

**California Department of Insurance
Fiscal Year 2022-23 Seismic Safety Commission Assessment
Informational Report**

Background

California Insurance Code (CIC) section 12975.9 established the Seismic Safety Account as a special account within the Insurance Fund to, upon appropriation by the Legislature, fund the Governor's Office of Emergency Services, the Alfred E. Alquist Seismic Safety Commission (SSC) and the California Department of Insurance (CDI). The Seismic Safety assessment is imposed on each person who owns real property, commercial or residential, that is covered by a property insurance policy. CDI calculates the assessment annually every August 1 for all commercial and residential earned property exposures reported during the previous calendar year.

Pursuant to CIC section 12975.9(b), the annual assessment shall be based upon the number of earned property exposures from both commercial and residential insurance policies, the amount required for the support of the SSC, the actual collection and administrative costs of CDI, and the maintenance of an adequate reserve, but shall not exceed fifteen cents (\$0.15) per earned property exposure.

The FY 2022-23 total Seismic Safety assessment is \$1,342,077, invoiced at thirteen cents (\$0.13) per earned property exposure. The assessment reflects a reduction of \$0.02 per earned property exposure from FY 2021-22, in an effort to realign the fund reserve. There was an unanticipated increase in the fund reserve due to savings generated from the Personal Leave Program-2020, which reduced salaries 9.23 percent as well as vacancies within the Seismic Safety Commission during FY 2020-21.

Assessment Methodology

- Used the annual Complaint Ratio Study (CRS-2021) to determine the number of earned property exposures. Calculated the total Seismic Safety Assessment revenue of \$1,342,077 by multiplying the number of earned property exposures by \$0.13.
- Added the beginning fund balance of \$1,749,302 in the Seismic Safety account to the Seismic Safety Assessment revenue, bringing the FY 2022-23 total resources to \$3,091,379.
- The estimated expenditures for the SSC in FY 2022-23, including the costs of fund disbursements, is \$1,506,331.
- Calculated the reserve balance of \$1,585,048 by taking the difference between total resources and total expenditures.

Beginning Fund Balance	\$1,749,302
Seismic Safety Assessment Revenue	<u>\$1,342,077</u>
Total Resources	\$3,091,379
Seismic Safety Commission Expenditures	-\$1,351,000
Fund Disbursements ^{1/}	<u>-\$155,331</u>
Total Expenditures	-\$1,506,331
Reserve Balance	\$1,585,048

^{1/} Fund Disbursements are administrative costs charged directly to the fund (e.g., Pro Rata, Supplemental Pension Repayment (SB 84)).