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June 17, 2025

Mr. Joe Stephanshaw, Director  
Department of Finance  
1021 O Street, Suite 3110  
Sacramento, California 95814

Dear Mr. Stephanshaw:

In a letter dated June 3, 2025, you notified the Joint Legislative Budget Committee (JLBC), pursuant to Item 0845-001-0217, Provision 3 in the *2024-25 Budget Act*, of a request from the Department of Insurance (CDI) to augment its support expenditure authority by \$4,828,000 for expenses related to the review of rate filings.

Rate filing reviews ensure insurance companies are operating fairly and transparently and any proposed increases in premiums are in the best interest of consumers. Making improvements to the review process is a key component of Insurance Commissioner Ricardo Lara's Sustainable Insurance Strategy. According to CDI, ongoing consulting services related to the review of complex property and casualty insurance premium rate filings are needed to support a more streamlined filing approval process and introduce new risk management tools in ratemaking.

I endorse measures that support a more rigorous and transparent review of rate change applications that benefit consumers. To that end, I believe CDI's request is reasonable and justified. However, I recommend that future requests for rate filing review services including actuarial services, external contractors, and consultants be made through the annual budget process. While using the JLBC process exists to respond to immediate needs, it does not provide the Legislature with the ability to conduct important oversight through the conventional budget committee process. Allowing the budget committees to review requests for additional funding gives us the opportunity to understand how the changes will help stabilize the insurance market.

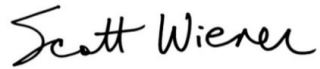
Mr. Joe Stephenshaw

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With the understanding that CDI will try to make future funding requests through the annual budget process, I concur with the request. In addition, I waive the remainder of the review period to ensure CDI can reimburse consults and contractors for rate review services.

Sincerely,

A handwritten signature in black ink that reads "Scott Wiener". The signature is written in a cursive, flowing style.

Scott Wiener  
Chair

cc: Members of the Joint Legislative Budget Committee