Final Rulemaking Package Submitted for California Intervenor and AHB Fairness and Accountability Regulations

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On April 20, 2026, California Insurance Commissioner Ricardo Lara submitted the final rulemaking package for the Intervenor and Administrative Hearing Bureau (AHB) Fairness and Accountability regulations (REG-2025-00006) to the Office of Administrative Law for final review. These regulations represent the most significant modernization of California's intervenor system since Proposition 103 was enacted by voters in 1988. Under Proposition 103, consumer advocacy organizations are permitted to intervene in insurance rate review proceedings before the California Department of Insurance and seek compensation for their contributions. The intervenor framework had not been meaningfully updated since 2006.

The rulemaking was first announced on September 19, 2025, with a formal Notice of Proposed Action published on October 3, 2025, initiating a 45-day public comment period. A public hearing was held on November 20, 2025, and an amended text was released for a 15-day comment period on February 13, 2026. The OAL now has up to 30 working days to complete its review, after which the regulations will be filed with the Secretary of State and take effect.

Key Regulatory Changes

The final regulations introduce several structural reforms to the intervenor process and the Administrative Hearing Bureau. Included are:

- The regulations clarify the standards for "substantial contribution" and reasonableness that govern an intervenor's request for compensation, establishing more defined criteria for when and how intervenors may be reimbursed. Commissioner Lara has emphasized that "compensation must be earned, documented, and aligned with the issues in the proceeding".
- The regulations formally define the role of the Administrative Hearing Bureau in settlement agreements and requests for compensation, providing greater specificity around the AHB's authority and procedural responsibilities.
- AHB Administrative Law Judges will be required to provide regular status updates to all parties every 30 days, a measure designed to reduce delays and improve procedural accountability.
- The regulations expand public reporting obligations by requiring the Department to post intervenor activity and statistics on its website.

- Public access to proceedings will be improved through required posting of AHB calendars, dockets, and documents. These transparency measures are intended to ensure that the rate review process operates more openly and efficiently.

Key Implications for Insurance Companies

Potentially Faster Rate Review Proceedings. The 30-day ALJ status update requirement and broader procedural reforms could materially shorten rate approval timelines. For insurers writing homeowners', commercial property, and auto lines in California, where prolonged approval cycles have contributed to underwriting losses and market withdrawals, faster approvals would improve responsiveness to loss trends, catastrophe exposure, and reinsurance cost shifts. Pricing teams should consider shortening the assumed regulatory lag factor in their indication models, for example, reducing a 12- to 18-month lag assumption to 6 to 9 months, and filing teams should prepare to increase filing frequency to capitalize on faster turnaround. Portfolio management teams that have capped new business production pending rate adequacy should develop triggers tied to filing status milestones, allowing capacity adjustments as approvals are granted.

Heightened Scrutiny of Intervenor Compensation. The clarified "substantial contribution" and reasonableness standards may reduce both the volume of intervenor compensation claims and the duration of contested proceedings, lowering outside counsel and expert witness costs while accelerating time-to-market for rate changes. Filing teams should revisit budgeting assumptions for contested proceedings, for instance, reducing the default reserve for external actuarial support and legal fees on individual filings. Pricing teams should evaluate whether previously deferred rate actions, such as class plan or territory changes shelved due to the risk of prolonged intervenor opposition, can be reintroduced into the filing pipeline. However, Consumer Watchdog has argued that the reforms could condition reimbursement on agreement with the Commissioner, potentially raising legal challenges that prolong the current uncertainty.

Greater Transparency and Predictability. Mandated posting of AHB calendars, dockets, documents, and intervenor statistics will give insurers near real-time visibility into pending proceedings, supporting better coordination across pricing, underwriting, and finance functions. Filing teams should build internal dashboards integrating the Department's public docket and calendar data to automate status tracking across pending filings. Pricing teams can use this visibility to align indication development cycles with anticipated approval dates, reducing the gap between identifying a rate need and submitting the corresponding filing. Portfolio management teams should incorporate regulatory milestone data into underwriting guidelines, for example, establishing pre-approved rating plan changes that take effect automatically upon CDI approval, eliminating a separate internal authorization cycle.

Continued Regulatory Uncertainty. The regulations remain subject to legal challenge. Consumer Watchdog has characterized the reforms as an effort to "silence the very participants the law was designed to protect," and the Consumer Federation of California has urged the Commissioner to withdraw the proposal entirely. Insurers should be vigilant concerning anticipated timelines for the new framework taking effect. Filing teams should maintain dual process workflows, one under the current intervenor framework and one under the anticipated rules, so that filings in progress can proceed without disruption regardless of outcome. Pricing teams should be cautious embedding anticipated regulatory efficiencies into loss ratio targets or combined ratio projections until the new rules are formally effective. Portfolio management teams should proceed with deliberate speed to expand capacity or loosen underwriting restrictions based solely on the expected reforms until legal certainty is established.

Part of a Broader Regulatory Overhaul. These reforms are one component of Commissioner Lara's Sustainable Insurance Strategy (SIS), which is the most comprehensive overhaul of California's insurance regulations since the passage of Prop 103, which was more than 35 years ago. For insurers considering market entry, expansion, or reentry, the cumulative effect of these reforms may alter the cost-benefit

calculus. Pricing teams should begin developing updated California indications reflecting current loss experience and trend, so that filings can be submitted promptly once the regulatory environment stabilizes. Filing teams should inventory all California product lines and identify those where rate inadequacy is most acute, creating a prioritized filing roadmap. Portfolio management teams should model re-entry or expansion scenarios under varying assumptions, for example, evaluating the capital and surplus implications of writing additional homeowners' exposure in wildfire-prone areas if rate approvals can be obtained within a compressed timeline.

Recommended Next Steps for Insurers

Insurance companies with California market exposure should review the final regulatory text in detail here. Regulatory affairs and government relations teams should assess the impact of the revised intervenor compensation standards on pending and future rate filings. Companies should also establish monitoring protocols for any legal challenges to the regulations and coordinate with industry trade groups that have expressed support for the reforms. Finally, insurers should evaluate how these changes interact with other elements of the SIS to develop a comprehensive California regulatory compliance plan.