California Department of Insurance
Fiscal Year 2015-16 Seismic Safety Commission Assessment
Informational Report

Background

California Insurance Code (CIC) section 12975.9 established a Seismic Safety sub-account in the Insurance Fund and imposed an assessment to fund the Seismic Safety Commission (SSC) upon appropriation by the Legislature. This assessment became inoperative on July 1, 2012. In Fiscal Year (FY) 2012-13, the SSC was funded by the General Fund, and in FY 2013-14, the SSC was funded by a General Fund loan in the amount of $1,122,000.

Assembly Bill 98 (Chapter 27, Statutes of 2013) re-established a Seismic Safety sub-account, effective June 27, 2013, and imposed an assessment on each person who owns real property, commercial or residential, that is covered by a property insurance policy to fund the SSC. The California Department of Insurance (CDI) shall set the assessment annually every August 1 for all commercial and residential earned property exposures reported during the previous calendar year. This assessment supports the operations of the SSC and allows a multi-year repayment of the General Fund loan.

Assessment Methodology

Pursuant to CIC section 12975.9, the annual assessment shall be set at $0.15 per earned property exposure for the first three years of implementation. CDI used the annual Complaint Ratio Study (CRS-2015) to determine the earned exposures by company.

The FY 2015-16 total assessment is $1,494,265 and CDI anticipates the distribution to be as follows:

Seismic Safety Commission	$1,240,265
Re-payment to the General Fund	121,000
Prudent Reserve	133,000
Total Assessment	**$1,494,265**

Invoices were mailed to affected insurers in October/November 2015. Enclosed is a listing that shows the insurers and its corresponding assessment for FY 2015-16.

This report can be found online at: http://www.insurance.ca.gov/0400-news/0200-studies-reports/. To obtain a hard copy of the report please contact Julia Cross, Division Chief, Financial Management Division, at (916) 492-3264.