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

October 28, 2025 **REG-2025-00025**

INVITATION TO PRENOTICE PUBLIC DISCUSSION ON LONG-TERM SOLVENCY PLANNING

The California Department of Insurance ("Department") will conduct a prenotice public discussion regarding contemplated adoption of California Code of Regulations, Title 10, Chapter 5, Subchapter 3, Article 4.7 (commencing with section 2319.7). The proposed regulations aim to clarify the information related to emerging risks faced by insurance companies that the Department will consider during future financial examinations.

Both the Department and insurance companies operating in California share the responsibility of proactively preparing for future economic challenges and risks. This forward-thinking approach enhances the financial security of the state's policyholders and minimizes the risk of sudden disruptions in the insurance market, as well as broader systemic risks to California's economy.

Over the past five years, the increasing scale and complexity of technology and data collection, along with the threat of severe natural catastrophes—such as atmospheric rivers, wildfires, and flooding—have become top priorities for banking and insurance regulators worldwide. Insurance companies have employed long-term planning tools for their internal operations, and international guidance underscores the importance of scenario analyses and stress testing—not only as planning instruments but also as essential discussions involving insurance regulators.

You are invited to participate in the upcoming prenotice public discussion. This forum will provide interested and affected parties an opportunity to present their statements or comments regarding the proposed regulations.

Date, Time and Location

Date: November 14, 2025

Time: 10:30 a.m. The virtual workshop shall continue until all in attendance wishing to provide comments have commented, or 12:00 p.m., whichever is earlier.

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

https://us06web.zoom.us/webinar/register/WN_8L5R7ixrQK-e5QiKOTReig

Attendance. To increase public participation and improve the quality of regulations, 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 7920.000, 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 other inquiries regarding this discussion to the substantive contact person 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 information describing long-term solvency planning.

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

Please submit written or oral comments outlining any alternatives that could achieve the same benefits as the proposed regulations. The expected benefits of these regulations include:

- Improved efficacy in capital solvency planning by requiring insurers to assess future risks, which reduces the likelihood of undercapitalization or insolvency during market disruptions or catastrophes, while enhancing regulatory oversight of industry practices.
- Integration of catastrophe risk into financial planning, which strengthens insurer enterprise risk management by incorporating proactive scenario planning and stress testing into regulatory requirements.
- Increased consumer protections through the enhancement of insurer long-term solvency, promoting stability within the insurance marketplace.
- Improved ability for the Department to identify emerging market risks and proactively address systemic concerns by enhancing access to insurer analysis and risk data, as well as increasing awareness of industry risk mitigation technologies.

For each proposed alternative, please include an analysis and supporting information in your comments detailing the economic impact on entities subject to or affected by the proposed regulations. Submit this input regarding alternatives to the contact for substantive inquiries provided below, no later than the day of the workshop.

This is Not a Formal Public Hearing on Proposed Regulations. Please be advised that participation in this prenotice public discussion will be in addition to, and not in substitution for, any participation in any formal rulemaking process that may follow. This invitation to the prenotice public discussion does not constitute a Notice of Proposed Action. Consequently, comments (oral or written) received in connection with these prenotice public discussions will 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 prenotice public 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 these prenotice public discussions 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 prenotice public 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 the public discussion should be directed to CDIRegulations@insurance.ca.gov. Please submit any written comments via electronic mail to CDIRegulations@insurance.ca.gov no later than the day of the workshop, November 14, 2025.

Logistical Inquiries

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Substantive Inquiries

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