

A consumer group that blocks insurance hikes now faces state attack

By **Saqib Rahim** | 07/10/2026 06:18 AM EDT



California Insurance Commissioner Ricardo Lara is trying to weaken a consumer group that is opposing his plan to help property insurers and stabilize the state's insurance market. Adam Beam/AP

California's top insurance official is taking unprecedented steps to weaken a consumer group that has fought insurance hikes for decades and now is battling plans to remake the state's ailing property-insurance market.

California Insurance Commissioner Ricardo Lara's effort to cut millions of dollars that Los Angeles-based Consumer Watchdog has been paid for its work is the latest step in his wide-ranging effort to stabilize the state insurance market.

Devastating wildfires have made California the epicenter of a nationwide property-insurance crisis that has seen insurers withdraw from risky areas and raise rates. From coastal to heartland states, officials are debating how to keep coverage affordable and available — and they invoke California as a nightmare scenario.

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Consumer Watchdog, which calls itself “the nation’s most aggressive consumer advocate,” has hounded Lara’s department with lawsuits, records requests and regulatory appeals to block his stabilization plan, which it calls a giveaway to insurers.

With Lara set to leave the office in January due to term limits, he is trying to revise a pillar of California’s system that requires insurers to pay consumer advocates that intervene in rate cases. Rules proposed by the insurance department would make it harder for consumer advocates to collect payments — and be a direct hit on Consumer Watchdog.

No group has used the California intervenor process, or collected more money from it, than Consumer Watchdog, according to the state Department of Insurance. Of \$1.5 million paid to outside intervenors in 2025, Consumer Watchdog collected \$1.47 million.

The group has received \$3 million for insurance-rate interventions since 2020, Consumer Watchdog President Jamie Court said. The figure represents 13 percent of the group’s budgets in that period.

The nonprofit says it raises substantive objections when insurers attempt to raise prices excessively. Last year alone, Consumer Watchdog says, it saved property and auto insurance policyholders \$2.35 billion in premiums.

Insurers laud Lara’s move, saying objections from Consumer Watchdog are sometimes without merit and have deterred them from doing business in California. Lara calls it a “central component” of his campaign to make California insurable for the long run.

It takes “too doggone long to get the California Department of Insurance to approve a rate,” said Steve Young, senior vice president and general counsel for the Independent Insurance Agents & Brokers of California. Young said Lara is proposing “common sense ground rules” that should entice insurers back to the state.

In California, half of insurance rate filings take more than 225 days to close, according to S&P Global Market Intelligence. Nationally, the figure is 35 days.

Mike Zaremski, an insurance analyst with BMO Financial Group, lauded Lara’s proposal in an April research note, saying the country’s “largest and most dysfunctional insurance market is finally becoming more [insurer] friendly.”

But Dave Jones, a former California insurance commissioner, called Lara's proposal "terrible."

"Consumer groups are not always right. But in my experience, they add a lot of value to the process," Jones said. "It's important that they be able to continue to meaningfully participate in rate proceedings."

Lara's proposed regulations are pending final review this month by a California office that checks for compliance with state law. If approved, they would take effect shortly after.

Lara's attempt faces opposition and possible litigation from Consumer Watchdog.

Harvey Rosenfield, founder of the group, said by phone that Lara is dismantling consumer protections that have long shielded Californians from the "rapacious greed and abuses of insurance companies." He said the group will consider legal action against the new rules.

A successful ballot measure that Rosenfield spearheaded in 1988 created the intervenor system and effected other changes such as making the state insurance commissioner an elected position rather than appointed. Proposition 103 also specifies that anytime insurers want to raise rates, they must get approval from the regulator.

The approval requirement sets California apart from many states, which let insurers change prices freely as long as they notify authorities.

Insurers say California's regulations prevented them from raising rates sufficiently to account for rising climate risk, particularly after nearly a decade of massive wildfires, capped by the 2025 conflagration in Los Angeles. As insurers left the state, hundreds of thousands of Californians have struggled to find affordable home insurance — or any coverage at all.

Lara responded with economic incentives meant to encourage insurers to expand in the state. He lifted a longtime ban on insurers using sophisticated computer models that set prices based on future climate risk. He also let insurers pass on costs to consumers linked to the rise in damage from natural disasters around the world.

The insurance department says the measures are working, with about half a dozen major insurers committing to grow business in California, including in fire-prone areas.

Under California law, anyone including consumer groups can object when an insurer asks to raise prices. The law also empowers insurance commissioners to require insurers to pay reasonable intervenor expenses and fees if a commissioner decides an intervenor represents consumer interests in a rate hearing and makes a "substantial contribution" to the outcome.

Lara's proposed regulation would retain the intervenor process but raise the hurdles for those seeking money from it.

To get paid, an intervenor would have to show the insurance department by a "preponderance of the evidence" that it made a "substantial contribution" to a commissioner's final decision.

Contributions deemed "duplicative," "wasteful" or "nonsubstantive" wouldn't be compensated.

The Office of Administrative Law has until the end of July to act on Lara's proposal. Young of the insurance-agents' association said it's "pretty rare" the office rejects a proposed regulation.

But Young noted that many of Lara's moves to bring insurers back to California were based on his soon-to-expire authority as commissioner.

Lara's successor could unwind his changes "on their first morning in office," Young said. "The power to give is the power to take away."

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