

## **RESOLUTION NO. 8494**

### **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA, URGING THE GOVERNOR TO DECLARE A STATE OF EMERGENCY OVER THE SOARING INSURANCE PREMIUM RATES AND ABANDONMENT OF HOMEOWNER INSURANCE COVERAGE BY THE INSURANCE COMPANIES AND FOR THE INSURANCE COMMISSIONER AND THE LEGISLATURES TO BRING A SOLUTION TO ASSIST THE HOMEOWNERS**

**WHEREAS**, the catastrophic events have become more frequent in California and many other states due to the climate change; and

**WHEREAS**, due to those events, California residents are in serious need of adequate insurance protection, however, many insurance companies are discontinuing homeowner insurance coverage; and

**WHEREAS**, many homeowners are left with little or no option in protecting their homes with an adequate insurance coverage at a reasonable rate; and

**WHEREAS**, California FAIR Plan provides homeowners with a last-resort option that has been surging but the coverage under the Plan is limited in scope; and

**WHEREAS**, Governor's Executive Order, issued in September 2023 requested the Commissioner of Insurance to take prompt regulatory action to strengthen and stabilize the State's market place for homeowner insurance; and

**WHEREAS**, in response to the Executive Order, Insurance Commissioner Lara announced his Sustainable Insurance Strategy, which provides for a faster rate approval process for the insurance industry, allow forward-looking catastrophe modeling for rate hike requests and offer insurers to factor in their own costs of insurance; and

**WHEREAS**, although the Insurance Commissioner's Strategy may draw in more insurance companies to the market, they would only be doing so due to the higher rates that the homeowners would be forced to pay for what's already are an unaffordable rate to many homeowners; and

**WHEREAS**, California residents are contributing into a Wildfire Fund that will assist the insurance companies; and

**WHEREAS**, the insurance industry can provide some relief from the high rates by factoring in risk reduction measures such as defensible spaces, home hardening and forest treatment into their models used for underwriting; and

**WHEREAS**, the said models used for underwriting can only be regulated by a state

legislation which SB 1060 would have required the said models to factor in risk reduction measures but was defeated after an opposition from the insurance industry; and

**WHEREAS**, increasing the cost of homeowner insurance coverage only exacerbates the difficulties of homeownership in California where the cost of housing is already unaffordable to many; and.

**WHEREAS**, there is an urgent need for a solution that provides homeowner insurance protection that are also affordable to the California residents.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Hawthorne does hereby find, determine and order as follows:

**Section 1.** The City Council of the City of Hawthorne, California, hereby incorporates by reference all the recitals herein and finds that they are true and correct.

**Section 2.** The Council of the City of Hawthorne, California urges the following:

- (i) Governor to declare a state of emergency for the need of affordable homeowners insurance.
- (ii) Insurance Commissioner Lara to bring a solution that also assists the homeowners with reasonable insurance rates.
- (iii) The state legislature introduce a bill that would require the models used by the insurance company to consider factors that could lead to the reduction in insurance premiums.

**Section 3.** The City Clerk shall certify to the adoption of this Resolution and thereafter the same shall be in full force and effect.

**PASSED, APPROVED, and ADOPTED** this 22nd day of October 2024.

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**ALEX VARGAS, Mayor**  
**City of Hawthorne, California**

**ATTEST:**

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**DAYNA WILLIAMS-HUNTER, City Clerk**  
**City of Hawthorne, California**

**APPROVED AS TO FORM:**

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**ROBERT M. KIM, City Attorney  
City of Hawthorne, California**