



## California Department of Insurance

### Prior Approval Rate Application

#### Residential Insurer Commitment Pursuant to California Code of Regulation §2644.4.8.

**Disclaimer.** This form is intended to help insurers document their commitment – it is not intended to explain or expand upon the governing regulation. Each company that chooses to make a commitment is responsible for fully complying with the regulation and must familiarize itself with the entire regulation and all of the formulas therein. In the event of any conflict between this form and the regulation, the regulation language will be controlling.

I am the \_\_\_\_\_ (*enter job title*) for \_\_\_\_\_ (*enter company name*) and am authorized to make this commitment on behalf of \_\_\_\_\_ in accordance with the rules set forth CCR Section §2644.4.8.

#### Calculating Insurer Qualifying Residential Property Market Share†

A. California Statewide Number of Earned Exposures

1. Aggregate
2. Distressed Areas

B. Insurer Number of Earned Exposures (*to be completed by Insurer*)

1. Aggregate
2. Distressed Areas

C. Insurer Market Share as a % of Total Statewide [B/A]

1. Aggregate
2. Distressed Areas

†For purposes of calculating insurer personal property market share, Earned Exposures is to be reported in house years and includes homeowners (HO-2, HO-3, HO-5, and HO-8, or equivalent), dwelling fire forms (excluding dwelling fire contents only coverage), landlord business owner policies (residential policies of 4 units or less), and mobile homes. Multiplex unit structures are counted as 1 exposure if insured for 12 months. Excluded are renters (HO-4) and condominium (HO-6) policy types.

#### Residential Insurer Commitment Worksheet:

- (a) Insurer Distressed Areas = C2 .....
- (b) Insurer 85% Standard =  $0.85 * C1$  .....
- (c) Meeting 85% Standard?.....
- (d) Are there additional policies needed to meet the 85% Standard?.....
- (e) How many earned exposures are currently at or above the 85% Standard?..
- (f1) Insurer choosing to meet the 85% Standard =  $[(b) - (a)] * A2$ .....
- (f2) Insurer choosing to increase Distressed Areas by 5% =  $0.05 * B2$ .....
- (f3) Insurer will commit to (*select value in either (f1) or (f2)*).....
- (g) Expected Insurer Commitment Date (*enter in format MM/DD/YYYY*).....

**Residential Insurer Commitment Worksheet (cont'd):**

(h) Additional Insurer Comments: Please use this section to provide information on how the insurer plans to address meeting the commitment. For example, strategies could include changing eligibility or underwriting requirements, increasing writing in distressed ZIP codes, offering policyholders with DIC policies a policy with fire coverage, and identifying specific numbers of new policies planned, or other actions to make insurance more available.

Provide a description with specific details and timelines in the text box. If there are other actions being taken by the insurer, be sure to also provide a detailed description of those other actions.

**Insurer Attestation**

Select one of the following three options. If the first option is selected, please select one of its subdivision options:

As a condition precedent to using catastrophe modeling as permitted by section §2644.4.5, represents that it opts to make, fulfill and document the fulfillment of its insurer commitment in the manner specified in section §2644.4.8; that it has calculated its statewide market share as \_\_\_\_\_ (Box C1); and that it opts to commit to write more policies in distressed areas of the state and/or insure more FAIR Plan properties as described in section §2644.4.8(d)(4)(B), in accordance with the subdivision checked below (check one box):

Subdivision §2644.4.8 (d)(1)(A) – increase to 85% in accordance with §2644.4.8.

Subdivision §2644.4.8(d)(1)(B) – maintain at 85% or more in accordance with §2644.4.8

Subdivision §2644.4.8 (d)(2) – increase by at least 5% in accordance with §2644.4.8

Alternatively, \_\_\_\_\_ represents that it is a low-premium-volume insurer as set forth in §2644.4.8(e); that it will calculate its direct California annual premium from qualifying residential property insurance policies annually; and submit a rate application that contains an insurer commitment if it later meets or exceeds \$10 million of direct California annual premium from qualifying residential property insurance as set forth in §2644.4.8(e).

Alternatively, \_\_\_\_\_ is submitting a separate document seeking permission from the Commissioner to use catastrophe modeling based on an alternative insurer commitment pursuant to §2644.4.8 (j) and understands that it may not use catastrophe modeling as permitted by subdivision §2644.4.5 unless the Commissioner approves its alternative commitment.

Date (mm/dd/yyyy): \_\_\_\_\_

Signed By: \_\_\_\_\_

Title: \_\_\_\_\_