of residential property insurance subject to Section 675.

(b) On or before April 1 of each year, any insurer with written California premiums shall submit to the commissioner a report for the previous calendar year containing the following information for policies written in California:

(1) The number of polices in each of the following categories:

(A) New policies.

(B) Renewed policies.

(C) Policies for which the policyholder elected not to renew.

(D) Policies for which the insurer elected not to renew or imposed a reduction of limits or an elimination of coverage, and for each such policy the following information:

(i) The reason or reasons for the nonrenewal or the reduction of limits or elimination of coverage.

(ii) Whether the policyholder appealed the nonrenewal or the reduction of limits or elimination of coverage and the outcome of any appeal.

(E) Canceled policies.

(2) The policy information reported pursuant to paragraph (1) shall be listed by county and ZIP Code.

(c) On or before July 1 of each year, the commissioner shall prepare and publish on the department's internet website an aggregated report for the previous calendar year of all information reported by insurers pursuant to subdivision (b).

SEC. 7. Section 678 of the Insurance Code is amended to read:

~~678.~~
678. Notice of Renewal or Non-Renewal.

(a) (1) At least ~~45~~ *90* days before the policy expiration, an insurer shall deliver to the named insured or mail to the named insured at the address shown in the policy, either of the following:

(A) An offer of renewal of the policy contingent upon payment of premium as stated in the offer, stating each of the following:

(i) Any reduction of limits or elimination of coverage. That reduction of limits or elimination of coverage shall identify the specific limits being reduced or coverage being eliminated by the offer of renewal. The elimination of coverage for the previously covered peril of fire shall be subject to subdivision (b) of Section 10103.6.

(ii) The telephone number of the insurer's representatives who handle consumer inquiries or complaints. The telephone number shall be displayed prominently in a font size consistent with the other text of the renewal offer.

(B) A notice of nonrenewal of the policy. ~~That notice shall contain all of the following:~~

(i) For a policy expiring on or before June 30, 2027, a notice of nonrenewal shall contain all of the following:

~~(i)~~
(I) The specific reason or reasons for the nonrenewal.

~~(ii)~~
(II) The telephone number of the insurer's representatives who handle consumer inquiries or complaints. The telephone number shall be displayed prominently in a font size consistent with the other text of the notice of nonrenewal.

~~(iii)~~
(III) Until July 1, 2020, a brief statement indicating that if the consumer has contacted the insurer to discuss the nonrenewal and remains unsatisfied, the consumer may have the matter reviewed by the department. The statement shall include the telephone number of the unit within the department that responds to consumer inquiries and complaints.

~~(iv)~~

(IV) On or after July 1, 2020, a statement that if the consumer has contacted the insurer to discuss the nonrenewal and remains unsatisfied, the consumer may have the matter reviewed by the department. The statement shall include the department's internet website, www.insurance.ca.gov, the department's telephone number, (800) 927-HELP (4357), and the mailing address of the department's Consumer Services Division, 300 S. Spring Street, Los Angeles, CA 90013.

(ii) For a policy expiring on or after July 1, 2027, a notice of nonrenewal or a notice of renewal with a reduction of limits or an elimination of coverage shall contain all of the following:

(I) All information related to the basis for the nonrenewal or the reduction of limits or elimination of coverage, as required by subdivision (b) of Section 676.11.

(II) A clear explanation of any remediation necessary to obtain renewal of the policy or to maintain the existing limits or coverage of the policy and a full description of all of the policyholder's rights in connection with remediation, as provided for in subdivision (c) of Section 676.11.

(III) A clear explanation of the policyholder's right to dispute, or to correct or amend any inaccurate or incomplete information relied upon by the insurer in connection with, the decision to not renew the policy or to impose a reduction of limits or an elimination of coverage of a policy, as provided for in subdivision (d) of Section 676.11.

(IV) The telephone number of the insurer's representatives who handle consumer inquiries or complaints. The telephone number shall be displayed prominently in a font size consistent with the other text of the notice of nonrenewal.

(V) A statement that if the consumer has contacted the insurer to discuss the nonrenewal and remains unsatisfied, the consumer may have the matter reviewed by the department. The statement shall include the department's internet website, www.insurance.ca.gov, the department's telephone number, (800) 927-HELP (4357), and the mailing address of the department's Consumer Services Division, 300 S. Spring Street, Los Angeles, CA 90013.

(2) On and after July 1, 2022, the time periods and procedures in subdivision (a) of Section 1013 of the Code of Civil Procedure shall be applicable if an offer or notice is mailed.

(b) If an insurer fails to give the named insured either an offer of renewal or notice of nonrenewal as required by this section, the existing policy, with no change in its terms and conditions, shall remain in effect for ~~45~~ *90* days from the date that either the offer to renew or the notice of nonrenewal is delivered or mailed to the named insured. A notice to this effect shall be provided by the insurer to the named insured with the policy or the notice of renewal or nonrenewal.

(c) Notwithstanding subdivisions (a) and (b), with respect to a notice of nonrenewal for a policy that expires on or after July 1, 2020, *and prior to July 1, 2027,* the following timelines apply:

(1) At least 75 days before the policy expiration, the insurer shall deliver the notice of nonrenewal to the named insured or mail the notice of nonrenewal to the named insured at the address shown in the policy. The notice shall include the information contained in *clause (i) of* subparagraph (B) of paragraph (1) of subdivision (a). On and after July 1, 2022, the time periods and procedures in subdivision (a) of Section 1013 of the Code of Civil Procedure shall be applicable if a notice is mailed.

(2) If an insurer fails to give the named insured a notice of nonrenewal at least 75 days before the policy expiration, as required by paragraph (1), the existing policy, with no change in its terms and conditions, shall remain in effect for 75 days from the date that the notice of nonrenewal is delivered or mailed to the named insured. A notice to this effect shall be provided by the insurer to the named insured with the notice of nonrenewal.

(d) Notwithstanding subdivisions (a) and (b), with respect to a notice of nonrenewal, or a notice of renewal with a reduction of limits or an elimination of coverage, for a policy that expires on or after July 1, 2027, the following timelines apply:

(1) At least 180 days before the policy expiration, the insurer shall deliver the notice of nonrenewal or the notice of renewal with a reduction of limits or an elimination of coverage to the named insured or mail the notice to the named insured at the address shown in the policy. The notice shall include the information contained in clause (ii) of subparagraph (B) of paragraph (1) of subdivision (a). The time periods and procedures in subdivision (a) of Section 1013 of the Code of Civil Procedure shall be applicable if a notice is mailed.

(2) If an insurer fails to give the named insured a notice of nonrenewal or a notice of renewal with a reduction of limits or an elimination of coverage at least 180 days before the policy expiration, as required by paragraph (1), the existing policy, with no change in its terms and conditions, shall remain in effect for 180 days from the date that the notice is delivered or mailed to the named insured. A notice to this effect shall be provided by the insurer to the named insured with the notice of nonrenewal or the notice of renewal with a reduction of limits or an elimination of coverage.

~~(d)~~

(e) A policy written for a term of less than one year shall be considered as if written for a term of one year. A policy written for a term longer than one year, or a policy with no fixed expiration date, shall be considered as if written for successive policy periods or terms of one year.

~~(e)~~

(f) A notice of nonrenewal for a residential property insurance policy expiring on or after July 1, 2021, shall be accompanied by the following notice:

The California Department of Insurance has developed the California Home Insurance Finder, an online tool that can assist you in obtaining insurance for your home. The Finder contains names, addresses, telephone numbers, and internet website links of licensed insurance agents, brokers, and insurance companies that may be able to sell insurance to you. The Finder is organized by ZIP Code and the languages in which the agent, broker, or insurance company sells insurance.

The California FAIR Plan (FAIR Plan) provides basic property insurance as the "insurer of last resort" if you cannot find insurance coverage for your property in the normal (voluntary) insurance market. The FAIR Plan provides basic property insurance coverage for residential structures, as well as personal property coverage for residential and business occupancies. However, FAIR Plan policies may not cover liability, theft, or water damage, among other things. There are also optional coverages available for ~~both~~ residential properties. Applications can be made directly with the FAIR Plan (cfpnet.com), although the FAIR Plan strongly encourages use of a licensed agent or broker for assistance in preparing and obtaining a quote. There is no additional cost for using an agent or broker for purchasing a FAIR Plan policy.

California law requires an agent or broker to assist a person seeking a FAIR Plan policy by (1) submitting a coverage application to the FAIR Plan on behalf of the consumer, (2) providing the consumer the FAIR Plan's internet website address and toll-free telephone number, or (3) obtaining a policy for the consumer through an admitted or nonadmitted insurer.

To supplement a FAIR Plan policy, a Difference in Conditions (DIC) policy should be considered. A DIC policy is sold by some private insurers, and provides coverage for things not covered by the basic property insurance policy provided by the FAIR Plan. A consumer who wants broader coverage than that provided by the FAIR Plan policy should contact an agent, broker, or insurance company that offers a DIC policy to obtain this additional coverage. The Department of Insurance maintains a list of insurance companies that sell DIC policies on its internet website (insurance.ca.gov). Additional assistance may be obtained by contacting an agent or broker listed with the department's online agent locator.

~~(f)~~
(g) An insurer may use a notice substantially similar to the notice set forth in subdivision ~~(e)~~ *(f)* to the extent that the notice provides additional or more detailed information.

~~(g)~~
(h) This section applies only to policies of insurance specified in Section 675.

SEC. 8. Section 790.036 of the Insurance Code is amended to read:

~~790.036.~~
790.036. Unfair and Deceptive Business Practices.

(a) It is an unfair and deceptive act or practice in the business of insurance for an insurer to advertise insurance that it will not sell.

(b) Nothing in this section shall be construed to prohibit any insurer from advertising insurance products for which it is licensed to sell in this state where the product is not available for sale so long as the unavailability is disclosed in the advertisement.

(c) A violation of this section is subject to the sanctions provided for by this article.

(d) An intentional violation of this section is a misdemeanor punishable by a fine not exceeding ten thousand dollars ($10,000).

(e) This section does not apply to any insurer that refuses to sell a policy of insurance on the basis of its underwriting guidelines.

(f) This section does not apply to advertisements by an insurer where the advertisements are broadcast and originate from outside this state. As used in this subdivision, "broadcast" includes electronic media, television, and radio. As used in this subdivision, "originate from outside this state" includes cable transmittal of programs broadcast by stations located outside California.

SEC. 9. Section 1732.5 is added to the Insurance Code, to read:

1732.5. (a) For the purposes of this section, the following terms have the following meanings:

(1) "Broker fee" means any fee, charge, or other compensation paid by an insured or prospective insured to an insurance broker licensed under this chapter in connection with an insurance transaction.

(2) "Commission" means any fee, charge, or other compensation paid by an insurer to an insurance broker licensed under this chapter in connection with an insurance transaction.

(3) "Insurance broker" has the same meaning as provided in Section 1623.

(4) "Insurance transaction" means any service an insurance broker provides relating to securing, retaining, or servicing an insurance policy for a policyholder, including, but not limited to, the sale of a new policy, the renewal of a policy, or changing the scope of coverage of a policy.

(5) "Insurer" means either an admitted or nonadmitted insurer.

(6) "Total premium" means the total amount of premium due for the insurance policy or policies transacted, excluding applicable taxes and assessments.

(b) An insurance broker shall not charge, collect, or receive a broker fee from an insured or prospective insured in connection with an insurance transaction if the insurance broker receives a commission paid by an insurer in connection with that insurance transaction.

(c) (1) The total amount of compensation charged, collected, or received by an insurance broker in connection with an insurance transaction, including a broker fee or a commission, shall not exceed 15 percent of the total premium.

(2) An insurance broker or an insurer shall not divide, share, rebate any portion of, or otherwise structure a broker fee or a commission in a manner that would evade the limit imposed by paragraph (1).

(d) An agreement to charge a broker fee or a commission in violation of either subdivision (b) or (c) is void as against public policy and unenforceable.

(e) An insurance broker shall not charge, collect, or receive compensation for providing proof of insurance documentation, assistance with reporting a claim, or any other routine administration of a policy for which the insurance broker charged, collected, or received a broker fee or a commission.

(f) A broker fee or a commission paid to an insurance broker, as applicable, shall be disclosed in writing to the prospective insured in a clear and conspicuous manner prior to the prospective insured's agreement to the insurance transaction. The insurance transaction agreement shall not be valid and enforceable unless the insured executes written consent acknowledging the amount of the broker fee or the commission paid to the insurance broker.

(g) (1) The commissioner may enforce this section through administrative action, including suspension or revocation of an insurance broker's license.

(2) A violation of this section shall constitute unfair competition within the meaning of Chapter 5 (commencing with Section 17200) of Part 2 of Division 7 of the Business and Professions Code and shall be subject to the penalties and other remedies of that chapter.

(h) The commissioner may adopt regulations to implement this section, including, but not limited to, standards for disclosure forms, calculation methods, and enforcement procedures.

(i) This section shall become operative on July 1, 2027.

SEC. 10. Section 1861.02 of the Insurance Code is amended to read:

~~1861.02.~~
1861.02. Fair Automobile Premiums and Discounts for Good Drivers.

(a) Rates and premiums for an automobile insurance policy, as described in subdivision (a) of Section 660, shall be determined by application of the following factors in decreasing order of importance:

(1) The insured's driving safety record.

(2) The number of miles he or she drives annually.

(3) The number of years of driving experience the insured has had.

(4) Those other factors that the commissioner may adopt by regulation and that have a substantial relationship to the risk of loss. The regulations shall set forth the respective weight to be given each factor in determining automobile rates and premiums. Notwithstanding any other provision of law, the use of any criterion without approval shall constitute unfair discrimination.

(b) (1) Every person who meets the criteria of Section 1861.025 shall be qualified to purchase a Good Driver Discount policy from the insurer of his or her choice. An insurer shall not refuse to offer and sell a Good Driver Discount policy to any person who meets the standards of this subdivision.

(2) The rate charged for a Good Driver Discount policy shall comply with subdivision (a) and shall be at least 20 percent below the rate the insured would otherwise have been charged for the same *or similar* coverage. Rates for Good Driver Discount policies shall be approved pursuant to this article.

(3) (A) This subdivision shall not prevent a reciprocal insurer, organized prior to November 8, 1988, by a motor club holding a certificate of authority under Chapter 2 (commencing with Section 12160) of Part 5 of Division 2, and that requires membership in the motor club as a condition precedent to applying for insurance from requiring membership in the motor club as a condition precedent to obtaining insurance described in this subdivision.

(B) This subdivision shall not prevent an insurer that requires membership in a specified voluntary, nonprofit organization, which was in existence prior to November 8, 1988, as a condition precedent to applying for insurance issued to or through those membership groups, including franchise groups, from requiring that membership as a condition to applying for the coverage offered to members of the group, provided that it or an affiliate also offers and sells coverage to those who are not members of those membership groups.

(C) However, all of the following conditions shall be applicable to the insurance authorized by subparagraphs (A) and (B):

(i) Membership, if conditioned, is conditioned only on timely payment of membership dues and other bona fide criteria *that are* not based upon driving record or *the motorist's prior* insurance *coverage*, provided that membership in a motor club may not be ~~based~~ *conditioned* on residence in any area within the state.

(ii) Membership dues are paid solely for and in consideration of the membership and membership benefits and bear a reasonable relationship to the benefits provided. The amount of the dues shall not depend on whether the member purchases insurance offered by the membership organization. None of those membership dues or any portion thereof shall be transferred by the membership organization to the insurer, or any affiliate of the insurer, attorney-

in-fact, subsidiary, or holding company thereof, provided that this provision shall not prevent any bona fide transaction between the membership organization and those entities.

(iii) Membership provides bona fide services or benefits in addition to the right to apply for insurance. Those services shall be ~~reasonably~~ available to all members within each class of membership.

(iv) Any insurer that violates clause (i), (ii), or (iii) shall be subject to the penalties set forth in Section 1861.14.

(c) The absence of prior automobile insurance coverage, in and of itself, shall not be a criterion for determining eligibility for a Good Driver Discount policy, or generally for automobile rates, premiums, or insurability.

(d) An insurer may refuse to sell a Good Driver Discount policy insuring a motorcycle unless all named insureds have been licensed to drive a motorcycle for the previous three years.

(e) ~~This section shall become operative on November 8, 1989.~~ The commissioner shall adopt regulations implementing this section ~~and insurers may submit applications pursuant to this article which comply with those regulations prior to that date, provided that no such application shall be approved prior to that date~~.

SEC. 11. Section 1861.04 of the Insurance Code is amended to read:

~~1861.04. Full Disclosure of Insurance Information.~~
1861.04. Insurance Shopping Tools.

~~(a)~~ Upon request, ~~and for a reasonable fee to cover costs,~~ the commissioner shall provide consumers with a comparison of the rate in effect for each personal line of insurance for every insurer.

SEC. 12. Section 1861.05 of the Insurance Code is amended to read:

~~1861.05. Approval of Insurance Rates.~~
1861.05. Review and Approval of Insurance Rates.

(a) *(1) Insurance rates subject to this chapter must be approved by the commissioner prior to their use.*

(2) No rate shall be approved ~~or remain in effect which~~ *by the commissioner, and no insurer shall charge or maintain a rate, that* is excessive, inadequate, unfairly discriminatory, or otherwise in violation of this chapter. In considering whether a rate is excessive, inadequate or unfairly discriminatory, no consideration shall be given to the degree of competition and the

commissioner shall consider whether the rate mathematically reflects the insurance company's investment income.

(b) Every insurer which desires to change any rate shall file a complete rate application with the commissioner. A complete rate application shall include *underwriting guidelines,* all data referred to in Sections 1857.7, 1857.9, ~~1857.15,~~ and 1864, and such other information as the commissioner may require *by regulation.* The applicant shall have the burden of proving that the requested rate change is justified and meets the requirements of this article.

(c) The commissioner shall notify the public of any application by an insurer for a rate change, *both when the application is filed and when the application is deemed complete.* The application shall be deemed approved sixty days after public notice *that the application is deemed complete* unless (1) a consumer or his or her representative requests a hearing within forty-five days of public notice *that the application is deemed complete* and the commissioner grants the hearing, or determines not to grant the hearing and issues written findings in support of that decision, or (2) the commissioner on his or her own motion determines to hold a hearing, or (3) the proposed rate adjustment exceeds 7% of the then applicable rate for personal lines or 15% for commercial lines, in which case the commissioner must hold a hearing upon a timely request. In any event, a rate change application shall be deemed approved 180 days after the rate application is received by the commissioner (A) unless that application has been disapproved by a final order of the commissioner subsequent to a hearing, or (B) extraordinary circumstances exist. For purposes of this section, "received" means the date delivered to the department.

(d) For purposes of this section, extraordinary circumstances include the following:

(1) Rate change application hearings commenced during the 180-day period provided by subdivision (c). If a hearing is commenced during the 180-day period, the rate change application shall be deemed approved upon expiration of the 180-day period or 60 days after the close of the record of the hearing, whichever is later, unless disapproved prior to that date.

(2) Rate change applications that are not approved or disapproved within the 180-day period provided by subdivision (c) as a result of a judicial proceeding directly involving the application and initiated by the applicant or an intervenor. During the pendency of the judicial proceedings, the 180-day period is tolled, except that in no event shall the commissioner have less than 30 days after conclusion of the judicial proceedings to approve or disapprove the application. Notwithstanding any other provision of law, nothing shall preclude the commissioner from disapproving an application without a hearing if a stay is in effect barring the commissioner from holding a hearing within the 180-day period.

(3) The hearing has been continued pursuant to Section 11524 of the Government Code. The 180-day period provided by subdivision (c) shall be tolled during any period in which a hearing is continued pursuant to Section 11524 of the Government Code. A continuance pursuant to Section 11524 of the Government Code shall be decided on a case by case basis. If the hearing is commenced or continued during the 180-day period, the rate change application shall be deemed approved upon the expiration of the 180-day period or 100 days after the case is submitted, whichever is later, unless disapproved prior to that date.

SEC. 13. Section 1861.057 is added to the Insurance Code, to read:

1861.057. Transparency in Regulations.

When proposing a regulation, as defined in Section 11342.600 of the Government Code, implementing any provision of this chapter, the commissioner shall comply with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), and the rate-making exemption set forth in subdivision (g) of Section 11340.9 of the Government Code shall not apply.

SEC. 14. Section 1861.08 of the Insurance Code is amended to read:

~~1861.08.~~
1861.08. Public Hearings.

Hearings shall be conducted pursuant to Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, except that:

(a) Hearings shall be conducted by administrative law judges for purposes of Sections 11512 and 11517 *of the Government Code*, chosen under Section 11502 *of the Government Code* or appointed by the commissioner.

(b) Hearings are commenced by a filing of a notice in lieu of Sections 11503 and 11504 *of the Government Code.*

(c) The commissioner shall adopt, amend, or reject a decision only under Section 11518.5 and subdivisions (b)~~,~~ *and* (c)~~, and (e)~~ of Section 11517 *of the Government Code* and solely on the basis of the record as provided in Section 11425.50 of the Government Code.

(d) Notwithstanding Section 11501 *of the Government Code, in any proceeding permitted or established by this article regardless of whether a formal hearing has been noticed pursuant to subdivision (b) of this section,* Section 11430.30 and subdivision (b) of Section 11430.70 *of the Government Code* shall not apply~~ in these hearings~~*, subdivision (a) of Section 11430.70 of the Government Code shall apply to the commissioner and any member of the commissioner's executive management, including any deputy commissioner or other person employed in an equivalent position, and communications from the commissioner or any member of the commissioner's executive management to any party or interested person shall be subject to subdivision (a) of Section 11430.10 of the Government Code.*

(e) Discovery shall be liberally construed and disputes determined by the administrative law judge as provided in Section 11507.7 of the Government Code.

(f) The administrative law judge shall render a decision within 30 days of the closing of the record in the proceeding.

(g) The amendments made to this section by the act adding this subdivision clarify the intent of the voters in enacting Proposition 103 at the November 8, 1988, statewide general election.

SEC. 15. Section 1861.10 of the Insurance Code is amended to read:

1861.10. Consumer Participation.

(a) Any person may initiate or intervene in any proceeding permitted or established pursuant to this chapter, challenge any action of the commissioner under this article, *including in a civil proceeding,* and enforce any provision of this article, *including in a civil proceeding.*

(b) The commissioner or a court shall award reasonable advocacy and witness fees and expenses to any person who demonstrates that (1) the person represents the interests of consumers~~,~~ and~~,~~ (2)~~ that he or she~~ *the person* has made a substantial contribution to the adoption of any order, regulation, or decision by the commissioner or a court. Where such advocacy occurs in response to a rate application, the award shall be paid by the applicant.

(c) All requests for a finding of eligibility to seek compensation and all findings of eligibility, as described in Section 2662.2 of Title 10 of the California Code of Regulations, shall be published on the Department of Insurance Internet Web site during the eligibility period.

(d) (1) For purposes of subdivision (b), a consumer representative shall be deemed to have made a substantial contribution if the consumer representative's work substantially contributed, as a whole, to a decision, order, regulation, or other action of the commissioner or a court by presenting relevant issues, evidence, or arguments such that the consumer representative's participation resulted in more relevant, credible, and nonfrivolous information being available for the commissioner or the court to make a decision than would have been available to the commissioner or the court had the consumer representative not participated.

(2) A determination of whether a consumer representative has made a substantial contribution and is entitled to fees pursuant to subdivision (b) shall be made without regard to any of the following:

(A) Whether a petition for hearing was granted or denied.

(B) Whether the decision, order, regulation, or other action of the commissioner or a court expressly identified or adopted the issues, evidence, or arguments presented by the consumer representative.

(C) Whether the consumer representative agreed or disagreed with the position of the commissioner or the department.

(e) The amendments made to this section by the act adding this subdivision clarify the intent of the voters in enacting Proposition 103 at the November 8, 1988, statewide general election.

SEC. 16. Section 1861.13 of the Insurance Code is amended to read:

~~1861.13. Application.~~
1861.13. Applicable Lines.

This article shall apply to all insurance on risks or on operations in this state, except those listed in Section 1851.

SEC. 17. Section 1861.14 of the Insurance Code is amended to read:

1861.14. Enforcement & Penalties.

(a) Violations of this article shall be subject to the penalties set forth in Section 1859.1. In addition to the other penalties provided in this chapter, the commissioner may suspend or revoke, in whole or in part, the certificate of authority of any insurer which fails to comply with the provisions of this article.

(b) (1) On January 1 of each year beginning in 2027, the commissioner shall adjust the maximum amounts specified in this chapter of all penalties imposed by the commissioner pursuant to this chapter, to reflect the amount by which the California Consumer Price Index for the month of June of the year prior to the adjustment exceeds the California Consumer Price Index for June of the calendar year in which legislation was last enacted establishing or amending the maximum amount of the penalty.

(2) The amount of any penalty determined pursuant to this subdivision shall be rounded as follows:

(A) To the nearest multiple of one thousand dollars ($1,000) in the case of a penalty that is greater than one thousand dollars ($1,000), but less than or equal to ten thousand dollars ($10,000).

(B) To the nearest multiple of five thousand dollars ($5,000) in the case of a penalty that is greater than ten thousand dollars ($10,000).

(3) Penalty adjustments made pursuant to this subdivision are exempt from the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The updated penalties established pursuant to this subdivision shall be filed with the Secretary of State and published in the California Code of Regulations.

SEC. 18. Section 1861.145 is added to the Insurance Code, to read:

1861.145. Refunds for Insurance Overcharges.

(a) In addition to any other remedy authorized by law, an insurer that charges or applies an excessive rate shall be required by the commissioner or a court of competent jurisdiction to refund all overcharges, plus interest, that the insurer obtained as a direct or indirect result of charging or applying the excessive rate.

(b) This section clarifies the intent of the voters in enacting Proposition 103 at the November 8, 1988, statewide general election.

SEC. 19. Section 1861.17 is added to the Insurance Code, immediately following Section 1861.16, to read:

1861.17. Prohibition on Unfair and Arbitrary Use of Claims History.

(a) An insurer shall not refuse to issue or renew, or determine eligibility for, a residential property insurance policy on the basis of any of the following claims by the applicant or insured or any previous owner or occupant of the property to be insured:

(1) A claim that is filed but is not paid or payable.

(2) A claim that is within the claimant's deductible.

(3) A claim that is not covered by the policy.

(4) A claim that is paid in full by another insurance policy or a third party.

(5) A claim concerning a property that is no longer owned by the applicant or insured.

(6) A claim by the applicant or insured in which the loss was not the direct result of intentional conduct or gross negligence by the applicant or insured and for which the risk of loss has been mitigated through the removal of the hazard, the repair of the damage or defect, or other changes to the property or to the condition that caused the loss.

(b) An insurer shall not refuse to issue or renew, or determine eligibility for, a residential property insurance policy based in whole or in part on whether a policyholder has previously inquired about the insurance policy, including, but not limited to, an inquiry concerning the scope or nature of coverage available under the policy.

(c) For purposes of this section, "residential property insurance" means the insurance described in subdivision (a) of Section 675.

(d) This section shall become operative on July 1, 2027.

SEC. 20. Section 1861.18 is added to the Insurance Code, immediately following Section 1861.17, to read:

1861.18. (a) For purposes of this section, the following terms have the following meanings:

(1) "Catastrophe Modeling and Ratemaking Regulations" means the regulations set forth in Sections 2644.4, 2644.4.5, 2644.4.8, 2644.5, 2644.8, and 2648.5 of Title 10 of the California Code of Regulations.

(2) "Net Cost of Reinsurance and Ratemaking Regulations" means the regulations set forth in Section 2644.25, 2644.25.1, 2644.25.2, 2644.25.3, and 2644.27 of Title 10 of the California Code of Regulations.

(b) (1) Not later than July 1, 2027, the department shall initiate rulemaking proceedings to consider potential amendments to the Catastrophe Modeling and Ratemaking Regulations.

(2) As part of the proceedings required by paragraph (1), the department shall do both of the following:

(A) Invite meaningful public participation, including, at a minimum, at least one public meeting to allow interested persons to submit suggestions for the department to consider.

(B) Issue a report that includes a review of whether the Catastrophe Modeling and Ratemaking Regulations comply with the public transparency and disclosure requirements of Section 1861.07 and the purposes of Proposition 103, adopted at the November 8, 1988, statewide general election.

(c) (1) Not later than July 1, 2027, the department shall initiate rulemaking proceedings to consider potential amendments to the Net Cost of Reinsurance and Ratemaking Regulations.

(2) As part of the proceedings required by paragraph (1), the department shall do both of the following:

(A) Invite meaningful public participation, including, at a minimum, at least one public meeting to allow interested persons to submit suggestions for the department to consider.

(B) Issue a report that includes a review of whether the Net Cost of Reinsurance and Ratemaking Regulations comply with the public transparency and disclosure requirements of Section 1861.07 and the purposes of Proposition 103, adopted at the November 8, 1988, statewide general election.

SEC. 21. Section 1858.07 of the Insurance Code is amended to read:

~~1858.07.~~
1858.07. Penalties for Insurance Company Violations.

(a) Any person who uses any rate, rating plan, or rating system in violation of this chapter is liable to the state for a civil penalty not to exceed five thousand dollars ($5,000) for each act, or, if the act or practice was willful, a civil penalty not to exceed ten thousand dollars ($10,000) for each act. The commissioner shall have the discretion to establish what constitutes an act. However, when the issuance, amendment, or servicing of a policy or endorsement is inadvertent, all of those acts shall be a single act for the purpose of this section.

(b) The penalty imposed by this section shall be imposed by and determined by the commissioner as provided by Section 1858.3~~, except that no penalty shall be imposed by the commissioner if a person has used any rate, rating plan, or rating system that has been approved for use by the commissioner in accordance with the provisions of this chapter~~.

(c) The penalty imposed by this section is appealable by means of any remedy provided by Section 12940 *of this code* or by Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

SEC. 22. Section 1860.1 of the Insurance Code is amended to read:

~~1860.1.~~
1860.1. Limited Protection for Data Sharing Between Insurance Companies.

(a) No act done, action taken, or agreement made pursuant to the authority conferred by ~~this chapter~~ *subdivision (b) of Section 1861.03* shall constitute a violation of or grounds for prosecution or civil proceedings under any other law of this State heretofore or hereafter enacted which does not specifically refer to insurance.

(b) The amendments made to this section by the act adding this subdivision clarify the intent of the voters in enacting Proposition 103 at the November 8, 1988, statewide general election.

SEC. 23. Section 10103.7 of the Insurance Code is amended to read:

~~10103.7.~~
10103.7. Maximizing Payment for Losses.

(a) In the event of a covered loss relating to a state of emergency, as defined in Section 8558 of the Government Code, an insured under a residential property insurance policy shall be permitted to combine payments for claims for losses up to the policy limits for the primary dwelling and other structures, for any of the covered expenses reasonably necessary to rebuild or replace the damaged or destroyed dwelling, if the policy limits for coverage to rebuild or replace

the primary dwelling are insufficient. Any claims payments for losses pursuant to this subdivision for which replacement cost coverage is applicable shall be for the full replacement value of the loss without requiring actual replacement of the other structures. Claims payments for other structures in excess of the amount applied towards the necessary cost to rebuild or replace the damaged or destroyed dwelling shall be paid according to the terms of the policy.

(b) (1) In the event of a covered total loss of a primary dwelling under a residential property insurance policy resulting from a state of emergency, as defined in Section 8558 of the Government Code, if the residence was furnished at the time of the loss, the insurer shall offer a payment under the contents (personal property) coverage in an amount no less than ~~60~~ *100* percent of the policy limit applicable to the personal property covered under the policy, up to a maximum of three hundred fifty thousand dollars ($350,000), without requiring the insured to file an itemized claim.

~~(2) After receiving the payment described in paragraph (1), the insured may recover additional amounts up to the policy limit for contents coverage by filing a claim pursuant to the terms of the policy for the loss of contents that exceeds the value of the payment provided pursuant to paragraph (1).~~

~~(3)~~

(2) When an insured files a claim relating to a state of emergency, as defined in Section 8558 of the Government Code, the insurer shall notify the insured of the option to receive payment for loss of contents pursuant to paragraph (1) ~~and of the insured's option to subsequently file a full itemized claim pursuant to paragraph (2)~~.

~~(4)~~

(3) This subdivision does not affect payment under the policy for scheduled personal property.

~~(5)~~

(4) As a condition of receiving the advance payment made pursuant this subdivision, an insurer may require the insured sign an attestation form. The attesting form may request that the insured acknowledge the residence was furnished and that the insured reasonably believes the personal property damaged or destroyed had a value that equates or exceeded the amount of the advance payment. The attestation form shall not contain any misleading or inaccurate information. The commissioner may issue a bulletin or promulgate a regulation that describes the parameters of an attestation form.

~~(6)~~

(5) This section does not prohibit an insurer from restricting payment in cases of suspected fraud.

~~(c) On and after July 1, 2026, all policy forms issued or renewed by an insurer shall comply with this section in its entirety, including the changes made to this section by the act that added this paragraph.~~

SEC. 24. Section 10103.8 is added to the Insurance Code, to read:

10103.8. Full Disclosure of Claims Information to Policyholders.

(a) In the event of a covered loss under a residential property insurance policy, the insurer shall provide the policyholder a copy of all claim-related documents, as defined in the California Standard Form Fire Insurance Policy prescribed by Section 2071, including each version of the loss estimate first prepared by an adjuster who is acting on behalf of the insurer, beginning with the adjuster's initial report.

(b) Each version of each claim-related document shall be provided to the policyholder within 15 calendar days after it is created or generated, and shall be accompanied by the full name and title of each person who made, ordered, reviewed, or approved any change to that version of the claim-related document.

(c) For purposes of this section, "each version of the loss estimate" and "each version of each claim-related document" shall include each version that is newly printed and each version that is altered, amended, edited, revised, or redacted in any way by any means, whether done electronically or by hand.

SEC. 25. Section 12901 of the Insurance Code is amended to read:

~~12901.~~
12901. Insurance Commissioner Qualifications.

(a) The commissioner shall be a person competent and fully qualified to perform the duties of the office, *and no other qualifications for office shall be imposed under this chapter.*

(b) Neither the commissioner nor any deputy or employee shall during the commissioner's, deputy's, or employee's tenure of office be an officer, agent, or employee of an insurer or directly or indirectly interested in any insurer or licensee under this code, except ~~(a)~~ *(1)* as a policyholder or ~~(b)~~ *(2)* by virtue of relationship by blood or marriage to any person interested in any insurer or licensee.

(c) If the commissioner or any deputy or employee holds any license or permit issued under this code, that commissioner, deputy, or employee shall surrender it for cancellation within 10 days after appointment and qualification. Upon termination of the commissioner's, deputy's, or employee's office or employment, that license or permit shall be reissued for the balance of the then current license or permit year without fee or penalty.

SEC. 26. Section 12979 of the Insurance Code is amended to read:

~~12979.~~
12979. Insurance Companies to Pay Any State Costs Associated with this Act.

(a) Notwithstanding the provisions of Section 12978, the commissioner shall establish a schedule of filing fees to be paid by insurers to cover any administrative or operational costs arising from the provisions of Article 10 (commencing with Section 1861.01) of Chapter 9 of Part 2 of Division 1 *and Article 4 (commencing with Section 2090) of Chapter 2 of Part 1 of Division 2.*

(b) Notwithstanding Section 13340 of the Government Code, all moneys collected pursuant to subdivision (a) are continuously appropriated to the department for the purposes described in subdivision (a).

SEC. 27. Amendment.

This act shall not be amended by the Legislature except by a statute that furthers the purposes of this act and that is passed in each house by rollcall vote entered in the journal, two-thirds of the membership of each house concurring, or by a statute that becomes effective only when approved by the voters.

SEC. 28. Conflicting Measures.

(a) In the event that this act appears on the same statewide ballot as another initiative measure relating to the same subject matter, including another initiative measure that repeals any provision of law originally enacted as part of the measure identified as "Proposition 103" on the November 8, 1988, statewide general election ballot, the provisions of the other measure shall be deemed to be in conflict with this act. In the event this act receives a greater number of affirmative votes than a measure deemed to be in conflict with it, the provisions of this act shall prevail in their entirety, and the provisions of the other measure shall be null and void.

(b) If this act is approved by the voters but is superseded by another conflicting measure approved by the voters at the same election, and the conflicting measure is later held invalid, this act shall be self-executing and given full force and effect.

SEC. 29. Severability.

It is the intent of the people that the provisions of this act are severable and that if any provision of this act, or the application thereof to any person or circumstance, is held invalid, such invalidity shall not affect any other provision or application of this act that can be given effect without the invalid provision or application.

SEC. 30. Liberal Construction.

This act shall be liberally construed and applied in order to fully promote its underlying purposes.