

**PALM DESERT CITY COUNCIL
STUDY SESSION MEETING
AGENDA**

Thursday, March 13, 2025

3:30 p.m.

Council Chamber, City Hall

73-510 Fred Waring Drive

Palm Desert, California

NOTICE IS HEREBY GIVEN that the purpose of the Study Session is to review the items listed on the agenda. No action will be taken.

This is a joint meeting of the Palm Desert City Council, Successor Agency to the Palm Desert Redevelopment Agency, Palm Desert Housing Authority, and Palm Desert Board of Library Trustees. Pursuant to Assembly Bill 2449, this meeting may be conducted as a hybrid meeting allowing public access via teleconference or in person, and up to two Councilmembers may attend remotely.

WATCH THE MEETING LIVE: Watch the City Council meeting live at the City's website: <https://palmdesert.zoom.us/> or on the City's [YouTube Channel](#).

OPTIONS FOR PARTICIPATING IN THIS MEETING:

Send your comments by email to: CityClerk@palmdesert.gov.

Emails received prior to 10:00 a.m. on the day of the City Council meeting will be made part of the record and distributed to the City Council. Emails will not be read aloud at the meeting.

1. CALL TO ORDER - STUDY SESSION

2. STUDY SESSION TOPICS

**2.a PRESENTATION BY THE CALIFORNIA DEPARTMENT OF INSURANCE
ON PROGRAMS AND RESOURCES**

3

RECOMMENDATION:

Receive a presentation from the California Department of Insurance on programs and resources.

3. ADJOURNMENT

4. PUBLIC NOTICES

NOTE: Pursuant to Assembly Bill 2449, this meeting may be conducted by teleconference. Study Session is accessible in person or on the City's website: www.palmdesert.gov under the Council Agenda link at the top of the page.

Agenda Related Materials: Pursuant to Government Code §54957.5(b)(2) the designated office for inspection of records in connection with this meeting is the Office of the City Clerk, Palm Desert Civic Center, 73-510 Fred Waring Drive, Palm Desert. Staff reports for all agenda items considered in open session, and documents provided to a majority of the legislative bodies are available for public inspection at City Hall and on the City's website at www.palmdesert.gov by clicking "Meeting Agendas" at the top of the page.

Americans with Disabilities Act: It is the intention of the City of Palm Desert to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, or in meetings on a regular basis, you will need special assistance beyond what is normally provided, the City will attempt to accommodate you in every reasonable manner. Please contact the Office of the City Clerk, (760) 346-0611, at least 48 hours prior to the meeting to inform us of your needs and to determine if accommodation is feasible.

AFFIDAVIT OF POSTING

I, Michelle Nance, Acting Assistant City Clerk of the City of Palm Desert, do hereby certify, under penalty of perjury under the laws of the State of California, that the foregoing agenda for the Palm Desert City Council, Successor Agency for the Palm Desert Redevelopment Agency, and Housing Authority, was posted on the City Hall bulletin board and City website www.palmdesert.gov no less than 72 hours prior to the meeting.

/S/ Michelle Nance
Acting Assistant City Clerk

**CITY OF PALM DESERT
STAFF REPORT**

MEETING DATE: March 13, 2025

PREPARED BY: Anthony J. Mejia, City Clerk

SUBJECT: PRESENTATION BY THE CALIFORNIA DEPARTMENT OF INSURANCE
ON PROGRAMS AND RESOURCES

RECOMMENDATION:

Receive a presentation from the California Department of Insurance on programs and resources.

BACKGROUND:

At the request of Councilmember Quintanilla, supported by Mayor Harnik, staff has coordinated a presentation from the California Department of Insurance regarding programs and resources available to residents.

FINANCIAL IMPACT:

There is no financial impact associated with this presentation.



California Department Of Insurance

Judith Pina

Outreach Specialist

Community Relations and Outreach Branch



Insurance at a Crossroads in California

- Growing climate change threats
- Historic inflation
- Several insurers stopped writing and non-renewing policyholders despite approval of multiple rate increases
- Accelerated FAIR Plan growth
- Fewer options and higher costs
- Outdated decades-old regulations



Proposition 103 ~ Brief Overview



California voters passed Prop. 103 in 1988, requiring every property and casualty insurer seeking to change its rates to obtain elected Insurance Commissioner's prior approval

Insurance Commissioner has a responsibility to ensure that approved insurance rates are not "excessive, inadequate, unfairly discriminatory"

All information provided to Insurance Commissioner in rate review process must be available for public inspection

California is only state that requires rate filings to be open for public participation in rate review process



Current Rate Review Process

By statute under Prop. 103, Department must approve rate applications within 180 days upon receipt

However, delays largely due to:

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Insurers not submitting all necessary and complete information needed to support rate application and justify rate need

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Intervenor delays

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Outdated technology to reconcile data between Department and insurers

↓

Department staff bandwidth and continued review of successive +6.9% rate increase requests from insurers

Department has been hiring additional staff and re-directing vacancies to meet needs, in addition to Complete Rate Application regulation, intervenor transparency reforms, and filing timing/process efficiencies



- Streamline and improve Department's rate application approval process
- Introduce new risk management tools in ratemaking – Catastrophe Modeling and Reinsurance Costs
- Insurer commitments to write more policies in wildfire distressed areas and reduce FAIR Plan policies
- Strengthen and Modernize FAIR Plan

Insurance
Commissioner's
Sustainable
Insurance
Strategy

(Announced September 2023)

Governor's
Executive Order N-
13-23
To Strengthen
Property Insurance
Market



California Consumers Benefit with Insurers Increasing Writings in State



Insurance companies must commit to writing policies in high wildfire areas – which they are not legally required to do today



New regulations create pathways for this commitment to write for large companies, small to midsize companies, and new entrants into California insurance marketplace



Goal of achieving greater insurance availability for consumers, including decrease in amount of FAIR Plan policies that go back into admitted insurance market



Introduction of Catastrophe Modeling

- Use of historical losses are not as accurate, and do not take parcel-level and community-wide mitigation efforts into account
- While majority of other states allow the use of private catastrophe models in ratemaking, California cannot introduce such use without meeting the public transparency requirements of Prop. 103.

California had to:

1

Develop regulations to allow the use of catastrophe models in ratemaking while meeting Prop. 103 mandate for public review and transparency in addition to recognizing proprietary material contained in such models

2

Develop the process for incorporating catastrophe models into actuarial formulas in insurer rate filings

3

Identify "Distressed Areas" that the Department expects insurers to commit to writing more policies in *before* allowing them to incorporate the use of catastrophe models in ratemaking



Reinsurance in Ratemaking



Goal is to increase insurance availability to Californians across state



Insurers paying more to manage growing natural climate disaster losses and need to accurately reflect growing costs of writing insurance in California

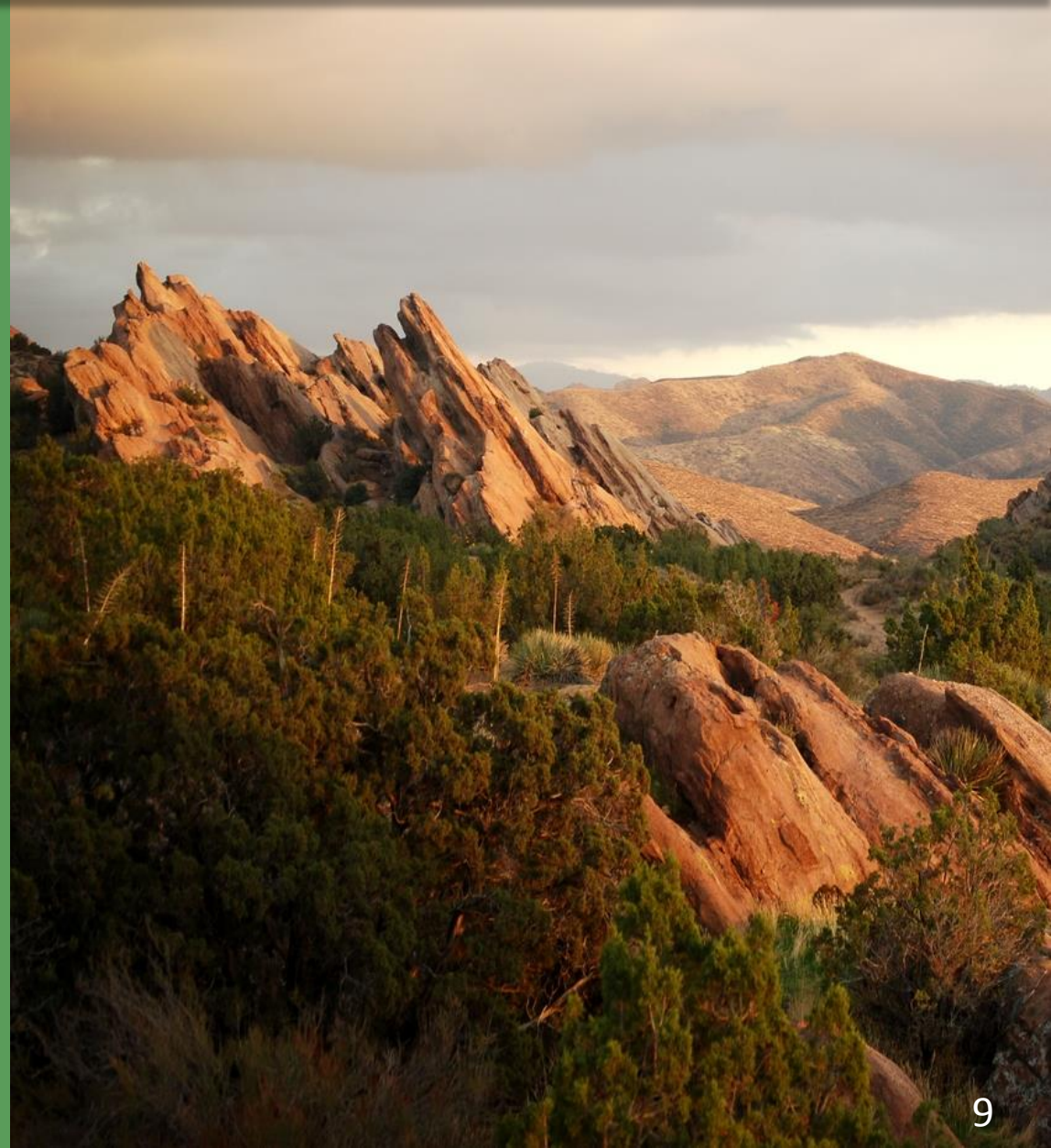


Insurers commit to writing more policies in distressed areas before allowing them to incorporate California-only reinsurance costs in ratemaking



Modernizing FAIR Plan

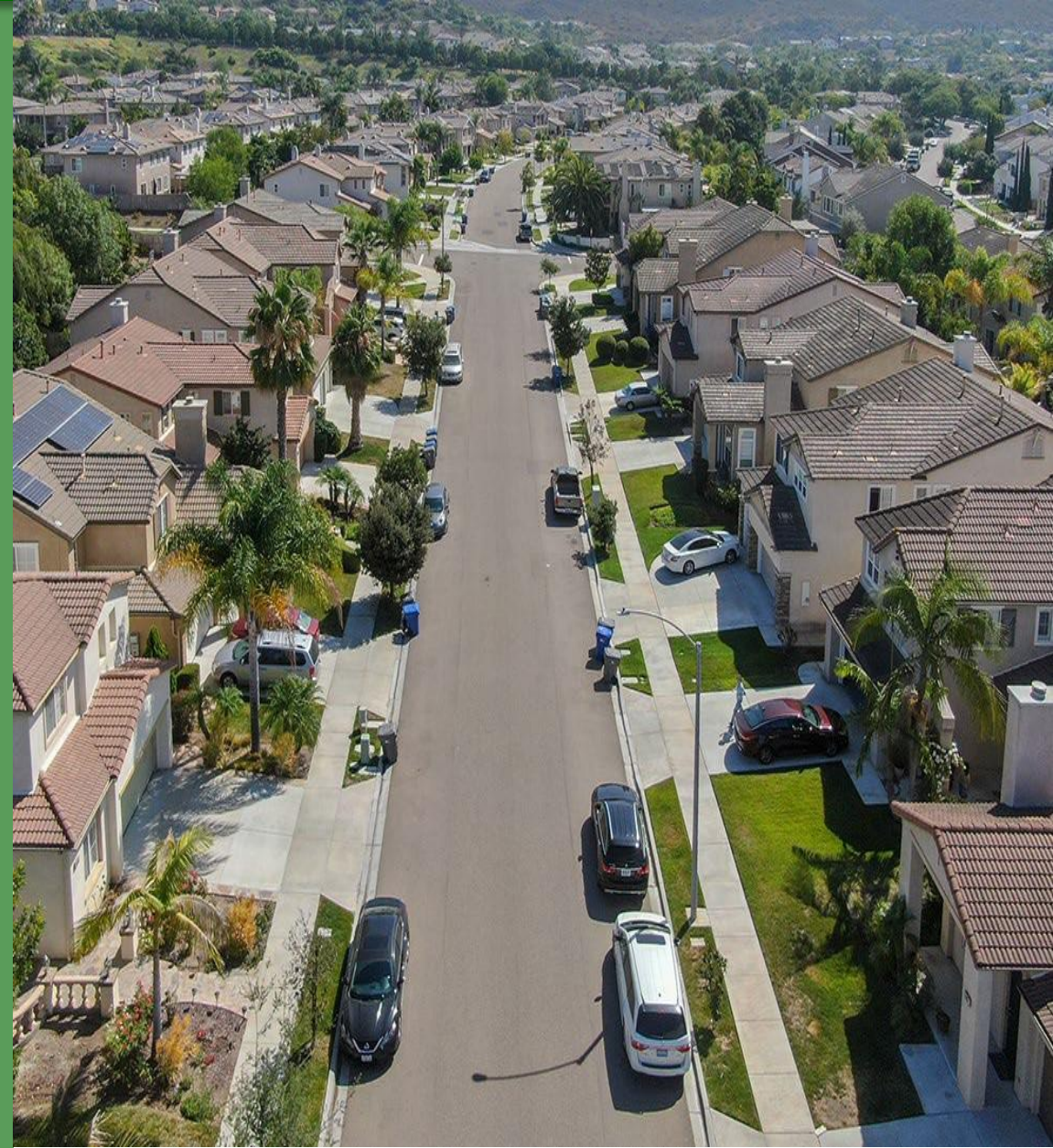
- Historic consensus between Insurance Commissioner, FAIR Plan, and admitted market insurers
- More – yet temporary – comprehensive coverage with new \$20 Million commercial coverage per structure with overall limit of \$100 million for larger HOAs, housing developers, and larger businesses
- Necessary solvency protections added for FAIR Plan and participating admitted market insurers
- Increased public reporting for accountability





What's Next

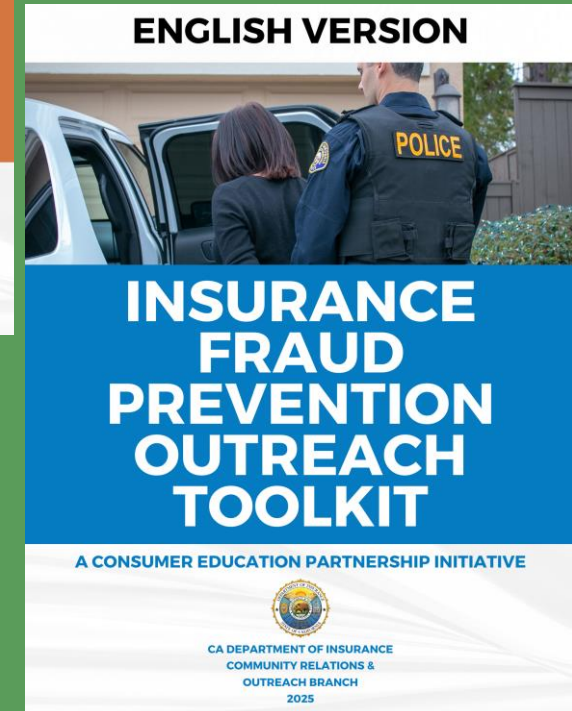
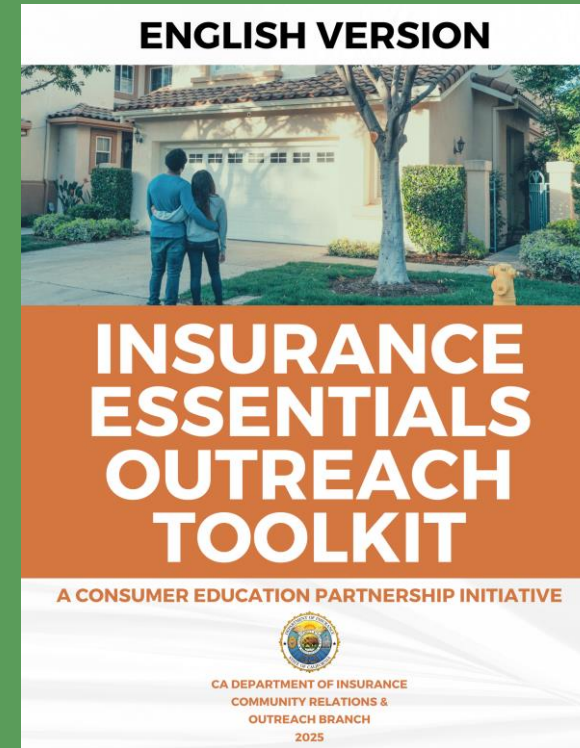
- Safer from Wildfires Framework gives you specific steps you can take to mitigate your risk and help you obtain insurance
- Catastrophe models are now being submitted for review – Verisk and Moody's are being reviewed now with more expected in months
- Insurance companies will need to submit complete rate applications
- Insurance Companies expected to have new policies available mid 2025





How to Partner with Us

- Sign up for our Community Outreach and Education Partnership Initiative at <https://www.surveymonkey.com/r/VHGZQHT>
- This dynamic program is designed to increase consumer awareness about CDI's services and expand understanding of key insurance topics and fraud prevention.
- Get access to:
 - Comprehensive consumer education materials
 - Specialized training sessions (First webinar on January 31st,2025)
 - Powerful social media tools







Local Climate Planning Initiative

- This initiative highlights the critical role of insurance in mitigating risks and enhancing resilience, offering key concepts, innovative solutions, and funding strategies to help communities adapt.
- 10 page local planning guide, flyers, 4 part webinar series, resource portal on our webpage
- Part 1 of Webinar Series: The Impact of Extreme Weather on February 26th, 2025
- Part 2 of the Webinar Series: Local Government Climate Planning April 9th



 California Department of Insurance
Partnership Initiative



**LOCAL PLANNING
GUIDE FOR
EXTREME
WEATHER EVENTS**

CA DEPARTMENT OF INSURANCE
CONSUMER OUTREACH



**LOCAL GOVERNMENT CLIMATE
PLANNING WEBINAR**

The California Department of Insurance is eager to collaborate with your city, county, or municipality to provide information on how to enhance climate resilience and ensure the safety of your community.

FREE REGISTRATION!

Attend a **four-part webinar** to explore the role of insurance in mitigating climate risks and fostering financial resilience in communities.

- Part 1: The Impact of Extreme Weather Events on Insurance
- Part 2: Creating a Holistic Approach to Community-Centered Resilience
- Part 3: Building Partnerships and Designing Climate Projects
- Part 4: Funding Mechanisms

Webinar Dates

- TBD, Q1 2025
- TBD, Q2 2025
- TBD, Q3 2025
- TBD, Q4 2025

🕒 1:00 PM - 2:30 PM

Use the QR Code or link below to register for FREE today!

qrco.de/CDCLIMATEINITIATIVE



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