

JANUARY 17, 2025

CA RESIDENTIAL HOMEOWNERS INSURANCE  
ANNUAL UPDATE AND STATUTORY PROTECTION FOR WILDFIRE VICTIMS  
SUMMARY AND KEY TAKEAWAYS

Dear Colleagues and Friends,

California Governor Gavin Newsom proclaimed a state of emergency for Los Angeles and Ventura counties due to the recent wildfires thereby invoking statutory protections for certain residential property policyholders.

On January 9, 2025, California Commissioner, Ricardo Lara, issued the 2025 Annual Notice stating the major California laws in effect during a declared state of emergency pertaining to residential property insurance. On the same day, Commissioner Lara also issued Notice 2025-01 reiterating the current moratorium on cancellations and non-renewals for certain residential property insurance policies.

Given the importance of fire peril coverage in CA and the confusing reporting on the matter, we have prepared the following summary/key takeaways regarding the residential insurance policies as impacted by the recent wildfires:

- Insurance companies cannot cancel or refuse to renew residential policies due to wildfire risk for properties within or adjacent to the fire perimeter (based on specified zip codes) for one year after a state of emergency declaration.
- In the event of total loss during declared disaster, insurance companies:
  - Cannot cancel coverage while the insured residential structure is being rebuilt; and
  - Must offer to renew the policy for the next 2 annual renewals (at least 24 months from date of loss)
- During a state of emergency, insurance companies must offer a 60-day grace period for payment of residential property insurance premiums for properties located in the affected areas.
  - Commissioner Lara further encouraged insurance companies to extend this grace period beyond the 60 days (if reasonable)
- Insurance companies are to pause for six months any pending non-renewals and cancellations that are due to take effect for properties within the designated fire perimeter.
  - Pending non-renewals and cancellations include notices that were sent from the insurance company to the policyholder in the previous (90) days prior to January 7, 2025, and did not go into effect until after the January 7, 2025, wildfires

***The above-mentioned statutory protections do not apply to residential insurance policies covering properties that were not within or near the designated fire perimeter. If you are a homeowner that owns residential property in a zip code that is not currently covered by the declared disaster, your residential insurance policy may be cancelled or non-renewed due to wildfire risk at any time.***

In case of changes to coverage or cancellation of policy, insurance companies must provide written notice to the policyholder as follows:

- 45 days before the current policy expires – if the insurance company offers to renew the policy with reduction of limit/coverage; or
- 75 days before the current policy expires – if the insurance company issues a non-renewal. The notice must state the reason for the renewal.

Further, if a residential property policy does not include coverage for the peril of fire, the insurance company must do the following:

- If the policy is new – Obtain a signed acknowledgement from the applicant/insured stating that the newly issued policy does not provide coverage for the peril of fire
- If the policy is a renewal that eliminates coverage for peril of fire – certain disclosures are required, namely the following statement that must be in bold, uppercase letters in no less than 12 point font:
  - “This policy does not cover the peril of fire. There are other resources for funding fire coverage, including using the California Department of Insurance’s home insurance finder or purchasing coverage from the California Fair Plan Association.”

A list of the fire perimeter and impacted zip codes can be found in the following bulletin:

<https://www.insurance.ca.gov/0250-insurers/0300-insurers/0200-bulletins/bulletin-notices-commissionion/upload/Bulletin-2025-1-One-Year-Moratorium-Updated-ZIP-Codes-ADA.pdf>

Notices and Bulletins from the Insurance Commissioner can be found at the following link as well as additional resources: <https://www.insurance.ca.gov/01-consumers/140-catastrophes/WildfireResources.cfm>

The entire Insurance Commissioner Notice can be found here: <https://strazzerimancini.com/publications/>

Sincerely,

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