

California Catastrophe Response Council

MEETING MINUTES

Date: July 24, 2025

Time: 2:00 PM

Location: Feckner Auditorium, Lincoln Plaza North, 400 P Street, Sacramento, CA 95811 & via Zoom/Teleconference (Meeting ID: 870 7129 2065)

1. Quorum: Call to order and member roll call

Chair Mark Ghilarducci called the meeting to order at 2:05 PM.

Susan Johnson (CEA Governance Liaison) conducted roll call and confirmed quorum.

Roll Call

<u>Council Member</u>	<u>Attendance</u>
Mark Ghilarducci, Chair, designee of Governor Gavin Newsom	In Person
Paul Rosenstiel, Vice Chair Public Member	In Person
Khaim Morton designee of State Treasurer Fiona Ma	In Person
Michael Martinez, designee of Insurance Commissioner Ricardo Lara	In Person
Bryan Cash, designee of Secretary of Natural Resources Wade Crowfoot	In Person
Tracy Van Houten, appointee of the Speaker of the Assembly	In Person
Kathleen Ritzman, appointee of the Senate Committee on Rules	Remotely (Via Zoom)
Rhoda Rossman Public Member	In Person
Catherine Barna Public Member	In Person

Council Members Absent: None

CEA Staff Present: Tom Welsh (Chief Executive Officer), Shawna Ackerman (Chief Risk and Actuarial Officer), Tom Hanzel (Chief Financial Officer), George Sittner (Chief Insurance and Claims Officer), Susie Hernandez (Legislative Director), Susan Johnson (Governance Liaison), Suman Tatapudy (General Counsel)

Also Presenting: Patxi Uriz, PH.D., P.E., Senior Director, Model Development, Moody's; Sheri L. Scott, FCAS, MAAA, CSPA, Milliman

Public Attendees: Members of the public attended in person, and via Zoom/Teleconference.

At this point, Item 9 (Public Comment) was taken up out of order (see below).

2. Minutes: Review and approve the minutes of the May 1, 2025, meeting of the Council.

The draft minutes from the May 1, 2025, meeting were reviewed.

Motion: Ms. Van Houten moved to approve the minutes; Mr. Morton seconded.

No public comment was received.

Outcome: Motion passed by unanimous roll call vote.

3. Executive Report: CEA Chief Executive Officer Tom Welsh and other executive staff will provide the Council with a report and facilitate Council discussions on the following topics:

A. Legislative Matters – Wildfire Fund Durability Initiative; Communications with the Legislature; and pending legislation with potential direct impact on the Wildfire Fund.

Presented by Legislative Director Susie Hernandez.

AB 825 and SB 330

- Both bills contain a variety of provisions aimed at reducing energy costs for ratepayers.
- Both create new transmission project entities required to participate in the Wildfire Fund.
- Both bills are opposed by the utilities currently participating in the Wildfire Fund.
- Senate Energy Committee Analysis: “The fund was never envisioned to include other entities...”
- Bills are evolving, discussions are ongoing, and Administrator staff will monitor closely and stay engaged.

B. Claims from Covered Wildfires – Dixie & Kincade Fires

Presented by Chief Insurance and Claims Officer George Sittner.

Dixie Fire

- PG&E estimates losses in excess of \$1.925B.
- Review of claims paid concludes reasonable business judgement standard met.
- Wildfire Fund probable exposure \$925M.
- \$470M reimbursed to date.

Kincaid Fire

- PG&E estimates losses in excess of \$1.275B.
- Due to the fact that PG&E was the subject of an insolvency proceeding at the time of this fire’s ignition, California law dictates that PG&E is only able to recover a

maximum of 40% of the allowed amount of its eligible claims for this fire from the Wildfire Fund (after meeting the \$1 billion retention).

- Wildfire Fund probable exposure \$110M.

Administrator staff also described claim types, claimant types, and the claim review process to evaluate whether an IOU exercised reasonable business judgement.

Due to the Councils oversight role, Council requested staff to provide sufficient data to understand claims settlement percentages, particularly in light of subrogation concerns, balanced against the need for confidentiality in settlement processes.

C. Financial Report – Wildfire Fund Financials as of June 30, 2025

Presented by Chief Financial Officer Tom Hanzel.

Balance Sheet

- Total cash and investments: \$13.5B investments.
- Loss Adjustment Reserves: \$590M, related to Dixie and Kincaid Fires (PG&E) \$444M paid on those fires so far.
- \$12.9B net position.
- \$22B in current claim-paying capacity.
- Liquidity strategy reviewed: Average duration has been reduced to 1.72 years, and realizing a 3.1% return.

D. Enterprise Risk Management

Presented by Chief Risk and Actuarial Officer Shawna Ackerman.

- Legislative risk elevated to high.
- Closely monitoring reputational risk given concerns about Wildfire Fund durability.

IT and Data Systems:

- SOC 2 Type 2 certification achieved, recertification underway.
- Third party risk management vendor hired to help ensure vendors are in compliance.
- Cybersecurity insurance renewal underway.
- Standing committee on risk and compliance monitors staff compliance with continuously updated policies and training.
- Business Impact analysis underway in anticipation of scenario where Administrator must address claims related to an earthquake and wildfire at the same time.

4. Perspectives on Eaton Fire Loss estimates: Representatives from Moody's and Milliman will provide perspectives on estimated losses from the January 2025 Eaton Fire

Representatives from Moody's and Milliman provided perspectives on estimated losses from the Eaton Fire. Council members engaged in a discussion with the representatives to seek additional information and clarification on points that were presented. Highlights of the presentation are included below.

- Moody's
 - Methodologies were discussed
 - Insured losses: \$7B – \$12B
 - Economic losses estimated to be 20% -25% higher (not including firefighting or infrastructure costs)
 - Significant uncertainties persist including:
 - Impacts of litigation
 - Impacts of tariffs
 - Immigration policies on labor
 - Interest rates
 - Abatement, soil remediation, seismic upgrades and firefighting costs
- Milliman
 - Increases in US climate-related disasters discussed
 - Methodologies were discussed
 - Significant uncertainties persist
 - Estimated total insured loss and loss adjustment expense \$13.7B - \$22.8B

5. Subrogation Claims Discussion: Mr. Welsh and other executive staff will facilitate a discussion of AB 1054's subrogation claim settlement provisions.

- The Administrator must review and approve IOU claim settlements as reasonable business judgments before reimbursing from the Wildfire Fund.
- AB 1054 sets a 40% target for subrogation claim settlements – it is a goal, not a hard cap.
- Subrogation claims from entities like hedge funds, which seek settlement percentages in excess or greatly in excess of that goal threaten the durability of the Wildfire Fund.
- Refusing reimbursement above 40% does not necessarily protect the Fund – IOUs remain liable for full settlements and the Fund is required to pay the full judgment amount of subrogation claims that are finally adjudicated.
- Imposing a hard cap by withholding reimbursement may incentivize litigation.
- Achieving lower subrogation settlement rates would require legislative change.
- Subrogation claims should be understood in the context of the larger ecosystem. Subrogation claims are a tool for the insurance regulator to foster a viable, competitive

insurance market; lower subrogation recoveries could cause insurers to come to the regulator seeking higher rates.

6. Plan of Operations: CEA General Counsel Suman Tatapudy will ask the Council to review and consider approval and adoption of the Administrator's Sixth Annual Plan of Operations (Annual Report) to the Legislature and, if approved, authorize the Administrator to deliver the Sixth Annual Report to the Senate Committee on Energy, Utilities and Communications and the Assembly Committee on Utilities and Energy.

- California Public Utilities Code section 3283 requires the Council to direct the Administrator to prepare and present for approval an annual Plan of Operations.
- The Sixth Annual Report covers the one-year period of July 12, 2024, through July 11, 2025.
- On July 3, 2025, Administrator staff circulated a draft of the Report to council members (individually). This is the first opportunity council members have had to discuss the Report and its contents.

Motion: Ms. Van Houten moved to approve the Sixth Annual Report and to authorize the Administrator to present the Sixth Annual Report to the Senate Committee on Energy, Utilities and Communications and the Assembly Committee on Utilities and Energy; Mr. Morton seconded.

No public comment was received.

Outcome: Motion passed by unanimous roll call vote.

7. Administrator Evaluation: Council Member Tracy Van Houten will give an overview of the process used for the Council's annual evaluation of the CEA's performance as Administrator of the Wildfire Fund during 2024. Mr. Welsh will present the comments received from the Council on CEA's performance.

- Same process as in years past - survey answered by each council member
- Scores on 0 – 5 scale (with 5 being best)
- Numerical Results
 - Leadership and Culture 4.6
 - Financial Leadership 5.0
 - Council Relations 4.6
 - Claims Administration 4.6
 - Enterprise Risk Management 4.8
 - Overall Performance 4.7
- Council commentary
 - Leadership and Culture: Be more proactive in developing plans for Council to address potential large drain on Fund
 - Council Relations: More frequent, enriched information to ensure all Council

members are up to speed

- Council Relations: It would be useful to get updates/briefings on legislative matters/understanding
- Claim Administration: It is important to exercise and consider various scenario-based claim challenges
- Enterprise Risk Management: This area needs constant attention, particularly as claims pick up, to ensure appropriate security and reliability

8. **Claims Administration Procedures: Chief Insurance & Claims Officer George Sittner will facilitate a discussion on conceptual amendments to the *Procedures* to establish the Administrator's view on reasonable business judgment for Direct Payments for Community Recovery Programs.**

Highlights:

- The purpose of the proposed conceptual amendments is to establish criteria and guiding principles that an IOU must adhere to when developing a Direct Payments for Community Recovery Program.
- These Programs are designed to quickly compensate certain wildfire claimants through an easy-to-follow process.
- The proposed criteria are intended to ensure that the Program is fair, consistent, objective, and aligned with applicable law and an IOU's responsibility to exercise reasonable business judgment in settling claims. Proposed criteria:
 - Clearly defined, publicly available eligibility standards
 - Objective, standardized damage assessments
 - Uniform compensation framework with consistent settlements
 - Transparent claims process
 - Sophisticated processes to eliminate fraud and duplicate payments
 - Timely processing
 - Protections against discrimination including outreach
 - Auditability with thorough documentation of all processes

Council members discussed the proposed criteria with Administrator staff and expressed a willingness to consider amendments to the *Procedures* along the lines of the conceptual amendments. Administrator staff committed to bringing the amendments to the Council for consideration during a future meeting.

9. **Public Comment: Public comment on matters within the California Catastrophe Response Council's subject matter jurisdiction that do not appear on this Agenda. Please note that while the Council may hear general public comments on matters within its subject matter jurisdiction, Council members may not otherwise deliberate, including providing substantive comments in response to, any matter not specified on this Agenda.**

This item was taken up earlier in the meeting. Chair Ghilarducci reopened the floor for public comment.

Public Comment: Emma Canevari attended remotely. Ms. Canevari's full public comment is attached to these minutes.

Adjournment

Meeting adjourned at 4:48 PM

CALIFORNIA EARTHQUAKE AUTHORITY
WILDFIRE FUND ADMINISTRATOR

PUBLIC MEETING OF THE
CALIFORNIA CATASTROPHE RESPONSE COUNCIL

PARTIAL TRANSCRIPT -
PUBLIC COMMENT RECEIVED DURING THE MEETING

CalPERS - FECKNER AUDITORIUM
LINCOLN PLAZA NORTH

400 P STREET

SACRAMENTO, CALIFORNIA

THURSDAY, JULY 24, 2025

2:00 P.M.

Recorded by: Ramona Cota

APPEARANCESCalifornia Catastrophe Response Council Members:

Mark Ghilarducci, Chair, designee of Governor Gavin Newsom

Khaim Morton, designee of Treasurer Fiona Ma

Michael Martinez, designee of Insurance Commissioner
Ricardo Lara

Bryan Cash, designee of Secretary of Natural Resources Wade
Crowfoot

Tracy Van Houten, appointee of the Speaker of the Assembly

*Kathleen Ritzman, appointee of the Senate Committee on
Rules

Paul Rosenstiel, Vice Chair, Public Member

Rhoda Rossman, Public Member

Catherine Barna, Public Member

Members of the CEA staff in attendance:

Tom Welsh, Chief Executive Officer

Shawna Ackerman, Chief Risk and Actuarial Officer

Tom Hanzel, Chief Financial Officer

Susie Hernandez, Legislative Director

George Sittner, Chief Insurance and Claims Officer

Suman Tatapudy, General Counsel

Susan Johnson, Governance Liaison

*Participated remotely

APPEARANCESGuest Speakers:

Patxi Uriz, PhD, PE, Senior Director, Model Development
Moody's

Sheri L. Scott, FCAS, MAAA, CSPA, Principal and Consulting
Actuary
Milliman

Members of the Public Offering Comment:

*Emma Canevari

*Participated remotely

PROCEEDINGS

4:46 p.m.

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3 MS. CANEVARI: Hi. I have a quick question for
4 you guys. Well, I just want to start off by thanking
5 everybody involved in the, you know, oversight and
6 administration of this Fund. You know, I think this is
7 really good work that you guys are doing and I really
8 appreciate all of you guys.

9 My question pertains to the process of qualifying
10 wildfires. It is my understanding that there's a date that
11 was created in 2019 that, you know, everything after that
12 could potentially be a qualified fire. My family and
13 myself were affected by the Tubbs Fire in 2017 and we lost
14 our home and everything that we owned and pets and all that
15 kind of stuff. So, we were -- we're involved in the Fire
16 Victim Trust and they just announced just a couple days ago
17 that, you know, they are wrapping things up and the last
18 payout they are expecting to be 1% or less of the -- your
19 determination amount, which will bring us to a total of 71%
20 at the max.

21 So, I just wanted to ask if there was any
22 discussion or anything in the legislation that's being
23 considered that will include any of the 2017 wildfires, or
24 if there's, you know, any conversation about that falling
25 under this Fund or anything like that?

1 CHAIR GHILARDUCCI: Thank you for the question.

2 MR. WELSH: Yeah, if you go on our website -- why
3 don't you find our contact information or we'll get you
4 that and we can provide you the same kind of information we
5 have shared with other people in your situation.

6 MS. CANEVARI: Okay.

7 MR. WELSH: Happy to share that detail with you.

8 MS. CANEVARI: Perfect. I will do, I will do
9 that.

10 MR. WELSH: Okay, thanks.

11 CHAIR GHILARDUCCI: Thank you for your question.

12 MS. CANEVARI: Thank you, guys.

13 CHAIR GHILARDUCCI: Any other comments?

14 MS. JOHNSON: There are no other requests for
15 public comment.

16 CHAIR GHILARDUCCI: Okay. Well, with that we
17 stand in adjournment. Thank you all very much.

18 (The meeting was adjourned at 4:48 p.m.)

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CERTIFICATE OF REPORTER

I, RAMONA COTA, a Certified Electronic Reporter and Transcriber, do hereby certify that I am a disinterested person herein; that I recorded the foregoing meeting of the California Catastrophe Response Council and thereafter transcribed the recording.

I further certify that I am not counsel or attorney for any of the parties in this matter, or in any way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 31st day of July, 2025.



RAMONA COTA, CERT**478