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Regulator takes control of small failing insurer

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Media Calls Only: 916-492-3566

Email Inquiries: cdipress@insurance.ca.gov

Regulator takes control of small failing insurer

Deadliest and most destructive fire in California history overwhelms small insurer

SACRAMENTO, Calif. — California’s insurance regulator took expedited legal action today to [secure the assets of and take control of Merced Property & Casualty Company](#), in an effort to protect the company’s policyholders, including those who suffered losses in the Camp Fire. The volume of claims associated with the catastrophic Camp Fire—the deadliest and most destructive fire in California history—has overwhelmed the small insurer to the point of insolvency.

“California law gives us the authority to take over insurance companies that face insolvency. Protecting Camp Fire policyholders who have already suffered through so much was my first consideration,” said Insurance Commissioner Dave Jones. “We are moving aggressively to take the necessary legal action to take control of the company and to trigger the state law enabling the [California Insurance Guarantee Association](#) to immediately begin the process of evaluating losses and paying claims.”

This afternoon the department filed with the Merced County Superior Court an expedited request for an order enabling the takeover of the company. The California Insurance Department’s Conservation and Liquidation Office, established by law to handle the liquidation of failing insurance companies, is managing the transfer of the company’s claims handling to CIGA.

While current insurance policies remain in-force for 30 days, anyone insured with Merced Property & Casualty Company should seek coverage with another insurer immediately. Once the court issues the requested order, the Conservation and Liquidation Office will notify policyholders about where and how to file a claim with CIGA for insured losses or the return of any unearned premium on their policy.

Given the unprecedented scale of recent wildfires, Jones directed the department to conduct additional detailed reviews of every property insurer domiciled in California to make sure they are

properly managing their exposures. The department has received no reports of other insurers in a similar situation.

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Media Notes:

Consumers who have difficulty finding homeowners coverage or receive a non-renewal notice from their existing home insurer, should consider consulting an insurance broker who can shop many different companies for appropriate coverage. The [FAIR Plan](#) is available for consumers unable to find homeowners coverage.

The California Department of Insurance, established in 1868, is the largest consumer protection agency in California. Insurers collect \$310 billion in premiums annually in California. Since 2011 the California Department of Insurance received more than 1,000,000 calls from consumers and helped recover over \$469 million in claims and premiums. Please visit the Department of Insurance website at www.insurance.ca.gov. Non-media inquiries should be directed to the Consumer Hotline at 800.927.4357. Telecommunications Devices for the Deaf (TDD), please dial 800.482.4833.

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