

**RESOLUTION NO. 2024-110**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA, URGING GOVERNOR NEWSOME TO TAKE EMERGENCY ACTION TO STRENGTHEN AND STABILIZE CALIFORNIA'S MARKETPLACE FOR HOMEOWNERS AND COMMERCIAL PROPERTY INSURANCE.**

**WHEREAS**, in 1988, California voters enacted Proposition 103, which established consumer protections designed to keep insurance rates fair and affordable and to ensure a competitive marketplace; and

**WHEREAS**, insurance rates have been on the rise due to the impacts of climate change, the increased wildfire risk in California, and more insurers pausing or ceasing coverage for properties in high-risk zones; and

**WHEREAS**, many Californians are being forced into the state's last-minute insurance program; the FAIR Plan offers coverage at a more expensive rate and less comprehensive plan. Over 350,000 homes are now under this plan, a significant increase from 250,000 two years ago. The average cost of a policy is about \$3,200 a year, which is significantly more than a typical home insurance policy in California; and

**WHEREAS**, on September 21, 2023, Governor Newsom issued Executive Order N-13-23, ordering the Insurance Commissioner to take prompt regulatory action to stabilize and strengthen California's marketplace for homeowners' insurance and commercial property insurance. Over a year later, there is little to no relief to homeowners throughout the state, only more who are unable to find affordable insurance.; and

**WHEREAS**, the Insurance Commissioner introduced the Sustainable Insurance Strategy, a package of reforms to strengthen the insurance industry in California. On June 12, 2024, California Insurance Commissioner announced draft regulations but indicated that changes in the market will not be realized until the second half of 2025, almost two years after the Governor's original Executive Order; and

**WHEREAS**, the California Insurance Commissioner has broad authority under the Insurance Code to adopt emergency regulations to promote the public welfare, including under sections 1861.01, 1861.05, and 1861.055 to adopt emergency regulations governing the prior approval process for insurance rate change applications, and to adopt emergency regulations under section 11346.1 of Government Code and section 12921.7 of the Insurance Code; and

**WHEREAS**, located at the base of the Cleveland National Forest, the City of Corona faces significant wildfire risk at the wildland-urban interface. As many as 15,000 Corona households are within an identified High Fire Hazard Zone; and

**WHEREAS**, the City of Corona is committed to supporting its residents by increasing access to information on homeowners' insurance options and promoting community-wide risk mitigation efforts to improve insurance affordability and accessibility; and

**WHEREAS**, the City of Corona requests Governor Newsom to proclaim a state of emergency and act swiftly to restore stability to the insurance market; and

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA, AS FOLLOWS:**

**SECTION 1. Proclaim a State of Emergency.** The City Council of the City of Corona urges the Governor to proclaim a state of emergency and that the Governor, Insurance Commissioner, and State Legislature take immediate emergency regulatory and legislative action to strengthen and stabilize California's marketplace for homeowners' insurance and commercial property insurance.

**SECTION 2. Regulatory Response.** The Governor, Commissioner, and Legislature must consider the following goals in crafting an appropriate regulatory response:

- a. Expand coverage choices for all consumers, particularly in underserved areas of the State.
- b. Improve the efficiency, speed, and transparency of the California Department of Insurance's rate approval process.
- c. Tailor the rate approval process to account for all factors necessary to promote a robust, competitive insurance marketplace, including potential revisions to how catastrophe risks, reinsurance costs, and other legitimate insurer costs are accounted for.
- d. Maintain the long-term availability of homeowners and commercial property insurance coverage.
- e. Maintain the solvency of the FAIR Plan to protect its policyholders and promote long-term resiliency in the face of extreme weather events by identifying mechanisms to reduce its share of the overall market in underserved areas and move its customers into the admitted insurance market.

**SECTION 3. Effective Date.** The Mayor shall sign this Resolution, and the City Clerk shall attest thereto, and this Resolution shall become effective immediately upon its passage and adoption.

**PASSED, APPROVED AND ADOPTED** this 4th day of December, 2024.

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Mayor of the City of Corona, California

ATTEST:

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City Clerk of the City of Corona, California

CERTIFICATION

I, Sylvia Edwards, City Clerk of the City of Corona, California, do hereby certify that foregoing Resolution was regularly introduced and adopted by the City Council of the City of Corona, California, at an adjourned meeting thereof held on the 4th day of December, 2024, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAINED:**

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of Corona, California, this 4<sup>th</sup> day of December 2024.

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City Clerk of the City of Corona, California

[SEAL]