

California Department of Insurance
Fiscal Year 2023-24 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 2023-24 total Seismic Safety assessment is \$1,344,975 invoiced at thirteen cents (\$0.13) per earned property exposure.

Assessment Methodology

- Used the annual Complaint Ratio Study (CRS-2022) to determine the number of earned property exposures. Calculated the total Seismic Safety Assessment revenue of \$1,344,975 by multiplying the number of earned property exposures by \$0.13.
- Added the beginning fund balance of \$2,095,950 in the Seismic Safety account to the Seismic Safety Assessment revenue, bringing the FY 2023-24 total resources to \$3,440,925.
- The estimated expenditures for the SSC in FY 2023-24, including the costs of fund disbursements, is \$1,473,408.
- Calculated the reserve balance of \$1,967,517 by taking the difference between total resources and total expenditures.

Beginning Fund Balance	\$2,095,950
Seismic Safety Assessment Revenue	<u>\$1,344,975</u>
Total Resources	\$3,440,925
Seismic Safety Commission Expenditures	-\$1,393,000
Fund Disbursements ^{1/}	<u>-\$80,408</u>
Total Expenditures	-\$1,473,408
Reserve Balance	\$1,967,517

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