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Submitted by:
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Re: Abstract of comments to CEA re SB 254 Natural Catastrophe Resiliency Study

The people most affected by the recommendations you will make – Californians who pay utility rates and insurance premiums - are not at the table. We urge you to hold at least one public meeting in Northern, Central and Southern California to invite public input on solutions.

Consumer Watchdog intends to submit comment on the following topics:

1) Forever seeking new pots of money to pay for increasing climate costs is unsustainable. To prioritize risk reduction California must require insurance companies to recognize individual and community resiliency. A mandate that insurance companies cover homeowners who meet state home hardening and vegetation management guidelines will incentivize wildfire mitigation and increase access to home insurance.

2) All responsible parties should contribute to making the state more resilient. Institute a fee on admitted and non-admitted insurance companies, and on fossil fuel companies operating in the state, to fund individual and community home hardening and vegetation management programs. Enact 'Polluter Pay' and insurance subrogation legislation so public entity and insurance damages caused by catastrophic weather exacerbated by fossil fuel emissions are compensated by the oil and gas companies.

3) Preserving the legal rights of all survivors to hold responsible parties accountable is key to a full recovery. This includes protecting survivors' right to contract with an attorney on their own terms and with no limits on recovery of damages; maintaining the inverse condemnation standard that requires utilities to pay when their equipment causes

disasters; and avoiding ‘fast pay’ options that prioritize speed over full compensation for survivors.

4) Insurance companies collect premiums in return for a promise to pay when disaster strikes. They must be fully held to these obligations so consumers, or other payers in the system, are not left bearing that burden. Restoring or rebuilding homes to the highest resiliency standards also requires that insurance policyholders receive the full benefits they are entitled to. The administration should expedite enforcement action against insurance bad actors that delay, deny and lowball claims, starting with the FAIR Plan. Legi

5) A new standard for when utility shareholders, not the Wildfire Fund, are responsible for fires is needed. The current prudent manager standard allows ratepayers to pay even when utilities are negligent if they follow simple procedures they helped to create. For example, Edison’s shareholders should be responsible for the Eaton fire, based on what is known of the fire’s cause, but instead the money will likely come out of the Fund.

6) Insurance companies and the investor-owned utilities are multi-billion-dollar corporations whose actions have contributed to the climate crisis. Any effort to relieve industry of the financial burden of weather disasters must not shift it to insurance or utility customers, and must be paired with consumer protections. For example, a statewide public reinsurance program covering insurance companies could help protect the industry against a worst-case scenario event, but only if paired with mandatory coverage for fire-safe homes to reduce the likelihood of such an event occurring.

7) Voter-approved Proposition 103 has kept insurance affordable in California for four decades by requiring insurance companies to open their books, justify rates, and get approval before any rate increase takes effect, and gives consumers a voice in the process on a level playing field with the industry. These insurance consumer protections that have saved policyholders billions must be preserved.