

Date of Hearing: July 14, 2025

ASSEMBLY COMMITTEE ON EMERGENCY MANAGEMENT

Rhodesia Ransom, Chair

SB 429 (Cortese) – As Amended July 2, 2025

SENATE VOTE: 39-0

SUBJECT: Wildfire Safety and Risk Mitigation Program

SUMMARY: Upon appropriation, establishes the Wildfire Safety and Risk Mitigation Program, administered by the Department of Insurance (CDI), for the purpose of guiding and funding the development and deployment of a public wildfire catastrophe model. Specifically, **this bill:**

- 1) Creates the Wildfire Safety and Risk Mitigation Program (Program) for the purpose of providing funding to one or more universities to create a research and educational center responsible for developing, demonstrating, and deploying a public wildfire catastrophe model that provides significant wildfire safety benefits to California Communities and assists alignment of federal, state, and local wildfire risk reduction efforts.
- 2) Provides that projects eligible for a grant include either of the following :
 - a) Development of a public wildfire catastrophe model that can provide insight for state and local emergency planners, aid wildfire safety efforts that protect life and property, increase research and development on wildfire risk mitigation strategies, inform actuarial analyses, create training opportunities for students and professionals, and support effective regulation and financial oversight of insurance, risk assessments, and insurance company solvency risks and risk management; or,
 - b) Development of outreach initiatives to identify and educate potential users of a public wildfire catastrophe model, including, but not limited to, state and local emergency planners, wildfire safety groups, agricultural and business groups, research organizations, and educators.
- 3) Defines “public wildfire catastrophe model” as a computerized process that uses the best available science to simulate potential property damage caused by major wildfires and has readily accessible documentation and programs for use by public agencies, organizations, and individuals.
- 4) Provides CDI shall administer the grant program and requires CDI to award grants on a competitive basis considering certain criteria, as specified.
- 5) Requires CDI to create and publish a framework and multiyear plan for the development, demonstration and deployment of a public wildfire catastrophe model.
- 6) Establishes the Wildfire Safety and Risk Mitigation Account within the Insurance Fund.
- 7) Requires CDI, upon implementation of the first round of grants to identify, publish, and make available on its internet website key milestones for the completion of a public wildfire catastrophe model, including additional research, outreach, and operational steps needed to fully establish the model.

- 8) Requires CDI to provide recommendations to the Senate Committee on Insurance, Assembly Committee on Insurance, Budget Committees, and the Governor for the future budget allocations before September 1, 2026.
- 9) Provides the Program is operative upon appropriation by the Legislature.

EXISTING LAW:

- 1) Provides for the regulation of insurers, agents and brokers, and other insurance-like organizations by the Insurance Commissioner, and imposes a broad range of financial solvency, licensing, and market behavior requirements, as set forth in the Insurance Code.
- 2) Establishes the “Safer from Wildfires” Framework. (Section 2644.9 of Title 10 of the California Code of Regulations)

FISCAL EFFECT: Unknown.

COMMENTS:

Purpose of the bill: According to the author, “This first-in-the-nation public wildfire catastrophe model will be transparent, science-driven and work for everyone – homeowners, communities, emergency responders and local governments. By investing in a university-led research center, this bill ensures a model that not only improves wildfire preparedness and planning, but also gives consumers and communities a clearer picture of wildfire risk and if they are getting a fair deal on insurance. SB 429 levels the playing field and makes California safer for all.”

Equity impact: According to the author’s staff, “Publicly accessible data on catastrophe risks promotes equitable access to risk information that can be critical to planning, preparation, and training in underserved and vulnerable communities. For historically marginalized communities, additional public wildfire risk resources like public wildfire modeling will provide a core level of information to inform local governments, businesses, and emergency services to reduce the impacts to people and households. Without public wildfire modeling, only businesses or local governments able to purchase private modeling information would have the benefits of important risk information.”

Catastrophe Modeling: While the inception of probabilistic catastrophe risk modeling materialized in the late 1980s, the use of catastrophe models to monitor risks became more widely accepted in the 90s. Models for catastrophes were initially created to assist insurers in assessing infrequent yet expensive catastrophic events. Hurricane Andrew made landfall in South Florida in 1992, and the Northridge Earthquake occurred in Southern California in 1994. Both events led actuaries to recognize that probabilistic computer simulation models would help estimate probable maximum losses for these severe events. Andrew was the costliest natural disaster in U.S. history as insurance payouts for damaged homes, vehicles, and businesses damaged by the storm in both Florida and Louisiana. Hurricane Andrew established that calculations based strictly on historical losses underestimated the projected losses. Before Hurricane Andrew, insurers depended only on historical claims experience to assess possible losses.

Wildfire catastrophe models are computerized processes that simulate potential property damage caused by major wildfires at the community-wide or regional level. Catastrophe models have been rapidly evolving since their introduction in the 1980s, and they inform wildfire safety planning, building construction, insurance rate setting, and other areas. Currently there are multiple privately owned wildfire models, but no publicly owned and operated model.

Public Wildfire Catastrophe Model Strategy Group: In September 2024, The Insurance Commissioner asked CalPoly Humboldt to lead and convene a strategy group with the purpose of determining how to create a public model in California. The strategy group was tasked with making recommendations to the Insurance Commissioner regarding steps to take to create a public model. The group released the report on May 6, 2025 with, among other things, the following initial recommendation:

We recommend the creation of a grant program at the Department of Insurance to fund a center harnessing the power of California's higher-education and non-profit expertise on wildfire safety. Policymakers should create a grant program at the Department of Insurance to create a research and educational center housed at one or more California universities. The grant program can include university and non-profit researchers on modeling, wildfire science, and risk communication. The grant program should specify that any public model supports consistent, accurate data collection on risk mitigation programs at all levels, and publicly available outputs usable by local communities in supporting risk reduction efforts and effective wildfire safety education. In this initial phase, the new research and educational center would identify the core elements of a public wildfire catastrophe model and a multi-year implementation plan. The center would identify a user base and do initial community education and research about the uses of a model.

California Risk Modeling Advisory Workgroup: AB 642 from 2021 required the creation of a risk modeling advisory working group to advise CAL FIRE, in consultation with the State Fire Marshal and the Insurance Commissioner on wildfire risk modeling. The working group was tasked to make recommendations on understanding and modeling wildfire risk for a community and specific parcels within the local responsibility or state responsibility area and to include a strategy to account for mitigating factors designed to reduce risk. It was noted that the report did not attempt to address the use of catastrophe models in insurance pricing.

Arguments in support: Insurance Commissioner Ricardo Lara writes, "As the proud sponsor, I respectfully request your support of SB 429 authored by Senator Dave Cortese, when it comes before your committee. SB 429 would establish the Wildfire Safety and Risk Mitigation Program and allow the Department to pursue partnerships to research public catastrophe modeling. With extreme wildfires increasing over the past decade, there's a need to better plan and prepare communities at a level we have never seen before. Publicly accessible data and computer modeling can help California achieve wildfire mitigation at the community-wide scale needed to prevent more tragic losses. A first-in-the-nation public wildfire model will be a critical tool for firefighters, city leaders, scientists and students – and keep California at the forefront of safety and innovation."

United Policy Holders writes, "I write on behalf of United Policyholders in strong support of SB 429, The California Wildfire Public Model Act, introduced by Senator Cortese. This bill will facilitate the creation of a tool that will serve as a measuring stick/benchmark for the California

Department of Insurance Rate Regulation Bureau and other stakeholders to use to evaluate the validity of Catastrophe (“CAT”) Models created by private companies for insurance industry clients. The public CAT Model contemplated by this bill will help expose if and when private CAT Models are overstating risk, understating mitigation, and/or being used to justify excessive rates.”

The Natural Resources Defense Council writes, “On behalf of Natural Resources Defense Council (NRDC) and NRDC Action Fund, we are writing to express our support for SB 429 (Cortese), which would direct California universities to develop a publicly accessible wildfire catastrophe model. As wildfire risk continues to escalate throughout California, insurers and reinsurers are increasingly turning to sophisticated catastrophe models to estimate climate-related threats and project potential financial losses. However, these models are often proprietary and operate with limited transparency, obscuring critical details about their data inputs and underlying assumptions. This lack of openness leaves regulators, policymakers, and the public with little insight into the rationale behind rising insurance rates and shifting underwriting practices.”

Committee Amendments:

- 1) To ensure the Wildfire Risk Mitigation Program incorporates wildfire risks and hazards known to state and local emergency management and hazard mitigation officials, the author may want to add:

(7) Ensure activities undertaken pursuant to this article complement wildfire mitigation priorities identified in local and state hazard mitigation plans and in after-action reports following federal Major Disaster Declarations related to wildfires.

- 2) The author may wish to add the Assembly Committee on Emergency Management to the list of legislative committees that shall receive CDI’s recommendations.

Double referral: This bill was double referred and passed the Assembly Committee on Insurance on the July 9, 2025.

Related legislation: - AB 1 (Connelly) of this Session. This bill would require the department, on or before January 1, 2030, and every 5 years thereafter, to consider whether or not to update its regulations to include additional building hardening measures for property-level mitigation efforts and communitywide wildfire mitigation programs. As part of this consideration, the bill would require the department to consult with specified agencies to identify additional building hardening measures to consider, as well as to develop and implement a public participation process during the evaluation. (Pending before the Senate Committee on Appropriations)

AB 1531 (Committee on Emergency Management) of this Session. This bill adds CDI to the California Wildfire Mitigation Program (CWMP) Board. (Pending before the Senate Committee on Appropriations)

SB 616 (Rubio): Would create an independent Community Hardening Commission within the Department of Insurance, with the goals of developing a unified and centralized fire mitigation

standard for all levels of government across the state, as well as generating guidelines to enable the creation of a wildfire data sharing platform. (Set to be heard in the Assembly Committee on Emergency Management on July 14, 2025)

Prior legislation: SB 824 (Lara, Chapter 616, Statutes of 2018): Requires, among other things, that commencing April 1, 2020, insurers with premiums of \$10,000,000 or more report to the Insurance Commissioner specified residential property experience data for policies written in California for the two previous years, and increases the reporting threshold amount every five years thereafter. Also requires that such information is posted to the CDI website in the form of a report on wildfire risk, and updated every two years with new data submitted by insurers.

AB 3164 (Friedman, 2020, Vetoed by the Governor): Would have required the California Department of Forestry and Fire Protection (CAL FIRE) to develop a wildland-urban interface wildfire risk model.

AB 642 (Friedman, Chapter 375, Statutes of 2021): Created a Risk Modeling Advisory Workgroup to advise CAL FIRE, in consultation with the State Fire Marshal, and the Insurance Commissioner on wildfire risk modeling.

AB 1933 (Calderon) 2024 Legislative year. This measure would have required CDI to report to the Assembly Committee on Insurance and the Senate Committee on Insurance regarding wildfire risk models, on or before, January 1, 2026, and annually, thereafter. (Died in Senate Insurance Committee.)

REGISTERED SUPPORT / OPPOSITION:

Support

Americans for Financial Reform
Carbon Plan
Consumer Federation of America
Consumer Federation of California
Consumer Watchdog
Environmental Defense Fund
Insurance Commissioner Ricardo Lara / California Department of Insurance
Little Hoover Commission (org & Economy Comm.)
Livable California
Natural Resources Defense Council (NRDC)
Public Citizen
Silicon Valley Youth Climate Action
Socal 350 Climate Action
United Policyholders

Opposition

None on file.

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