

California Department of Insurance
Proposition 103 Administrative Fees
California Licensed Insurer By Line Schedule
Fiscal Year 2025-26
Base Rate = \$443

Pie Ins Co
225 W. Washington Street Suite 1800
Chicago, IL 60606-3484

CA Perm No. 10
NAIC No. 21857

Line No.	Line Name	Written Premiums	Annual Fee
09	INLAND MRN	\$5,015	\$443
17.1	OTR LIAB OCC	\$171,095	\$443
19.4	COMLA LIAB	\$6,466	\$443
	Total for Pie Ins. Co	<u>\$182,540</u>	<u>\$1,329</u>

THIS IS NOT A BILL
This is a notification of the annual assessment.

**California Department of Insurance
Fiscal Year (FY) 2025-26 Proposition 103 Assessment
Proposition 103 Recoupment Fee Overview**

Introduction

This document describes the process by which the Proposition 103 Recoupment Fee Assessment for Fiscal Year (FY) 2025-26 was calculated.

Background

On November 8, 1988, California voters passed Proposition 103. The California Department of Insurance (CDI) was charged with creating new programs and expanding existing operations to meet the mandates of Proposition 103. California Insurance Code (CIC) sections 1861.01 – 1861.16 contain the provisions set forth by Proposition 103. The following are the major Proposition 103 provisions:

CIC Section	Title
1861.01	Insurance rate rollback
1861.02	Determination of rates; good driver discount plan
1861.025	Good driver discount policy; criteria for qualification
1861.03	Unfair insurance practices; prohibition
1861.04	Full disclosure of insurance information
1861.05	Approval of insurance rates
1861.055	Regulations governing hearings; adoption; rendering of decision
1861.06	Public notice
1861.07	Public inspection
1861.08	Hearings; law governing
1861.09	Judicial review
1861.10	Consumer participation
1861.11	Emergency authority
1861.12	Group insurance plans
1861.13	Application
1861.137	Credit insurance
1861.14	Enforcement and penalties
1861.15	Good driver discounts; minimum financial responsibility coverage policies
1861.16	Commission on issuing policy in minimum financial responsibility coverage amount; requiring sale of good driver discount policies; exceptions; interim rating plan

Effective January 1, 1995, Chapter 965, Statutes of 1994, added CIC sections 12991 and 12992 et. seq., requiring CDI to assess Proposition 103 fees based on administrative and operational CDI actual costs and to create a new fee schedule on or after October 1, 1995.

Proposition 103 costs shall apply to all insurance on risks or on operations in California, excluding exemptions as specified in CIC section 1851. The lines of business subject to Proposition 103 costs are listed below:

LINE NO.	LINE OF BUSINESS
1	Fire
2.1	Allied Lines
2.4	Private Crop
2.5	Private Flood
3	Farmowners Multiple Peril
4	Homeowners Multiple Peril
5.1	Commercial Multiple Peril (Non-Liability)
5.2	Commercial Multiple Peril (Liability)
9	Inland Marine
10	Financial Guaranty
11.1	Medical Malpractice (Occurrence)
11.2	Medical Malpractice (Claims Made)
12	Earthquake
17.1	Other Liability (Occurrence)
17.2	Other Liability (Claims Made)
18.1	Products Liability (Occurrence)
18.2	Products Liability (Claims Made)
19.1	Private Passenger Auto No-Fault (Personal Injury Protection)
19.2	Private Passenger Auto Liability
19.3	Commercial Auto No-Fault (Personal Injury Protection)
19.4	Commercial Auto Liability
21.1	Private Passenger Auto Physical Damage
21.2	Commercial Auto Physical Damage
22	Aircraft
23	Fidelity
24	Surety
26	Burglary and Theft
27	Boiler and Machinery
28	Credit
30	Warranty
34	Aggregate Write-Ins for Other Lines

Sustainable Insurance Strategy

The SIS aims to stabilize California's insurance market, which serves consumers, homeowners, and businesses. Although voters approved Proposition 103 over 30 years ago, its regulations have largely remained unchanged despite the growing challenges posed by climate change and other external factors.

Based on feedback gathered from thousands of town halls and meetings with homeowners, businesses, and individual consumers during his first term, Commissioner Lara implemented an aggressive approach to modernize insurance regulations. These updates are designed to better address consumer needs and increase the availability of insurance coverage statewide—including securing the first-ever guarantee of coverage in wildfire-distressed areas of the state.

Unlike utilities, insurance companies were not previously required by law to write policies after receiving rate increases, making coverage availability subject to individual business decisions. Over the years, this lack of obligation contributed to an insurance availability crisis exacerbated by climate change and global inflation. By modernizing regulations, Commissioner Lara's strategy aims to address these challenges and provide a more reliable insurance market for Californians.

Insurance companies will be required to write more policies in wildfire-distressed areas and reverse the growth of the FAIR Plan, California's "last resort" insurance plan. This "first in the nation" requirement will create more options for Californians in all corners of the state.

Key Milestones:

1. Extensive Public Engagement
2. Regulatory Modernization
3. Addressing Climate Risk
4. Transparency Accountability
5. Modernization of the FAIR Plan.

This comprehensive approach has set a precedent for how California can address the complex interplay of insurance availability, affordability, and climate resilience. Today, the SIS continues to evolve, building on these foundational steps to better serve all Californians. The investments associated with the modernization of the insurance market have been captured in the FY 2025-26 Proposition 103 Recoupment Fee assessment.

Methodology for Calculating Proposition 103 Costs

CDI's time and activity reporting systems require employees to maintain monthly timesheets on work activities and tasks. Timesheet information is interfaced to the Financial Information System for California (FI\$Cal). FI\$Cal is the state's accounting system that was developed, pursuant to Government Code section 13300, to account for and monitor revenues, expenditures, receipts, disbursements, and resources.

The annual Proposition 103 Recoupment Fee Assessment calculation is based on actual cost information from FI\$Cal, which reports costs by CDI's organization and program structure. Organization costs are reported by each Branch/Division/Bureau/Unit within CDI.

Program costs categories are designated by the Department to provide costs of CDI activities such as Proposition 103, examinations, fraud, and other regulatory functions.

To project the current year Proposition 103 Recoupment Fee Assessment costs, CDI analyzes the actual prior year expenditures and makes any adjustments for known workload and appropriation changes for the current year (i.e., SIS related investments). This process also rolls forward adjustments of any prior year under/over collection of assessments to determine the current year costs and ensure cost recovery.

Fee Assessment Determination

Pursuant to the California Code of Regulations, Title 10, Chapter 5, Subchapter 4.8, Article 7, section 2647.1, the recoupment fee assessment process ensures that each insurer pays a fair share of CDI's actual cost of administering Proposition 103 Recoupment Fee Assessment based on the insurer's regulatory burden. The sum of all insurers' annual fee assessments is equal to CDI's expected Proposition 103 Recoupment Fee Assessment costs for the current year and adjustments from the prior year. It also includes a contingency reserve to meet unanticipated fluctuations in expenditures and revenues. In FY 2025-26 the assessment includes increased costs as a result of the General Salary Increase and retirement adjustments effective July 1, 2025, as approved by the Administration and Legislature, Intervenor costs, and SIS related contracts.

Each insurer's annual Proposition 103 Recoupment Fee Assessment is based on the assessment factor correlating to the written premiums for each direct line of business subject to Proposition 103 (from Exhibit C) multiplied by the base rate.

The base rate for FY 2025-26 is \$443.

Billings

CDI will bill each insurer quarterly during FY 2025-26 (July 1, 2025 - June 30, 2026). Quarterly billings will be made on the 8th working day of May with the exception of the first, second and third quarters will be billed shortly after the mailing of this Notice.

**California Department of Insurance
Fiscal Year (FY) 2025-26 Proposition 103 Assessment
Proposition 103 Fee Assessment Schedule**

Base Rate (BR) - \$443

For Each Line - Derived 2024 Direct Written Premiums	Assessment Factor (AF)	Annual Fee (BR*AF)
\$0 - \$250,000	1.0	\$443
\$250,001 - \$500,000	2.0	\$886
\$500,001 - \$1,000,000	4.0	\$1,772
\$1,000,001 - \$2,000,000	7.0	\$3,101
\$2,000,001 - \$4,000,000	14.0	\$6,202
\$4,000,001 - \$7,000,000	25.0	\$11,075
\$7,000,001 - \$12,000,000	35.0	\$15,505
\$12,000,001 - \$20,000,000	50.0	\$22,150
\$20,000,001 - \$30,000,000	70.0	\$31,010
\$30,000,001 - \$45,000,000	100.0	\$44,300
\$45,000,001 - \$65,000,000	140.0	\$62,020
\$65,000,001 - \$100,000,000	180.0	\$79,740
\$100,000,001 - \$150,000,000	250.0	\$110,750
\$150,000,001 - \$250,000,000	360.0	\$159,480
\$250,000,001+	500.0	\$221,500

California Department of Insurance
Description of Department Functions Applicable to Proposition 103
Fiscal Year 2025-26

- **Administration & Licensing Services Branch** - Includes the Administrative Hearing law judges that preside over the rate hearings mandated by the provisions of Proposition 103.
- **Climate & Sustainability Branch** - Studies and compares auto rates and maintains vital information from rate filings related to Proposition 103 activities.
- **Communications & Press Relations Branch** - Has limited direct charges for Proposition 103.
- **Consumer Services & Market Conduct Branch** - Conducts inquiries into individual consumer complaints related to industry rating and underwriting practices. Oversees the Department's toll-free Consumer Hotline which provides information to the public on all insurance matters and assists consumers in resolving insurance related concerns. In addition, conducts field examinations of industry rating and underwriting practices, as well as provides legal services for the Branch.
- **Legal Branch** - The majority of the Rate Enforcement Bureau workload is dedicated to Proposition 103 activities. The other bureaus in the Branch participate in limited Proposition 103 legal matters. In addition, the Branch develops and implements procedures by which the Department may award advocate fees to participating intervenors whom make a substantial contribution to hearing decisions.
- **Rate Regulation Branch** - Most of the branch's work relates to Proposition 103 rate filings.
- **Office of Special Counsel** - Has limited direct charges for Proposition 103.
- **Department-wide Services** - Costs include the Department's share of statewide costs, rent, communications, and other operating expenses not directly assigned. To the extent practical, operating expenses that can be identified as Proposition 103 are directly assigned to the Proposition 103 program costs.
- **Note:** The Department as a whole will play a key role in implementing the Commissioner's Sustainable Insurance Strategy to protect consumers.

**California Department of Insurance
Fiscal Year (FY) 2025-26 Proposition 103 Assessment
FY 2024-25 Schedule of Actual Expenditures & Revenues**

Branch	FY 2024-25 Actual Expenditures	FY 2024-25 Actual Revenues	Difference
ADMINISTRATION & LICENSING SERVICES BRANCH			
Administrative Hearing Bureau	\$290,864		
CLIMATE & SUSTAINABILITY BRANCH			
Data Analytics & Reporting Division	1,592,981		
COMMUNICATIONS & PRESS RELATIONS BRANCH			
Communications & Press Relations	141,639		
CONSUMER SERVICES & MARKET CONDUCT BRANCH			
Deputy - Consumer Services & Market Conduct	546,563		
Rating & Underwriting Services Bureau	2,888,543		
Claim Services Bureau	2,510		
Health Claims Bureau	530		
Consumer Communications Bureau	4,852,928		
Consumer Services Division Office	150,110		
Consumer Law Unit	191,272		
Field Rating & Underwriting Bureau	1,742,051		
Field Claims Bureau	20,207		
Market Analysis Unit	50,589		
Division Office - Market Conduct	82,261		
LEGAL BRANCH			
Government Law Bureau	172,283		
Policy Regulation and Approval Bureau I	339		
Enforcement Bureau I	5,973		
Enforcement Bureau II	10,694		
Rate Enforcement Bureau	1,715,199		
Fraud Liaison Bureau	5,345		
Enforcement Bureau III	17,228		
Deputy - Legal	274,646		
Litigation Division Office	6,430		
Regulatory & Legal Services Division	54,183		
Rate Rollback	3,112		
RATE REGULATION BRANCH			
Deputy - Rate Regulation	2,038,612		
Rate Specialist Unit	1,475,726		
Rate Filing Bureau - LA I	1,767,529		
Rate Filing Bureau - LA II	1,555,234		
Rate Filing Bureau - SAC	1,323,905		
Rate Filing Bureau - OAK I	1,915,478		
Rate Filing Bureau - OAK II	2,145,980		
Rate Actuary Office	4,392,212		
Rate Filing Bureau - LA III	1,599,695		
OFFICE OF SPECIAL COUNSEL			
Office of Special Counsel	2,604,686		
DEPARTMENT-WIDE SERVICES	18,003,974		
TOTAL	\$53,641,506	\$53,868,552	\$227,046

California Department of Insurance
FY 2025-26 Proposition 103 Assessment
Fiscal Year (FY) 2025-26 Schedule of Projected Expenditures

Branch	FY 2025-26 Projected Expenditures	Adjustments (Exhibit G)	FY 2025-26 Total Assessment
ADMINISTRATION & LICENSING SERVICES BRANCH			
Administrative Hearing Bureau	\$294,639		
CLIMATE & SUSTAINABILITY BRANCH			
Data Analytics & Reporting Division	1,954,179		
COMMUNICATIONS & PRESS RELATIONS BRANCH			
Communications & Press Relations	152,774		
CONSUMER SERVICES & MARKET CONDUCT BRANCH			
Deputy - Consumer Services & Market Conduct	586,029		
Rating & Underwriting Services Bureau	3,067,166		
Claim Services Bureau	2,663		
Health Claims Bureau	574		
Consumer Communications Bureau	5,165,618		
Consumer Services Division Office	165,539		
Consumer Law Unit	212,320		
Field Rating & Underwriting Bureau	1,845,552		
Field Claims Bureau	21,010		
Market Analysis Unit	53,272		
Division Office - Market Conduct	90,922		
LEGAL BRANCH			
Government Law Bureau	201,391		
Policy Regulation and Approval Bureau I	349		
Enforcement Bureau II	12,278		
Rate Enforcement Bureau	2,415,494		
Fraud Liaison Bureau	3,045		
Enforcement Bureau III	17,854		
Deputy - Legal	338,698		
Litigation Division Office	12,402		
Regulatory & Legal Services Division	62,082		
Intervenor	1,400,000		
Rate Rollback	6,702		
RATE REGULATION BRANCH			
Deputy - Rate Regulation	4,620,497		
Rate Specialist Unit	1,552,849		
Rate Filing Bureau - LA I	1,776,408		
Rate Filing Bureau - LA II	1,637,964		
Rate Filing Bureau - SAC	1,441,117		
Rate Filing Bureau - OAK I	1,936,630		
Rate Filing Bureau - OAK II	2,150,739		
Rate Actuary Office	5,573,636		
Rate Filing Bureau - LA III	1,700,228		
OFFICE OF SPECIAL COUNSEL			
Office of Special Counsel	1,392,401		
DEPARTMENT-WIDE SERVICES			
	19,073,490		
TOTAL	\$60,944,595	\$154,034	\$61,098,630

California Department of Insurance FY 2025-26 Proposition 103 Assessment Fund Balance Activities						
Balance before FY 2019-20						\$6,202,097
	FY 2024-25	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21	TOTAL
Revenues						
Revenues in Year 1	\$53,868,552	\$48,857,778	\$40,623,387	\$38,435,852	\$35,622,378	\$217,407,947
Revenues in Year 2	0	1,554	3,623	2,228	-5,135	2,270
Expenditures						
Expenditures in Year 1	-\$49,514,506	-\$42,323,027	-\$38,144,659	-\$35,624,110	-\$34,499,755	-\$200,106,057
Expenditures in Year 2	0	76,807	47,956	33,426	-10,721	147,469
Expenditures in Year 3	0	0	124,183	103,175	28,450	255,808
Disbursements						
FI\$CAL	\$0	\$0	\$0	\$0	\$0	\$0
Pro-RATA	-3,194,000	-2,476,000	-2,217,000	-2,232,000	-1,935,000	-12,054,000
Supplemental Pension Payment (SB 84)	-933,000	-1,218,000	-1,114,000	-1,101,000	-600,000	-4,966,000
Transfers to the General Fund (AB 84)	0	0	0	-2,168,000	0	-2,168,000
Subtotal of Activity Subsequent to FY 2020-21	\$227,046	\$2,919,112	-\$676,510	-\$2,550,429	-\$1,399,783	-\$1,480,564
Total of Prior Year Activity						\$4,721,533
FY 2025-26 Contingency Reserve						\$4,875,568
FY 2025-26 Adjustments to Proposed Expenditures						-\$154,034

The information in the above table shows Proposition 103 revenues and expenditures. Revenue Source: 127100/4124600 (085) and 4171100 (081).

The revenues reported shall include actual collection plus anticipated collection. The state has a two-year reversion period in recording its revenues. As an example, payments received in FY 2021-22 for FY 2020-21 assessment (offsetting the anticipated collection) will still be recorded in FY 2020-21. This will be shown on the table as "Revenue in Year 2", which includes the reversal of the anticipated collection for this year and any additional collection. Additionally, any revenues received for FY 2020-21 after June 30, 2022, shall be recorded as a revenue for FY 2021-22.

Each state agency/department receives an appropriation to support its operation. The appropriation is available for expenditure and encumbrance during the period specified or for three years after the date it became available. The expenditures table above shows expenditures and encumbrances as they are incurred for each year. As an example, a positive amount would indicate that the anticipated expenditures (encumbrances) were not fully realized.

**California Department of Insurance
FY 2025-26 Proposition 103 Assessment
Fiscal Year (FY) 2024-25 Informational Report on Intervenor Program Costs ^{1/}**

California Insurance Code section 1861.10 provides for consumer participation in Department proceedings conducted pursuant to Proposition 103. These consumer representatives (intervenor) are entitled to compensation for reasonable advocacy fees, as determined by the Department, and the expenses they incur in proceedings conducted by the Department.

Intervenor generally participate in two types of proceedings – rulemaking and prior approval rate hearings. The rulemaking matters relate to the promulgation of regulations intended to implement provisions of Proposition 103; costs are paid by Proposition 103. The prior approval rate hearings concern rate applications by specific insurance companies; costs are paid by insurers and, ultimately, borne by policyholders through higher premiums.

Intervenor	Matter Type	Award	Insurer
Consumer Watchdog	Prior approval rate matter	\$19,508.50	Farmers Insurance Exchange, Mid-Century Insurance Company, & Truck Insurance Exchange
Consumer Watchdog	Prior approval rate matter	\$130,271.00	Pacific Specialty Insurance Company
Consumer Watchdog	Prior approval rate matter	\$175,895.15	State Farm General Insurance Company
Consumer Watchdog	Prior approval rate matter	\$79,681.50	Garrison Property and Casualty Insurance Company and USAA Casualty Insurance Company
Consumer Watchdog	Prior approval rate matter	\$62,143.50	Allstate Northbrook Indemnity Company
Consumer Watchdog	Prior approval rate matter	\$74,679.50	State Farm General Insurance Company
Consumer Watchdog	Prior approval rate matter	\$101,351.00	State Farm Mutual Automobile Insurance Company
Consumer Watchdog	Prior approval rate matter	\$28,440.00	Liberty Insurance Corporation
Consumer Watchdog	Prior approval rate matter	\$37,002.30	United Services Automobile Association
Consumer Watchdog	Prior approval rate matter	\$37,008.00	21st Century Insurance Company and 21st Century Casualty Company (21st Century)
Consumer Watchdog	Prior approval rate matter	\$54,019.00	State Farm Mutual Automobile Insurance Company
Consumer Watchdog	Prior approval rate matter	\$46,271.50	United Financial Casualty Company
Consumer Watchdog	Prior approval rate matter	\$44,035.00	Farmers Insurance Exchange, Fire Insurance Exchange, Mid-Century Insurance Company
Consumer Watchdog	Prior approval rate matter	\$90,028.50	Medical Ins. Exg. of CA

Intervenor	Matter Type	Award	Insurer
Consumer Watchdog	Prior approval rate matter	\$135,713.00	Allstate HO
Consumer Watchdog	Prior approval rate matter	\$50,072.00	First National / Safeco HO
Consumer Watchdog	Prior approval rate matter	\$40,172.00	Mercury 2022
Consumer Watchdog	Prior approval rate matter	\$63,378.50	GEICO PPA 2022
Consumer Watchdog	Prior approval rate matter	\$13,382.00	CAIC 2022
Consumer Watchdog	Prior approval rate matter	\$47,500.00	Progressive Select
Consumer Watchdog	Prior approval rate matter	\$58,120.00	Infinity Auto Spec. & RSVP
Consumer Watchdog	Prior approval rate matter	\$110,518.00	Farmers PPA
Consumer Watchdog	Prior approval rate matter	\$112,621.00	Farmers HO
Consumer Watchdog	Prior approval rate matter	\$119,439.00	Allstate Insurance Company
Consumer Watchdog	Prior approval rate matter	\$94,310.00	GEICO
Consumer Watchdog	Prior approval rate matter	\$72,514.00	Standard Fire
Consumer Watchdog	Prior approval rate matter	\$79,779.50	CSAA
Consumer Watchdog	Prior approval rate matter	\$49,676.50	Liberty Mutual Fire Insurance (Auto)
Insurer Share		\$2,027,530.00	
Proposition 103 Share ^{2/}		\$0	

^{1/} For additional information visit: <https://www.insurance.ca.gov/01-consumers/150-other-prog/01-intervenor/>.

^{2/} Information from FY 2024-25 Year-End reports.