

California Catastrophe Response Council

MEETING MINUTES

Date: October 30, 2025

Time: 2:00 p.m.

Location: California Department of Food and Agriculture, Main Auditorium, 1220 N Street, Sacramento, CA 95814

1. **Quorum: Call to order and member roll call**

Chair Ghilarducci called the meeting to order at 2:03 PM.

Ms. Johnson called roll and confirmed a quorum.

Roll Call

| Council Member | Attendance |
|--|---------------------|
| Governor - Designee Mark Ghilarducci | In Person |
| Treasurer - Designee Khaim Morton | Remotely (via Zoom) |
| Insurance Commissioner - Designee Michael Martinez | In Person |
| Secretary of Natural Resources - Designee Bryan Cash | In Person |
| Tracy Van Houten | In Person |
| Kathleen Ritzman | Remotely (via Zoom) |
| Rhoda Rossman | In Person |
| Paul Rosenstiel | Remotely (via Zoom) |
| Catherine Barna | 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), Suman Tatapudy (General Counsel), Susan Johnson (Governance Liaison).

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

Chair Ghilarducci outlined public comment procedures and reminded Council members not to discuss non-agenda items.

2. Minutes (Action): Review and Approve Minutes of July 24, 2025, Meeting

The draft minutes from the July 24, 2025, meeting were reviewed.

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

No public comment was received.

Outcome: Motion passed by unanimous roll call vote.

3. Executive Report (Information): CEA Executive Staff will provide a report and lead a Council discussion on Wildfire Fund administration activities, with focus on:

A. The January 7, 2025, Eaton Fire.

Chief Executive Officer Tom Welsh outlined the severity of the January 2025 wildfires, the Wildfire Fund's role in recovery, and the respective responsibilities of CEA, the Participating Utilities, and the Council.

- The Eaton fire burned 14,000 acres, destroyed over 9,000 structures, caused 19 fatalities, and was contained on January 31, 2025.
- CEA coordinated with Southern California Edison (SCE) before knowing whether the fire would be deemed a covered wildfire.
- SCE notified CEA in mid-September that statutory requirements for a covered wildfire were met; CEA reviewed the information and agreed in writing after reviewing the documentation from SCE.
- The statutory trigger to deem the Eaton Fire a “covered wildfire” has occurred and CEA is now fully in response mode, working with SCE.

B. SB 254 – Overview of Key Provisions.

Presented by Mr. Welsh.

- The scale of the January 2025 fires, especially the Eaton fire, drew market attention and led to SB 254's development through collaboration among legislators, the governor's office, and stakeholders.
- SB 254 includes several significant provisions affecting the Wildfire Fund. At passage, it was unclear whether the Eaton fire would be a covered wildfire and draw on the fund's roughly \$21 billion in existing claim-paying resources; legislators acted based on concerns about long-term Fund capacity.
- The key provisions of SB 254 that impact the Fund and the Administrator were reviewed, including an overview of the new Continuation Account,

“Right of First Refusal for Subrogation Offers,” Reporting Consolidation, and the Natural Catastrophe Resiliency Study (next sub-section).

C. The SB 254 Natural Catastrophe Resiliency Study.

Presented by Mr. Welsh and Dr. Laurie Johnson (consultant, Research Study Director).

- SB 254 assigns CEA to conduct a Natural Catastrophe Resiliency Study examining insurance markets, utility stability, and statewide preparedness, with an April 1, 2026 deadline.
- A description was provided of the plan for a collaborative, whole-of-government approach supported by state agencies and entities.
- A detailed overview was provided of the legislative directive to evaluate and recommend models or approaches that could complement or replace the Wildfire Fund, which will include recommendations to accelerate recovery, mitigate damage, and equitably allocate burdens from natural catastrophes.
- An overview of the timeline and study team organizational structure was provided.
- It was acknowledged that Council Members would have dual roles – as members of the Council acting as a collective organization and as individuals or representatives of a state agency – and the need to carefully manage council-wide contributions was addressed. The tentative February 5 meeting is anticipated to provide a substantive opportunity for the Council to review progress.
- Council members were invited to share interest areas, availability, and engagement preferences and affirmed adherence to Bagley-Keene requirements.

4. Southern California Edison (Information): Representatives of Southern California Edison will present on its Wildfire Recovery Compensation Program in response to the Eaton Fire.

Ms. Van Houten, a resident of Altadena, recused herself as she may be a potential claimant.

SCE’s General Counsel Jennifer Hasbrook and Director of Corporate Risk Management Matt Dwyer outlined SCE’s voluntary Wildfire Recovery Compensation Program (WRCP) which was announced in July and launched on October 29th. Council Members engaged in discussion and asked SCE questions concerning the WRCP.

5. Claims Administration (Information & Action):

A. Claims Administration Updates: Mr. Sittner will provide an update on the status of covered wildfires that have resulted in or are anticipated to result in

eligible claims. Update on the status of covered wildfires resulting in or anticipated to result in eligible claims.

Presented by Chief Insurance and Claims Officer George Sittner.

Dixie Fire

- PG&E reached the \$1 billion paid-claims threshold in June 2024.
- As of October 6, PG&E had paid over \$1.85B and committed \$1.902B against a \$2.125B estimate (a \$223M variance), with monthly settlements continuing and moving closer to the estimate.
- Anticipated that claims from this fire are nearing completion.

Kincade Fire

- PG&E reached the \$1 billion threshold in February 2025.
- A \$48M difference remains between committed settlements and the estimate.
- Anticipated that claims from this fire are nearing completion.

CEA has directed PG&E to file its application with the Public Utilities Commission to begin its catastrophic wildfire proceeding(s) for both the Dixie and Kincade fires. The proceeding will assess whether PG&E must reimburse the fund. It is unknown how long this proceeding may take; staff will continue to monitor and provide updates to the Council.

Eaton Fire

- The Eaton Fire is now considered a “covered wildfire.”
- SCE has disclosed a subrogation settlement at 52 cents on the dollar with an insurance carrier (not a financial intermediary) that paid its policyholders ~\$500M to settle claims for the Eaton fire; the settlement is paid by the utility, counts toward early payments, and Wildfire Fund reimbursements will only begin after the \$1 billion threshold is reached.

Staff have reviewed documentation provided by SCE on its WRCP. Based on its review, including demonstrations and discussions with SCE and analysis by staff together with the Administrator’s third-party claim services provider and within the limited timeframe available, staff have reached the preliminary conclusion that, if the WRCP, as designed, is appropriately applied and faithfully implemented, the resulting settlements with claimants who elect to participate in the WRCP should satisfy the statutory requirement that settlements result from SCE’s exercise of reasonable business judgment. The Administrator will review all settlements generated under the WRCP to ensure that they are implemented in strict accordance with the WRCP’s established criteria in accordance with the Fund’s Claims Administration Procedures.

B. Claims Data Reporting and Council Oversight of Claims Administration: Chief Insurance & Claims Officer George Sittner and representatives of Sedgwick will lead a Council discussion on claims administration functions.

Presented by Sedgewick Project manager Casey Hart and Vice President of Claims Data Science Antonio Figaro.

Key Highlights:

- Sedgwick has operated in claims review mode since April 2024 for Dixie, Kincade, and Eaton.
- An overview was provided of early program challenges in coordinating data standards, unifying data management, implementing technology and statistical methods to ensure consistent interpretation of data fields and secure, standardized transmission, and balancing data needs with claimant privacy.
- Identified efficient review of very large wildfire events as a key challenge and described Sedgwick's inferential statistical approach. This has produced representative samples under 20-25% of claims while, combined with outlier reviews, providing direct dollar coverage over 60% with high statistical confidence.

Mr. Sittner stated that the hope is by the next Council Meeting to deliver a formal presentation with a comprehensive report by wildfire, including visual dashboards, and invited council suggestions on what information would best support oversight. Council members expressed that they are comfortable proceeding with the recommended quarterly reporting schedule unless concerns arise after reviewing the reporting package. They noted they may later request additional detail, specificity, or more frequent updates.

C. Proposed Amendments to the *Wildfire Fund Claims Administration Procedures*: Mr. Sittner and Chief Financial Officer Tom Hanzel will present proposed amendments to the *Procedures* related to:

- i. **Participating Utility Wildfire Claim Compensation Programs; and**
- ii. **Participating Utility Liquidity Support Program.**

Chief Insurance and Claims Officer George Sittner and Chief Financial Officer Tom Hanzel provided an overview of the proposed amendments.

Motion: Ms. Van Houten moved to approve the proposed amendments; Ms. Rossman seconded.

Public Comment:

- Andrew Wessels (Strategy Director, Eaton Fire Survivors Network)
- Joy Chen (Executive Director, Eaton Fire Survivors Network; former Deputy Mayor of Los Angeles)

- Krista Copeland (Collaborator with Eaton Fire Survivors Network)

Outcome: Motion passed by unanimous roll call vote.

Chair Ghilarducci stepped away at 4:30; Mr. Martinez took over as Acting Chair

6. Financial Report (Information): Mr. Hanzel will provide the Council with a financial report on the Wildfire Fund as of September 30, 2025.

Presented by Chief Financial Officer Tom Hanzel.

- Net position: approximately \$13.1 billion, up a little over \$1 billion from the prior year.
- Main revenue drivers: ~\$900M in non-bypassable charges, ~\$300M in IOU payments, ~\$440M in net investment income.
- Offsets: ~\$605M in claim payments for Dixie and Kincade; ~\$8M in operating expenses.
- Loss and LAE Reserves: ~\$530M total.
- Claim-paying capacity for Eaton exceeds \$21B; overall capacity remains above \$21B with expected growth.
- Year-to-date non-bypassable charges: ~\$664M.
- Investment portfolio: AA rating, ~\$13.7B market value, 1.5-year duration, increasing Treasury allocation, near-term liquidity held in Treasuries. Income return net of fees ~3.14%.
- Liquidity: ~\$8.5B maturing within six months; ~\$500M over the following six months; monitoring opportunities to sell longer-dated securities without losses.
- Debt issuance preparations underway with relevant state partners and advisers, aiming to enable faster issuance by 2026.

7. Budget Revision (Action): Mr. Hanzel will present for approval revisions to the 2025 Wildfire Fund Budget related to the SB 254 Natural Catastrophe Resiliency Study, and other administration items.

Presented by Chief Financial Officer Tom Hanzel.

- Total budget increase approx.. \$141 million. The increase is due to the following:
- Significant uptick in reimbursement requests from PG&E related to eligible claims from the Dixie and Kincade fires. The increase will cause CEA to pay out an additional \$138 million of loss claims to PG&E in fiscal year 2025.
- Personnel expenses allocated from CEA to CWF are projected to increase by \$325k based upon the additional work related to SB 254 as well as increased claims management related to covered wildfires.
- Other Contracted Services are expected to increase by \$555k due to increased spend related to the covered wildfires.

- Staff expect CWF to incur expenses of \$2.75 million related to consultants, contractors, and outside legal from the SB 254 Study for the remainder of fiscal year 2025.

Motion: Mr. Cash moved to approve the revised budget; Ms. Barna seconded.

No public comment was received.

Outcome: Motion passed by unanimous roll call vote.

8. Enterprise Risk Management (Information): CEA Chief Risk and Actuarial Officer Shawna Ackerman will report on CEA's Enterprise Risk Management program.

Presented by Chief Risk and Actuarial Officer Shawna Ackerman. Ms. Ackerman referred the Council to the written ERM memo and offered to forgo a verbal report.

9. Proposed 2026 Meeting Schedule (Information): Discussion of preliminary dates for 2025 Council meetings.

Council members and staff discussed preliminary dates for 2026 meetings. A request was made to send out electronic calendar holds for proposed 2026 meeting dates, noting they could be adjusted later.

10. 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.

Acting Chair Martinez opened general public comment and explained that comments on non-agenda items could not be deliberated.

No public comment was received.

11. Adjournment.

Acting Chair Mr. Martinez adjourned the meeting at 5:03 PM.