

TODAY'S INSURANCE CRISIS UPDATE:

# Fact Check: California's Insurance Crisis

California's insurance market is in crisis, and families are losing access to the coverage they need to protect their homes, cars and businesses. Meanwhile, self-proclaimed "consumer" advocacy group Consumer Watchdog is launching deceptive claims in an effort to stall the reforms necessary to restore California's insurance market and protect their own profits. Here are the facts.

**FACT:** California's regulatory framework is 35 years old and is too slow to respond to rapidly changing conditions like inflation and climate driven extreme weather and wildfires.

**FACT:** California's insurers **paid out more than \$1.13 in claims for every \$1.00 they received in premiums** from 2012 to 2022 (SEE CHART).

**FACT:** California is the only state in the nation that prohibits the use of proven, state-of-the-art catastrophe modeling to calculate the true risks of wildfires, floods, and other natural disasters in rate setting.

**FACT:** California prohibits the ability of insurers to include the cost of reinsurance in rate setting – a standard practice in states across the nation that **enables insurers to offer more coverage** and **minimizes risk for consumers**.

**FACT:** Historic wildfires in 2017 and 2018 alone **cost insurers \$27.3 billion** – wiping out 26 years of homeowners insurance underwriting earnings.

**FACT:** The "intervenor" process established under Proposition 103 enables third parties to cause delays and add costs – ultimately borne by consumers – without adding substantial value or improvements to the rate-making process.

*Over the past five years, self-proclaimed "consumer" advocacy group Consumer Watchdog has received tens of millions of dollars and accounted for roughly 90% of all intervenor fees.*

## Claims Paid vs. Premiums Received



Source: National Association of Insurance Commissioners

**Millions of California families could lose access to coverage without action!**