

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

**A. GENERAL INFORMATION**

1. Date

2. Department

3. Organizational Placement (Division/Branch/Office Name)

4. CEA Position Title

5. Summary of proposed position description and how it relates to the program's mission or purpose. (2-3 sentences)

6. Reports to: (Class Title/Level)

7. Relationship with Department Director (Select one)

- Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.
- Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(Explain):

8. Organizational Level (Select one)

- 1st
- 2nd
- 3rd
- 4th
- 5th (mega departments only - 17,001+ allocated positions)

## B. SUMMARY OF REQUEST

### 9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

Under the general direction of the Deputy Commissioner, Climate and Sustainability Branch, the incumbents' primary focus will be to consider policy options and actively pursue a pathway of policies related to climate change that are in the best interest of California consumers. The incumbent will develop legislation, research and develop policy proposals, and evaluate existing and potential policies to reduce the risks of climate change related to catastrophic events such as wildfires, sea level rise, erosion, mudslides and heat waves. The incumbent will analyze data, develop strategies, introduce legislation sponsored by the Commissioner.

The incumbent will be convene a working group, organize meetings, and assess risk transfer market mechanisms that promote investment in natural infrastructure to reduce risks of climate change related to catastrophic events and that: (1) Create incentives for investment in natural infrastructure to reduce risks to communities, and (2) Provide mitigation incentives for private investment in natural lands to lessen exposure and reduce climate risks to public safety, property, utilities and infrastructure.

- Analyze emerging information related to climate change, meet with various stakeholders (e.g. Governor's Office, Air Resources Board, The California Natural resources Agency, the California Public Utilities Commission, Federal Emergency Management Agency and working groups) to implement climate and sustainability initiatives. Represent the California Department of Insurance at SB 30 (Lara, 2018) working groups. Provide risk assessment recommendations develop new policies related to climate change, that are in the best interest of California consumers.

- Evaluate policy options and provide recommendations to the Deputy Commissioner and Executive Team on climate and sustainability risks. Develop strategies to mitigate climate risks such as property loss due to climate change related to catastrophic events such as wildfire, flood, and other climate risks.

- Develop Legislative proposals sponsored by the Commissioner to address climate risk insurance problems in California. Develop and evaluate policy alternatives, legislative proposals and climate risk reduction policies, to better protect consumers from climate risks.

- Collaborate with other state agencies to develop policies related to climate change, and initiatives that impact insurance markets. Collaborate with other executive branches to develop legislative proposals that span multiple jurisdictions.

- Conduct research, develop proposals, and evaluate existing and potential policies with national (e.g., NAIC) and international insurance development groups to prepare the Commissioner for presentations and discussions at the National Association of Insurance Commissioners (NAIC) and Governor's Strike team.

**B. SUMMARY OF REQUEST (continued)**

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- Program is directly related to department's primary mission and is critical to achieving the department's goals.
- Program is indirectly related to department's primary mission.
- Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: The primary mission for the Department is to promote accessibility and affordable homeowners insurance to California consumers. Climate change is impacting this mission with intensifying climate risks and challenging the resilience of insurance markets. In particular, the high severity wildfires in 2013, 2015, 2017, and 2018 have caused significant destruction and tens of Billions of dollars in losses to California consumers. Climate models predict increased likelihood of high severity wildfires in parts of California moving forward, creating substantial uncertainty for insurance markets and providing a new challenge for the Department of Insurance in achieving its primary mission.

## **B. SUMMARY OF REQUEST (continued)**

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

The following changes in the characteristics of the insurance markets necessitate this request:

- 1) Recent record setting wildfires are causing growing concern about the accessibility of affordable homeowners insurance in the wildland urban interface. New solutions to reduce climate risks and increase accessibility of insurance for California consumers are necessary.
- 2) Wildfire induced mudslides and debris flows demonstrate the wide extent of the possible risks, with a recent tragic example in Montecito, California in 2018.
- 3) The increase in the number of wildland urban interface homeowners policies in the California FAIR Plan indicate that homeowners insurance may be difficult to find in certain communities. This is a problem that requires new policy proposals.
- 4) There are many California homeowners under-insured in a time where we expect more high severity wildfires in the next several years, leaving them vulnerable after wildfire losses. These issues require new policy ideas and proposals related to climate change, in particular because they likely exist in wildland urban interface communities that have not been exposed to wildfire yet, but have a similar risk profile that have affected communities from the past few years. Further analysis of these issues, and policy solutions related to climate change are necessary.
- 5) Recent events have increased the importance for California to avoid or reduce future wildfire losses, addressing systemic under insurance, and strategically directing mitigation investments. Insurers respond to risk in their underwriting and rate applications, therefore CDI needs specific expertise in policies that reduce risks of wildfire, flood, urban heat, and other extreme weather events in the state.

The CEA will provide essential leadership and technical skills critical to pursuing the Departments priorities and increased workload related to climate change and sustainability. The CEA will provide expertise and consultation regarding legal and implementation issues to various CDI units, consultation regarding proposed legislation and implementation of new legislation, policy development and monitoring, analysis, and recommendations regarding current and future impacts of climate change. Additionally, the CEA will have oversight associated with the coordination of existing and new priority implementation activities with the Legislature, the Governor's Administration, and the NAIC. There will also be ongoing policy decisions for implementation such as:

- 1) SB 30 implementation including the selection and convening of the working group, creation of an innovative insurance products database, and holding a symposium to focus policy ideas.
- 2) Legal and policy assessment of the proposals and recommendations of the SB 30 working group.
- 3) SB 901 implementation, including consultation on report due July 1, 2019.
- 4) AB 2091 implementation, including recommendations due January 1, 2020.
- 5) Additional implementation and adaptation of policies brought forward in response to market changes.
- 6) Develop further coordination with the Governor's Office, California Public Utilities Commission, California Natural Resources Association, and working groups.
- 7) Further synthesis and analysis of financial investment information, scenario analysis, and innovative insurance products to inform the public on how to best reduce their risks.

### C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

1) Develop legislation, research and develop policy proposals, and evaluate existing and potential policies to reduce the risks of climate change related to catastrophic events such as wildfires, sea level rise, erosion, mudslides and heat waves.

2) Provide oversight associated with the coordination of existing and new priority implementation activities with the Legislature, the Governor's Administration, and the NAIC. There will also be ongoing policy decisions for implementation such as:

- a) SB 30 implementation including the selection and convening of the working group, creation of an innovative insurance products database, and holding a symposium to focus policy ideas.
- b) Legal and policy assessment of the proposals and recommendations of the SB 30 working group.
- c) SB 901 implementation, including consultation on report due July 1, 2019.
- d) AB 2091 implementation, including recommendations due January 1, 2020.
- e) Additional implementation and adaptation of policies brought forward in response to market changes.
- f) Develop further coordination with the Governor's Office, California Public Utilities Commission, California Natural Resources Association, and working groups.
- g) Further synthesis and analysis of financial investment information, scenario analysis, and innovative insurance products to inform the public on how to best reduce their risks.

3) Evaluate the policy recommendations in the SB 901 report to address homeowner insurance accessibility and affordable, as well as other proposed initiatives. The SB 901 Commission published 18 recommendations that may help address current accessibility issues in the homeowners insurance market.

4) Represent the California Department of Insurance at SB 30 (Lara, 2018) working groups. Provide risk assessment recommendations develop new policies related to climate change, that are in the best interest of California consumers.

5) Collaborate with other state agencies to develop policies related to climate change, and initiatives that impact insurance markets. Collaborate with other executive branches to develop legislative proposals that span multiple jurisdictions.

6) Evaluate and recommend policy initiatives that further synthesize and analyze financial investment information, scenario analysis, and innovative insurance products to inform consumers on risk reduction strategies.

7) Develop Legislative proposals sponsored by the Commissioner to address climate risk insurance problems in California. Develop and evaluate policy alternatives, legislative proposals and climate risk reduction policies, to better protect consumers from climate risks.

**C. ROLE IN POLICY INFLUENCE (continued)**

**13. What is the CEA position's scope and nature of decision-making authority?**

The CEA position independently provides recommendations, policy alternatives, legislative analysis, and advice related to climate and sustainability in the insurance marketplace. This position researches and proposes new initiatives, establishes and coordinates new operational practices, and contributes to internal and external working groups. The position has significant decision-making authority on decisions affecting climate and sustainability programs and Departmental practices. The CEA position will regularly collaborate and interact with the Governor's Office of Planning and Research, the California Energy Commission, the California Air Resources Board, the California Emergency Protection Agency, the California Public Utility Commission, and the California Natural Resources Agency.

Climate and Sustainability programs develop and direct policy initiatives to reduce climate risk to California insurance consumers. This position coordinates those efforts with other state agencies and the National Association of Insurance Commissioners.

**14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?**

The CEA position will be developing and implementing new policy related to climate change, specifically in the area of wildfire policy and the implementation of recent legislation, such as the evaluation of the SB 901 Commission recommendations. The CEA will assist in implementing new policy in AB 1816 (2019) and AB 2091 (2018), which relate to wildfire insurance issues. In addition, this position will implement new policy SB 30 (2018) and coordinate new data collection and analysis efforts with the Statistical Analysis Division.