

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 429 (Cortese) – As Amended July 17, 2025

Policy Committee:	Insurance	Vote:	15 - 0
	Emergency Management		7 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill establishes the Wildfire Safety and Risk Mitigation Program (Program) administered by the Department of Insurance (CDI) to provide grant funding to universities to develop a public wildfire catastrophe model.

Specifically, this bill:

- 1) Establishes, upon appropriation, the Program to fund one or more universities to create a research and educational center responsible for developing, demonstrating, and deploying a public wildfire catastrophe model that provides wildfire safety benefits to California communities. CDI must: (a) establish minimum standards and award grants on a competitive basis, (b) create and publish on CDI's website a framework and multiyear plan for the Program, (c) upon implementation of the first round of grants, identify and publish on CDI's website key milestones for the completion of a catastrophe model, and (d) by September 1, 2026, provide recommendations to the Legislature and Governor for future Program budget allocations.
- 2) Creates, upon appropriation, the Wildfire Safety and Risk Mitigation Account within the Insurance Fund to fund the Program.

FISCAL EFFECT:

- 1) Annual cost pressures of an unknown amount, likely in the millions of dollars, depending on the amount of any appropriation made by the Legislature to CDI to award Program grants (General Fund (GF)). CDI notes that the Budget Act of 2025 provided \$12.5 million to CDI to support community hardening oversight and wildfire risk mitigation efforts, including measuring risk for communities and individual residential property owners, pursuant to pending legislation, which includes this bill, among others.
- 2) Annual costs of an unknown amount, likely in the hundreds of thousands of dollars, to CDI to administer the Program (Insurance Fund). Generally, an agency will use approximately 5% of the amount appropriated for a grant program for administrative costs.

COMMENTS:

- 1) **Purpose.** 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.

This bill is sponsored by Insurance Commissioner (IC) Ricardo Lara and supported by various consumer and environmental groups.

- 2) **Background. *Catastrophe Modeling.*** Historically, insurers depended on past claims experiences to assess possible losses from a catastrophic event. After Hurricane Andrew in 1992 and the 1994 Northridge Earthquake, actuaries realized that probabilistic computer simulation models would help estimate maximum losses for future severe events, such as regional property damage caused by a major wildfire.

Public Wildfire Catastrophe Model. AB 642 (Friedman), Chapter 375, Statutes of 2021, created the Risk Modeling Advisory Workgroup to advise the Department of Forestry and Fire Protection (CAL FIRE), in consultation with the IC, on understanding and modeling wildfire risk. The workgroup’s October 2023 report focused on modeling the risk to structures and communities and specified that the workgroup did not attempt to address the use of catastrophe models in insurance pricing.

Although there are multiple privately owned wildfire models, there are no publicly owned and operated models. In September 2024, the IC asked California State Polytechnic University, Humboldt, to convene a strategy group to determine how to create a public wildfire catastrophe model in California. The group’s May 6, 2025, report contained the following recommendation:

Polymakers should create a grant program at [CDI] to create a research and educational center housed at one or more California universities...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.

This bill implements the strategy group’s recommendation to establish, upon appropriation, a CDI-administered grant program to support a university’s development and deployment of a public wildfire catastrophe model. As noted in the Assembly Insurance Committee’s analysis of this bill, “this measure is silent on whether CAL FIRE should play a role in a new public wildfire catastrophe model.”

Florida Public Hurricane Loss Model. In 2000, the Florida Department of Insurance tasked a group of university researchers with developing a public hurricane loss projection model. The resultant collection of computer programs simulate and predict how, where, and when a hurricane will form and interact with different types of structures, including the amount of damage the hurricane will cause, the cost to rebuild damaged structures, and how much of the loss will be paid by insurers. The Assembly Insurance Committee’s analysis of this bill

cites that CDI's website acknowledged Florida's public catastrophe model required five years and millions of dollars to establish and maintain, and notes, in comparison, "The funding and timeline in SB 429 is vague at best."

- 3) **Related Legislation.** SB 616 (Rubio) establishes the Community Hardening Commission, chaired by the IC, to develop new wildfire community hardening standards to reduce fire risk and improve access to fire insurance. SB 616 is pending hearing by this committee.

AB 888 (Calderon) establishes the California Safe Homes grant program within CDI to reduce wildfire losses, improve insurability and resilience of vulnerable communities, and support home hardening measures. AB 888 is pending hearing by the Senate Appropriations Committee.

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