

Questionnaire for Homeowners and Residential Property Rate, Rule and Transferred Program Filings

In order to fulfill its legal duty to perform a complete rate review of the submitted filing, the Department requires the following detailed information. Failure to provide thorough and clear responses prohibits the Department from accomplishing its duties and thereby halts or impedes review of the submitted filing in a timely manner.

Block Non-Renewals and New Business Restrictions

For homeowners and other residential property insurance¹ lines, if the insurer is in the process of or planning to reduce, decrease, or restrict the number of policies written or renewed, or restrict the coverages offered, in specific geographic areas such as ZIP codes, counties, or territories, for any reason, including over-concentration, the insurer must provide the details in Exhibit 18 – Rules and Underwriting Guidelines, as outlined in the list below. This information must be provided for new, existing and transferred programs. Note that insurers must comply with any mandatory moratorium on non-renewals in ZIP Codes identified in bulletins issued and posted on the Department’s public website.

Information to be included in Exhibit 18 – Rules and Underwriting Guidelines:

1. The reason for the non-renewals or restriction on new business writings (for example, over-concentration).
2. Detailed explanation of how the non-renewals are being accomplished or how new business eligibility guidelines are determined. The insurer’s explanation should include:
 - a. Details of any criteria, guidelines, systems, manuals, models, algorithms, or any other methodology the insurer uses to determine eligibility;
 - b. The time period over which the non-renewals will occur;
 - c. Corrective actions or mitigation measures that the policyholder or applicant can undertake that would allow the policy to be renewed or written; including reference to where such actions or measures are set forth (e.g. manual, guideline, algorithm, etc.);
 - d. The number of days of advance notice that will be given to policyholders that are being non-renewed; and
 - e. A copy of the draft non-renewal notice that policyholders will receive. Note the that non-renewal notice must satisfy the following conditions:

¹ In this instance and all others in this document, the definition of a policy of “residential property insurance” is consistent with California Insurance Code §10087. “Policy of Residential Property Insurance” defined.

- i. The insurer must comply with California Insurance Code (CIC) §678(a)(1)(B)(iv) for all notices issued after July 1, 2020 [Reference California Assembly Bill 1813 – 2019].
- ii. The non-renewal notice must provide the reason for the adverse underwriting decision applicable to the specific risk as set forth in CIC §791.10. If there are multiple reasons for the adverse decision, all reasons must be provided, and clearly defined.
- iii. Per CIC §10095.7(b), the non-renewal notice must include reference to the Home Finder [Reference California Assembly Bill 1875 – 2018].
- iv. Per CIC §10095(h), the non-renewal notice must include reference to the California FAIR Plan (“FAIR Plan”).

The reference information to the Home Finder and the FAIR Plan should be displayed on the *first* page of the non-renewal notice.

3. The following information by ZIP code:

- a. the total number of policies in the program;
- b. the total number of policies being non-renewed; and
- c. the percentage of total policies being non-renewed.

The sample table, below, provides one possible example of how an insurer can provide this information.

(0)	(1)	(2)	(3) = (2) / (1)
ZIP Code	Policy Count	Number of Non-Renewed Policies	% of Non-Renewed Policies
90001	77	2	2.6%
90002	42	4	9.5%
Total	154,047	1,540	1.0%

Adjustments to the insurer’s ratemaking data may be required to reflect the impact of removing non-renewed policyholders. Further, for any rule filing in which revised underwriting guidelines result in non-renewals or more restrictive eligibility for new business, an Application with full rate support may subsequently be required at the discretion of the Department if it determines that these non-renewals and restrictions have a material impact on rates.

The Department may require additional information upon review of the material provided with respect to this Exhibit.

Difference in Conditions (DIC) Policies

For homeowners and other residential property insurance lines, if the insurer offers a Difference in Conditions (DIC) policy to policyholders (1) that are being non-renewed or refused coverage on the basis of their wildfire risk or (2) for any other reason, the insurer must provide the following additional explanations:

1. The circumstances under which a DIC policy is offered (e.g., only offered to policyholders that are being non-renewed or refused coverage on the basis of their wildfire risk).
2. How the insurer discloses or advises the policyholder that the DIC does not cover the peril of fire and other perils that may be covered by a FAIR Plan policy or other policy equivalent to a FAIR Plan policy (include a copy of the notification to the policyholder);
3. How the DIC policy is rated including underlying actuarial support to reflect the elimination of the fire exposure (and other perils that may be covered by a FAIR Plan policy or other policy equivalent to a FAIR Plan policy);
4. How the insurer confirms that the policyholder has secured a FAIR Plan policy or other policy equivalent to a FAIR Plan policy to cover the fire exposure (and other perils that may be covered by a FAIR Plan policy or other policy equivalent to a FAIR Plan policy) upon issuance of a DIC policy;
5. How the insurer confirms that the policyholder is maintaining a FAIR Plan policy or other policy equivalent to a FAIR Plan policy to continue coverage for fire exposure (and other perils that may be covered by a FAIR Plan policy or other policy equivalent to a FAIR Plan policy) upon renewal of a DIC policy;
6. Whether the DIC policy is being offered as a stand-alone policy or if the DIC is offered as a negative endorsement attached to the homeowners or residential property insurance policy. If the DIC policy is being offered as an endorsement, explain whether the policy is renewed with the DIC endorsement attached or if the policy is non-renewed and a new homeowners or residential property insurance policy is issued with the DIC endorsement attached.
7. How the insurer communicates to the policyholder the amount of premium credit, discount, or reduction associated with the DIC policy; and
8. Whether the insurer undertakes any efforts to review its existing book of DIC policyholders to determine if any current DIC policyholders are eligible for full HO-3 or residential property insurance coverage, to advise any such policyholders that they are eligible for full HO-3 or other residential property insurance coverage, and to provide these policyholders with an offer of HO-3 or other residential property insurance coverage. If the insurer does not undertake these efforts, please explain the insurer's rationale.

The Department may require additional information upon review of the material provided with respect to this information.

Wildfire Rating Issues

Wildfire Risk Scores – Rating and Eligibility

For homeowners and other residential property insurance lines, if the insurer applies a rate based in whole or in part on a wildfire risk score, the insurer must provide responses to the questions outlined in the list below:

1. What notification does the insurer provide to the policyholder or applicant with respect to their risk score(s)? If none, explain. If notification is provided, does it identify the range of possible risk scores, or otherwise identify the general level of wildfire risk?
2. Does the insurer provide notification to the policyholder or applicant of the main drivers (e.g., the top three reasons) for each risk score? If not, explain.
3. Does the insurer provide notification to the policyholder or applicant of possible mitigation actions that can be taken that might reduce a risk score(s), which might result in a lower premium or might result in an ineligible risk being eligible? If not, explain.
4. Does the insurer allow sufficient time, or *any* time, for the policyholder or applicant to perform mitigation activities that might result in a lower risk score(s) which in turn could result in lower premium or improve eligibility? If not, explain.
5. Does the insurer have a process in place that allows a policyholder or applicant to appeal any risk score(s) if the policyholder or applicant believes recent mitigation activity has not yet been captured in their property's risk score(s), or otherwise believes that their score(s) is (are) inaccurate? If so, what is that appeals process? If not, explain.

Wildfire Mitigation Credits/Discounts

For homeowners and other residential property insurance lines, if the insurer offers a discount or credit for parcel-level or community-level mitigation, the insurer must provide responses to the questions outlined in the list below:

1. What wildfire mitigation credits/discounts does the insurer offer, both community level and parcel level?
2. What are the requirements for qualifying for these wildfire mitigation credits/discounts? Please identify the specific pages of the rule manual containing those requirements.
3. How are customers notified of the availability of wildfire mitigation credits/discounts?
4. If no wildfire mitigation credits/discounts are offered, explain why no credits/discounts are offered. Comment on the insurer's willingness to consider options for offering wildfire mitigation credits/discounts.

Customer Dislocation

Per the Prior Approval Rate Filing Instructions, in addition to the standard customer dislocation tables required in Exhibit 20, insurers submitting rate applications for homeowners and other residential property insurance lines must submit additional tables showing the number of policies and the average % and \$ rate impact by ZIP code (see sample table below).

ZIP Code	Number of Policies	Average \$ Rate Impact	Average % Rate Impact	Maximum \$ Rate Impact
90001				
90002				
Total				

For the homeowners line, this information shall be provided separately by policy form.

The Department may require a more granular customer dislocation exhibit after review of the submitted information.

California FAIR Plan Clearinghouse Program (AB 3012)

To help reduce the number of existing FAIR Plan policies and to provide the opportunity for admitted insurers to offer homeowners' insurance policies to FAIR Plan policyholders, FAIR Plan has established a clearinghouse program. Please provide responses to the following questions:

1. Does the insurer participate in FAIR Plan's clearinghouse program?
2. If the insurer participates in FAIR Plan's clearinghouse program, please provide the following information for the last 12 calendar months:
 - a. The number of FAIR Plan policyholders to which the insurer has offered a homeowners insurance policy; and
 - b. The number of FAIR Plan policyholders that were offered a homeowners insurance policy by the insurer and who accepted that offer.
3. If the insurer does not participate in FAIR Plan's clearinghouse program, please explain why the company has not signed an agreement with FAIR Plan to participate. Does the company anticipate participating in FAIR Plan's clearinghouse program, and if so when?