

**California Department of Insurance  
Fiscal Year 2020-21 Seismic Safety Commission Assessment  
Informational Report**

**Background**

California Insurance Code (CIC) section 12975.9 established the Seismic Safety Account as a special account within the Insurance Fund to, upon appropriation by the Legislature, fund the Office of Emergency Services - Alfred E. Alquist Seismic Safety Commission (SSC) and the California Department of Insurance (CDI). The Seismic Safety assessment is imposed on each person who owns real property, commercial or residential, that is covered by a property insurance policy. CDI calculates the assessment annually every August 1 for all commercial and residential earned property exposures reported during the previous calendar year.

Pursuant to CIC section 12975.9(b), the annual assessment shall be based upon the number of earned property exposures from both commercial and residential insurance policies, the amount required for the support of the SSC, the actual collection and administrative costs of CDI, and the maintenance of an adequate reserve, but shall not exceed fifteen cents (\$0.15) per earned property exposure.

The FY 2020-21 total Seismic Safety assessment is \$1,534,306, invoiced at fifteen cents (\$0.15) per earned property exposure. Invoices were mailed to affected insurers in September 2020.

**Assessment Methodology**

- Used the annual Complaint Ratio Study (CRS-2019) to determine the number of earned property exposures. Calculated the total Seismic Safety Assessment revenue of \$1,534,306 by multiplying the number of earned property exposures by \$0.15.
- Added the beginning fund balance of \$188,015 in the Seismic Safety account to the Seismic Safety Assessment revenue, bringing the total FY 2020-21 resources to \$1,722,321.
- The estimated expenditures for the SSC in FY 2020-21, including the costs of fund disbursements, is \$1,347,000.
- Calculated the reserve balance of \$375,321 by taking the difference between total resources and total expenditures.

Beginning Fund Balance	\$188,015
Seismic Safety Assessment Revenue	<u>\$1,534,306</u>
<b>Total Resources</b>	<b>\$1,722,321</b>
Seismic Safety Commission Expenditures	-\$1,326,000
Fund Disbursements <sup>1/</sup>	<u>-\$21,000</u>
<b>Total Expenditures</b>	<b>-\$1,347,000</b>
<b>Reserve Balance</b>	<b>\$375,321</b>

<sup>1/</sup> Fund Disbursements are administrative costs charged directly to the fund (e.g., Pro Rata, FI\$Cal