



**SOUTHERN CALIFORNIA
LEADERSHIP COUNCIL**



March 10, 2025

The Honorable Ricardo Lara
California Insurance Commissioner
300 Capitol Mall, 17th Floor
Sacramento, CA 95814

Commissioner Lara:

Thank you for your continuing efforts and commitment to bring a sustainable insurance market to California. Our statewide economy is dependent upon a healthy insurance sector as the foundation to increasing investment and growing jobs.

We have followed closely your recent adoption of regulations allowing property insurers to incorporate forward-looking catastrophe models and reinsurance costs into their pricing. As the new year began, it appeared that this historic regulatory shift was likely to lead many insurers to increase their engagement by writing more policies in California, providing much-needed relief to consumers and our businesses that had been struggling with limited options to secure the needed financial protection that insurance coverage provides.

However, the tragic and devastating fires of 2025 once again present a serious threat to this progress. As detailed by the recent report by the LAEDC, the economic impact to the LA economy alone is between \$4.6 billion and \$8.9 billion over the next five years, which will in turn impact our overall California economy.

Returning stability to the state's homeowners insurance market is crucial to both the recovery efforts in Los Angeles, as well as safeguarding the millions of Californians whose homes continue to face the threat of catastrophic loss. This effort will require contributions from policymakers, regulators, the insurance industry and many others. It should begin with a commitment that insurers who are serving California consumers can continue to do so.

For example, news coverage of your recent meeting with one of the largest insurers around a pending rate request suggests the company might have to drop more policies, or worse, if it's not approved. We are concerned about how this might further destabilize an insurance system that is already at a breaking point, pushing even more policyholders to the FAIR Plan. If other insurers followed suit, it could lead to a cycle of further market constriction that would be devastating to our statewide economy.

We understand the many limitations of Prop. 103 that impact this entire process. That is why you have our support regarding the positive steps you have taken to bring stability to the market and reduce reliance on the FAIR Plan. It is imperative that California signals its commitment to a balanced insurance system that encourages insurers to remain and invest in the state. Approval of insurers' justified rate needs can send that message, as will a continued path forward on the collective work you are leading to strengthen the entire industry.

We appreciate your ongoing leadership in this critical area and look forward to continuing to collaborate with you to build a sustainable and resilient insurance framework for California and for our future economic growth.

Sincerely,

Rob Lapsley

President, California Business Roundtable

Lynn Mohrfeld

President, California Hotel and Lodging Association

Dan Dunmoyer

President and CEO, California Building Industry Association

John Kabateck

State Director, National Federation of Independent Business

Paul Granillo

President, Inland Empire Economic Partnership

Hon. Mike Roos

President, Southern California Leadership Council

Jeff Bell

President, Orange County Business Council