

**STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
300 Capitol Mall, 17th Floor  
Sacramento, CA 95814**

June 12, 2024

REG-2023-00010

**INVITATION TO WORKSHOP REGARDING  
CATASTROPHE MODELING AND RATEMAKING:**

**INSURER COMMITMENTS TO INCREASE WRITING OF POLICIES IN HIGH  
RISK WILDFIRE AREAS**

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The California Department of Insurance (“Department”) will conduct a workshop to discuss the following contemplated changes: (1) adding new Section 2644.4.8 to California Code of Regulations, Title 10, Chapter 5, Subchapter 4.8, Article 4. The purpose of the contemplated changes is to allow property and casualty insurers to use catastrophe models for purposes of ratemaking based on a commitment to write homeowners and commercial policies in wildfire areas. This is part of the Department’s overall proposed rulemaking changes to allow insurers to base projected losses on complex models for purposes of determining appropriate and justified rates in order to ensure a competitive and sustainable insurance market while protecting consumers.

You are invited to participate in the workshop discussions. The purpose of this discussion is to provide interested and affected persons an opportunity to present statements or comments regarding the contemplated regulations.

**Date, Time and Location**

Date: June 26th, 2024

Time: 2:30 p.m. The virtual workshop shall continue until all in attendance wishing to provide comments have commented, or 4:30 p.m., whichever is earlier.

Location: Link to Register for the Web-based Virtual Format:

[https://us06web.zoom.us/webinar/register/WN\\_Ep67ot5hQaCud\\_fe3owzNQ](https://us06web.zoom.us/webinar/register/WN_Ep67ot5hQaCud_fe3owzNQ)

**Attendance.** To increase public participation and improve the quality of any regulations that the Commissioner ultimately adopts, interested parties are invited to attend the virtual meeting and offer comment, if they so choose.

Please note that under the California Public Records Act (Government Code section 6250, et seq.), your written and oral comments, and associated contact information (e.g., your address, phone number, e-mail, etc.) become part of the public record and may be released to the public upon request.

The telephonic call-in line to be used for the public hearing is accessible to persons with hearing impairment. Persons with sight or hearing impairments are requested to notify the logistical contact person for these discussions (listed below) in order to review available accommodations, if necessary.

Please direct all inquiries regarding the workshop to the contact persons named below.

**Regulation Text.** For purposes of promoting discussion, draft text of the proposed regulatory changes is attached. Participants should be prepared to present specific comments on the attached workshop draft regulation text during the public discussions. Participants are also invited to submit written statements and are encouraged to provide supporting documents and materials as well.

The workshop draft regulation text attached here concerns the portion of Commissioner Lara's Sustainable Insurance Strategy pertaining to allowing property and casualty insurers' commitments to write policies in high risk wildfire areas in order to use catastrophe models for purposes of ratemaking. The Department will hold insurance companies accountable to these commitments through the rate review process under Proposition 103 as part of its long-standing consumer protection mission. The Department is also providing a map which outlines the concentration of FAIR Plan policies and wildfire risk in the state.

**Public Input Regarding Alternatives.** In connection with this workshop discussion, the Department hereby seeks public input regarding alternatives to the contemplated regulations.

Please provide written or oral comments outlining any alternatives that would secure the same benefits as the contemplated regulations defining distressed areas and allowing property and casualty insurers to use catastrophe models in support of rate applications based on increasing their market share in distressed areas and other factors. The anticipated benefits of the contemplated regulations include, without limitation, the following:

- Promoting the availability of insurance in areas that have been underserved by providing an incentive for insurers to write more business in underserved areas in combination with allowing insurers to use catastrophe modeling in their ratemaking.

For each suggested alternative, please provide analysis and supporting information in your comments detailing the economic impact on entities that would be subject to or affected by the contemplated regulations. Please provide this input regarding alternatives to the contact for substantive inquiries, using the contact information below, by June 27, 2024.

**This is Not a Formal Public Hearing on Proposed Regulations.** Please be advised that participation in this workshop will be in addition to, and not in substitution for, any participation in any formal rulemaking process that may follow. This invitation to the workshop does not constitute a Notice of Proposed Action. Consequently, comments (oral or written) received in connection with this workshop discussion might not be included in any record of rulemaking that may follow. Similarly, the Department is not required to respond to comments received in connection with the workshop discussion. For this reason, if you wish to have comments included in any rulemaking file that may follow, or if you wish for the

Department to respond to your comments as part of the process by which it adopts this regulation, you must present your comments during the public comment period according to the procedures outlined in any Notice of Proposed Action.

Again, comments submitted in connection with this discussion will not be considered in any subsequent rulemaking proceeding unless they are resubmitted after the Notice of Proposed Action is issued. However, the Commissioner will consider public comments received in this workshop discussion when contemplating regulatory changes that may be proposed in a Notice of Proposed Action.

**Contact Persons.** All substantive questions and concerns regarding the contemplated regulations and/or these public discussions should be directed to Jennifer McCune, using the contact information below. Please submit any written comments via electronic mail to [CDIRegulations@insurance.ca.gov](mailto:CDIRegulations@insurance.ca.gov) by June 27, 2024.

**Logistical Inquiries**

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**Substantive Inquiries**

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