



**RICARDO LARA**  
CALIFORNIA INSURANCE COMMISSIONER

## **BULLETIN 2026-2**

**TO: All insurers licensed to write property and casualty insurance subject to the prior approval provisions of Proposition 103**

**FROM: Insurance Commissioner Ricardo Lara**

**DATE: March 26, 2026**

**RE: Prohibition on Modifying Formulas in Rate Templates and Exhibits**

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Property and casualty insurers subject to the provisions of Proposition 103 in California are required to submit complete rate applications to the California Insurance Commissioner for review and approval before offering a new program or implementing any change to existing rates.<sup>1</sup> This also applies to rate applications filed under the Commissioner’s Sustainable Insurance Strategy (SIS).

A complete rate application includes the information specified in the Commissioner’s regulations and the Prior Approval Rate Filing Instructions (Instructions), the Prior Approval Rate Application (Application), the Prior Approval Rate Template (Template), the Standard Exhibits Template (Exhibits), and, for certain lines of insurance, the Standard SIS Exhibits Template (SIS Exhibits).<sup>2</sup> The Instructions, Application, Template, Exhibits, and SIS Exhibits are carefully prepared and periodically updated to align with relevant statutes and regulations<sup>3</sup> to capture the data necessary for the Department to conduct a thorough and complete review of each rate application.

Insurers may not modify the Department’s proprietary formulas in the Application, Template, Exhibits, and SIS Exhibits. Unauthorized and undisclosed modification of formulas violates the Instructions, which require insurers to submit a Filing Memorandum that sets forth “any adjustments/modifications to the data” and “any appropriate additional explanation regarding included exhibits.”<sup>4</sup> The Instructions also require insurers to submit an Affidavit under penalty of perjury to certify that the

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<sup>1</sup> Cal. Ins. Code §§ 1861.01(c), 1861.05(b).

<sup>2</sup> Cal. Ins. Code §1861.05(b) [“A complete rate application shall include ... such other information as the commissioner may require.”]; see also, 10 CCR § 2648.4. “Such other information” is specified in the Instructions, Application, Template, and Exhibits, which are available on the Department’s website at <https://www.insurance.ca.gov/0250-insurers/0800-rate-filings/0200-prior-approval-factors/>.

<sup>3</sup> Cal. Ins. Code §§ 1861.01 *et seq.*; 10 Cal. Code Regs. §§ 2644.1 *et seq.*

<sup>4</sup> Instructions (Ed. 7/14/25), pp. 17-18, which may be accessed via the link in footnote 2.

information submitted in connection with a rate application is “true, complete and correct.”<sup>5</sup>

Undisclosed modification to the formulas violates the Instructions and belies the veracity of the Affidavit.

Unauthorized modification of the formulas, particularly where an insurer has failed to request a variance<sup>6</sup> or otherwise disclose and explain the changes, violates the California Insurance Code and other applicable laws and regulations,<sup>7</sup> and may result in severe penalties, civil liability, and potential prosecution for perjury or other crimes if the circumstances demonstrate misrepresentation to the Department.<sup>8</sup>

**Inquiries regarding this bulletin may be directed to:**  
[REBPublicInquiries@insurance.ca.gov](mailto:REBPublicInquiries@insurance.ca.gov).

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<sup>5</sup> Instructions, p. 6; which may be accessed via the link in footnote 2.

<sup>6</sup> 10 CCR § 2644.27; Instructions, p. 11, which may be accessed via the link in footnote 2.

<sup>7</sup> See, e.g., Cal. Ins. Code §§ 790 *et seq.*, 1859, 1861.01 *et seq.*, and 10 CCR §§ 2644.1 *et seq.*

<sup>8</sup> See, e.g., Cal. Ins. Code §§ 790.07, 790.09, 1858.07, and 1859.1.