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14 *Attorneys for The California Department of Insurance*

15 **BEFORE THE INSURANCE COMMISSIONER**
16 **OF THE STATE OF CALIFORNIA**

17 In the Matter of the Rate Applications of
18 STATE FARM GENERAL INSURANCE
19 COMPANY,
20 Applicant.

File Nos. PA-2024-00011, PA-2024-00012,
PA-2024-00013

**DECLARATION OF NIKKI MCKENNEDY
IN SUPPORT OF CALIFORNIA
DEPARTMENT OF INSURANCE'S
MOTION TO LIMIT TESTIMONY OF,
OR IN THE ALTERNATIVE EXCLUDE,
STATE FARM GENERAL'S RETAINED
EXPERT WITNESS NANCY WATKINS
BASED ON HER CURRENT
CONSULTING AGREEMENT WITH THE
DEPARTMENT**

1 I, Nikki S. McKennedy, declare as follows:

2 1. I am the Assistant Chief Counsel of the Rate Enforcement Bureau (“REB”) of the
3 Legal Division of the California Department of Insurance (“CDI” or the “Department”) and am
4 part of the team of REB attorneys representing the Department in the interim rate hearing and rate
5 proceedings involving the above rate application matters submitted by Applicant State Farm
6 General Insurance Company (“State Farm” or “Applicant”), specifically Homeowners Non-
7 Tenant HO-3 line, CDI file no. 24-1271; Overall Renter/Condo Tenant line, CDI file no. 24-1273;
8 and Rental Dwelling line, CDI file no. 24-1330 (collectively, “Applications”). I am an attorney
9 licensed to practice law before this Court and the courts of the State of California since December
10 1996. I have personal knowledge of the following, and if called to testify hereto, I could and
11 would do so truthfully and competently.

12 2. On or about June 7, 2024, the Department entered into a contract with Milliman,
13 Inc. (“Milliman”), executed on behalf of Milliman by Nancy Watkins as the Principal &
14 Consulting Actuary, for the provision of actuarial consulting services through December 31, 2025
15 (the “Contract”). A true and correct copy of the Contract is attached here as Exhibit 1, and the
16 contents of the contract are incorporated by reference herein.

17 3. Ms. Watkins’ consulting engagement with the Department broadly relates to the
18 development and implementation of regulations, as part of Commissioner Lara’s Sustainable
19 Insurance Strategy (“SIS”), to safeguard the overall health of the insurance marketplace and
20 ensure long-term stability. As relevant here, SIS includes regulations related to the use of
21 catastrophic modeling in ratemaking and the net cost of reinsurance in ratemaking, the latter of
22 which Ms. Watkins’ consulting agreement directly relates to. Per the Contract, Ms. Watkins has
23 been providing consulting services to the Department on “several rulemakings and areas of *rate*
24 *regulation*,” particularly “related to rulemaking and rate regulations processes regarding the
25 allowance of California-only reinsurance for homeowners and commercial property in
26 ratemaking.” (Ex. 1, p. 1, § 5 (emphasis added).)

1 **Confidentiality of Data and Work Product**

2 No reports, information, inventions, improvements, discoveries, or data obtained,
3 repaired, assembled, or developed by the Contractor pursuant to this Contract shall
4 be released, published, or made available to any person (except to the State)
5 without prior written approval from the State. (Ex. 1, at p. 29, ¶ 4.)

6 7. Additionally, the Department has also relied upon Ms. Watkins' agreement to
7 avoid all actual or potential conflicts of interest with the Department, specifically:
8 that its employees and the officers of its governing body shall avoid any actual or
9 potential conflicts of interest, and that no officer or employee who exercises any
10 functions or responsibilities in connection with this Agreement shall have any
11 personal financial interest or benefit which either directly or indirectly arises from
12 this Agreement. (Ex. 1, at p. 30, ¶ 6.)

13 8. On January 13, 2025, regulations related to the Standard Net Cost of Reinsurance
14 (Standard NCOR) were filed pursuant to Government Code section 11343.8 and became
15 operative. While this portion of her consulting work with the Department may be completed, Ms.
16 Watkins' engagement with the Department, and her agreement not to publicly disclose the
17 Department's confidential information, remains steadfastly ongoing.

18 9. In August 2024, Vanessa Wells, outside counsel for Applicant asked me during a
19 telephone conversation whether the Department would agree to waive any conflict of interest to
20 allow Applicant to retain Ms. Watkins as an expert in relation to the instant rate applications. I
21 told Ms. Wells in a subsequent telephone conversation that the Department would not waive the
22 conflict.

23 10. Ms. Watkins did not subsequently contact me or, to my knowledge, anyone else at
24 the Department, to discuss her engagement with State Farm General or to seek a waiver of the
25 conflict.

26 11. During the afternoon of April 1, 2025, I first learned that Ms. Watkins had told

1 other colleagues at the Department that she would be testifying “next week.” Believing this was
2 in reference to the interim rate hearing on April 8, 2025, I sent an email to Ms. Wells, stating,
3 “there is a concern that State Farm may have hired Nancy Watkins to testify next week. Ms.
4 Watkins is still consulting with the Department on other matters. As I told you last August, the
5 Department believes this creates a conflict of interest and will object on those grounds.”

6 12. My colleague Jennifer McCune and I discussed Ms. Watkins’ expert retention and
7 testimony for State Farm with another of Applicant’s attorneys, Jordan Teti, on the morning of
8 April 2, 2025. Mr. Teti represented that Ms. Watkins would only testify to the application of the
9 regulations as they existed at the time the Applications were submitted. Ms. McCune and I agreed
10 there was likely no conflict but told Mr. Teti that we were scheduled to review the situation with
11 other colleagues later that morning and would get back to him shortly thereafter. Based upon our
12 subsequent conversation with other Department members who have been working closely with
13 Ms. Watkins, my understanding is that Ms. Watkins has received extensive confidential
14 information from the Department and that there is a probable conflict of interest with her
15 testifying on behalf of State Farm in this proceeding. I sent an email to Mr. Teti at 12:01 p.m.,
16 stating, “After further discussion at CDI, we are concerned that there is a probable conflict of
17 interest with Nancy Watkins testifying on behalf of State Farm at next week’s interim rate
18 hearing. If State Farm proceeds to use Ms. Watkins as an expert witness, we intend to make
19 appropriate objections.” A true and correct copy of my email correspondence with Ms. Wells and
20 Mr. Teti is attached here as Exhibit 2.

21 13. After State Farm submitted Ms. Watkins’ declaration in support of its interim rate
22 increase request on April 2, 2025, I am informed and believe that CDI General Counsel Teresa
23 Campbell had a conversation with Ms. Watkins to remind her of her contractual duty of
24 confidentiality and conflict of interest prohibition. Ms. Watkins indicated she understood her
25 contractual obligations and did not intend to violate them.

26 14. On April 5, 2025, I attended a meet and confer telephone conference with counsel

1 for Consumer Watchdog and Applicant. I informed all parties that the Department intended to
2 move to limit or exclude the testimony of Ms. Watkins unless Consumer Watchdog would agree
3 not to cross-examine Ms. Watkins regarding Department-confidential information. Will Pletcher,
4 counsel for Consumer Watchdog, indicated he would take the matter under advisement, but no
5 agreement has yet been reached.

6 I declare under penalty of perjury under the laws of the State of California that the
7 foregoing is true and correct. Executed in Oakland, California, on April 7, 2025.

8
9 

10 _____
Nikki S. McKennedy

EXHIBIT 1

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

STANDARD AGREEMENT

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER 23OSC-539C	PURCHASING AUTHORITY NUMBER (If Applicable) CDI-0845
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1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME
California Department of Insurance

CONTRACTOR NAME
Milliman, Inc.

2. The term of this Agreement is:

START DATE
June 17, 2024 (OR UPON DGS/OLS APPROVAL)

THROUGH END DATE
December 31, 2025

3. The maximum amount of this Agreement is:
\$2,837,500.00 (Two million, eight hundred thirty-seven thousand, five hundred dollars & zero cents)

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of the Agreement.

Exhibits	Title	Pages
Exhibit A	Scope of Work	11
Exhibit B	Budget Detail and Payment Provisions	2
Exhibit B	Attachment 1 - Work Plan	15
Exhibit C *	General Terms and Conditions	*SEE LINK
Exhibit D	Special Terms & Conditions	4
Exhibit E	Resumes	16

Items shown with an asterisk (), are hereby incorporated by reference and made part of this agreement as if attached hereto.*

These documents can be viewed at <https://www.dgs.ca.gov/OLS/Resources>

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.

CONTRACTOR

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership, etc.)
Milliman, Inc

CONTRACTOR BUSINESS ADDRESS 2261 Market Street, Suite 5485	CITY San Francisco	STATE CA	ZIP 94114
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PRINTED NAME OF PERSON SIGNING Nancy Watkins	TITLE Principal & Consulting Actuary
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CONTRACTOR AUTHORIZED SIGNATURE 	DATE SIGNED 06/07/2024  07/09/2024
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STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

STANDARD AGREEMENT

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER 23OSC-539C	PURCHASING AUTHORITY NUMBER (If Applicable) CDI-0845
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STATE OF CALIFORNIA

CONTRACTING AGENCY NAME
California Department of Insurance

CONTRACTING AGENCY ADDRESS 300 Capitol Mall	CITY Sacramento	STATE CA	ZIP 95814
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PRINTED NAME OF PERSON SIGNING Crista Hill	TITLE FBMD/Division Chief
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CONTRACTING AGENCY AUTHORIZED SIGNATURE <i>Crista Hill</i>	DATE SIGNED 6-10-24 <i>CH 7/9/24</i>
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CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL	EXEMPTION (If Applicable)
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EXHIBIT A

SCOPE OF WORK

1. SERVICES: Milliman, Inc. (Contractor) agrees to provide California CDI of Insurance (CDI) the consulting services as described herein.
2. LOCATION: The services shall be performed virtually or at a site mutually agreed upon by both parties.
3. HOURS: The services shall be provided during mutually agreed upon times.
4. PROJECT REPRESENTATIVE: Direct all inquiries to the Project Representative ^{1/}. The Project Representatives during the term of this Agreement shall be:

State Agency:	California Department of Insurance	Contractor:	Milliman, Inc.
Name:	Kathryn Taras	Name:	Nancy Watkins
Address:	300 Capitol Mall, 16 th Floor, Sacramento, CA 95814	Address:	Remittance: PO Box 75553 Chicago, IL 60675 Local: 2261 Market Street, Suite 5485, San Francisco, CA 94114
Phone:	(916) 492-3675	Phone:	(415) 394-3733
Email:	Kathryn.Taras@insurance.ca.gov	Email:	Nancy.Watkins@milliman.com

^{1/} Either party may make changes to the above contact information by giving written notice to the other party. Said changes shall not require an amendment to this Agreement.

5. DESCRIPTION OF SERVICES:

Though there are several rulemakings and areas of rate regulation for which the CDI seeks consultation services, a strong majority of the Contractor’s services will be related to rulemaking and rate regulations processes regarding the allowance of California-only reinsurance for homeowners and commercial property in ratemaking.

The Contractor agrees to provide the CDI actuarial consulting services related to the CDI’s Sustainable Insurance Strategy rulemakings and will include providing technical and actuarial science-based feedback regarding contemplated and proposed regulatory frameworks, actions, policies, and language.

The primary objective is to provide technical and actuarial science-based feedback and recommendations regarding contemplated and proposed regulatory frameworks, actions, policies, language and rate regulations processes.

To support this objective: The Contractor shall perform the identified services by completing the following tasks:

Task 1 – Provide technical and actuarial science-based feedback regarding contemplated and proposed regulatory frameworks, actions, arguments, and language.

Objective 1.1: Develop a consistent allocation methodology for the California net cost of reinsurance. The methodology developed should not require insurers to: (1) restructure current

reinsurance programs (2) enter into California-only reinsurance; or (3) require reinsurers to provide allocations of an insurer's broader reinsurance program to California (Goals).

Deliverable: Provide/Produce a developed Microsoft Word document that contains comments/explanation of the allocation methodology and how it achieves the stated Goals. Also, provide written documentation supporting the contractor's determination.

Task(s) to be completed in accordance with Task 1/Objective 1.1 of Exhibit B, Attachment 1-Work Plan

Objective 1.2: Discuss if the net-cost of California-only reinsurance should be extended to other catastrophe exposed lines/products, and provide written documentation supporting determination.

Deliverable: Provide/Produce a developed Microsoft Word document that contains comments/explanation of the application of the formula to the homeowners and commercial property business, and discusses whether the net-cost of California-only reinsurance should be extended to other catastrophe exposed lines/products. Also, provide written documentation supporting the contractor's determination.

Task(s) to be completed in accordance with Task 1/Objective 1.2 of Exhibit B, Attachment 1-Work Plan

Objective 1.3: Review formula in California Code of Regulations (CCR) section 2644.25 to determine how the current formula in the regulation text as applied to earthquake and medical malpractice can be applied to homeowners insurance and commercial property insurance, and potentially other lines with wildfire exposure, or create a new formula that is similar to the formula in CCR section 2644.25 specifically crafted for homeowners and commercial property insurance.

Deliverable: Provide/Produce a developed Microsoft Word document that contains comments/explanation of the application of the formula to the homeowners and commercial property business, and potentially to other lines with wildfire exposure, and discusses whether the net-cost of California-only reinsurance should be extended to other catastrophe exposed lines/products. Also, provide written documentation supporting the contractor's determination.

Task(s) to be completed in accordance with Task 1/Objective 1.3 of Exhibit B, Attachment 1-Work Plan

Objective 1.4: Review and analyze CCR section 2644.25 Reinsurance, and any other sections of CCR or Insurance Code (Ins. Code) that the Contractor determines may be directly or indirectly impacted by changes emanating from the Contractor's review of section 2644.25.

Deliverable: Provide a developed memorandum (Microsoft Word document) that provides a comprehensive analytic review of the relevant statutes and regulations.

Task(s) to be completed in accordance with Task 1/Objective 1.4 of Exhibit B, Attachment 1-Work Plan

Objective 1.5: Assist in drafting regulatory text and providing redline feedback on contemplated regulation text.

Deliverable: Participate in virtual meetings, as requested. To the extent that the CDI requests a summary of advice communicated orally in meetings, also provide a developed Microsoft Word document that identifies the technical and actuarial-science based feedback provided by the contractor. Provide redline edits and comment response, or the drafting of original regulation text language, in a Microsoft Word document.

Task(s) to be completed in accordance with Task 1/Objective 1.5 of Exhibit B, Attachment 1-Work Plan

Objective 1.6: Virtually attend any CDI Discussion Workshop/Prenotice Public Discussion.

Deliverable: Virtually attend or in-person any rulemaking meeting for the entire duration of the rulemaking meeting(s).

Task(s) to be completed in accordance with Task 1/Objective 1.6 of Exhibit B, Attachment 1-Work Plan

Objective 1.7: Review, analyze, and discuss written and oral comments submitted to the CDI before the formal rulemaking process as well as CDI staff questions regarding discrete comments, provide technical or actuarial-science based feedback when advising how CDI might choose to respond, and advise CDI staff on the benefits and drawbacks of potential amendment to the proposed regulation text.

Deliverable: Participate in virtual and in-person meetings, as requested, to discuss any technical or actuarial-science based arguments made in the Discussion Workshop's oral or written comments. To the extent that the CDI requests a summary of advice communicated orally in meetings, also provide a developed Microsoft Word document that identifies the technical and actuarial-science based feedback provided by the contractor.

Task(s) to be completed in accordance with Task 1/Objective 1.7 of Exhibit B, Attachment 1-Work Plan

Objective 1.8: Assist in drafting language that provides technical or actuarial science-based explanation of the Dept's decisions on the language of particular provisions of the regulation text.

Deliverable: Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that proposes new/original draft language. To the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.

Task(s) to be completed in accordance with Task 1/Objective 1.8 of Exhibit B, Attachment 1-Work Plan

Objective 1.9: Virtually attend any CDI Public Hearing.

Deliverable: Attend virtual or in-person rulemaking meetings for the entire duration of the rulemaking meeting.

Task(s) to be completed in accordance with Task 1/Objective 1.9 of Exhibit B, Attachment 1-Work Plan

Objective 1.10: Advise CDI staff on the benefits and drawbacks of potential amendments to the Regulation Text, including making a formal recommendation whether and how to amend the Regulation Text.

Deliverable: Participate in virtual and in-person meetings, as requested. Also, if requested, provide a developed Microsoft Word document that provides technical or actuarial-science based analysis of the technical or actuarial science-based arguments posted in written and oral comments, recommends whether the CDI should amend the Regulation Text, supports the contractor's determination, and identifies responsive, potential amendments to the regulation text.

Task(s) to be completed in accordance with Task 1/Objective 1.10 of Exhibit B, Attachment 1-Work Plan

Objective 1.11: If the CDI chooses to amend the Proposed Regulation Text, assist in drafting amendments to the Regulation Text, including providing redline feedback on proposed amended regulation text.

Deliverable: Provide redline edits and comment response, or the drafting of original regulation text language, in a Microsoft Word document.

Task(s) to be completed in accordance with Task 1/Objective 1.11 of Exhibit B, Attachment 1-Work Plan

Objective 1.12: Review, analyze, and discuss written and oral comments submitted to the CDI during the 15-Day Comment Period as well as CDI staff questions regarding discrete comments, provide technical or actuarial-science based feedback when advising how CDI might choose to respond, and advise CDI staff on the benefits and drawbacks of potentially amending the Amended Regulation Text further.

Deliverable: Participate in virtual and in-person meetings, as requested, to discuss any technical or actuarial-science based arguments made in 15-Day written comments. To the extent that the CDI requests a summary of advice communicated orally in meetings, also provide a developed Microsoft Word document that identifies the technical and actuarial-science based feedback provided by the contractor.

Task(s) to be completed in accordance with Task 1/Objective 1.12 of Exhibit B, Attachment

Objective 1.13: Advise CDI staff on the benefits and drawbacks of potential amendments to the Amended Regulation Text, including making a formal recommendation on whether and how to further amend the Amended Regulation Text.

Deliverable: Participate in virtual and in-person meetings, as requested. Also, provide a developed Microsoft Word document that provides technical or actuarial-science based

analysis of arguments posted in written and oral comments, recommends whether the CDI should further amend the Amended Regulation Text, supports the contractor's determination, and identifies responsive, potential amendments to the regulation text.

Task(s) to be completed in accordance with Task 1/Objective 1.13 of Exhibit B, Attachment 1-Work Plan

Objective 1.14: If the CDI chooses to further amend the Amended Regulation Text, assist in drafting amendments to the Amended Regulation Text, including providing redline feedback on proposed amendments to the Amended Regulation Text.

Deliverable: Provide redline edits and comment response, or the drafting of original regulation text language, in a Microsoft Word document.

Task(s) to be completed in accordance with Task 1/Objective 1.14 of Exhibit B, Attachment 1-Work Plan

Objective 1.15: Review, analyze, and discuss written and oral comments submitted to the CDI during the 2nd 15-Day Comment Period as well as CDI staff questions regarding discrete comments, provide technical or actuarial-science based feedback when advising how CDI might choose to respond, and advise CDI staff on the benefits and drawbacks of potentially issuing a 3rd 15-day Notice.

Deliverable: Participate in virtual and in-person meetings, as requested, to discuss any technical or actuarial-science based arguments made in the 2nd 15-Day written comments. Also, if requested, provide a summary of advice communicated orally in meetings, in a developed Microsoft Word document that identifies the technical and actuarial-science based feedback provided by the contractor.

Task(s) to be completed in accordance with Task 1/Objective 1.15 of Exhibit B, Attachment 1-Work Plan

Objective 1.16: Assist in drafting language that provides technical or actuarial-science based explanations of the CDI's decisions in response to arguments raised in written and oral comments submitted to the CDI in the formal rulemaking process.

Deliverable: Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that contains proposes new/original draft language. Also, if requested, and to the extent advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.

Task(s) to be completed in accordance with Task 1/Objective 1.16 of Exhibit B, Attachment 1-Work Plan

Objective 1.17: Develop related-rulemaking objectives through discussion in virtual meetings.

Deliverable: Participate in virtual meetings, as requested. Also, if requested, and to the extent that the CDI requests a summary of advice that is orally communicated in meetings,

provide a developed Microsoft Word document that identifies the technical and actuarial-science based feedback provided by the contractor.

Task(s) to be completed in accordance with Task 1/Objective 1.17 of Exhibit B, Attachment 1-Work Plan

Task 2 – Assist in assessing the economic impact on California business enterprises and individuals.

Objective 2.1: Provide analysis and feedback on any nonmonetary benefits to insurers that result from the regulation text.

Deliverable: Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that contains proposes new/original draft language. Also, if requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.

Task(s) to be completed in accordance with Task 2/Objective 2.1 of Exhibit B, Attachment 1-Work Plan

Objective 2.2: Analyze and provide feedback and propose edits to CDI analysis that identifies, evaluates, measures, and models the economic impact of the proposed alternatives to the proposed regulation, including the costs and benefits of the proposed alternatives to the proposed regulation.

Deliverable: Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that contains proposes new/original draft language. If requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.

Task(s) to be completed in accordance with Task 2/Objective 2.2 of Exhibit B, Attachment 1-Work Plan

Objective 2.3: Analyze the potential for innovation in insurer business practices due to the regulation.

Deliverable: Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that contains proposes new/original draft language. If requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.

Task(s) to be completed in accordance with Task 2/Objective 2.3 of Exhibit B, Attachment 1-Work Plan

Objective 2.4: Identify and estimate monetary direct costs and benefits of the regulatory alternatives on insurance rates.

Deliverable: Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that proposes new/original draft language. If requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.

Task(s) to be completed in accordance with Task 2/Objective 2.4 of Exhibit B, Attachment 1-Work Plan

Objective 2.5: Identify studies and provide data that could be used in the estimation of costs and benefits.

Deliverable: Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that contains proposes new/original draft language. If requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.

Task(s) to be completed in accordance with Task 2/Objective 2.5 of Exhibit B, Attachment 1-Work Plan

Objective 2.6: Identify and estimate monetary direct costs and benefits of the regulation on insurers business practices.

Deliverable: Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that contains proposes new/original draft language. If requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.

Task(s) to be completed in accordance with Task 2/Objective 2.6 of Exhibit B, Attachment 1-Work Plan

Objective 2.7: Identify and estimate monetary direct costs and benefits of the regulatory alternatives on insurers business practices.

Deliverable: Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that contains proposes new/original draft language. If requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.

Task(s) to be completed in accordance with Task 2/Objective 2.7 of Exhibit B, Attachment 1-Work Plan

Objective 2.8: Review and provide feedback on the cost and benefit write-ups in the economic analysis.

Deliverable: Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document

that contains proposes new/original draft language. If requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.

Task(s) to be completed in accordance with Task 2/Objective 2.8 of Exhibit B, Attachment 1-Work Plan

Objective 2.9: Review and provide feedback on economic models.

Deliverable: Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that contains proposes new/original draft language. If requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.

Task(s) to be completed in accordance with Task 2/Objective 2.9 of Exhibit B, Attachment 1-Work Plan

Task 3 – Assist the CDI in revising its Prior Approval Rate Application (PARA) and accompanying Prior Approval Rate Filing Instructions.

Objective 3.1: Revise the existing Rate Template and Exhibits to allow for the inclusion of a net cost of reinsurance provision for each applicable California residential and commercial property coverage.

Deliverable: Provide a revised set of Rate Template and Exhibits, typically in the form of Microsoft Excel workbooks/spreadsheets, including the modification of enabled macros, which have been modified to recognize the inclusion of the net cost of reinsurance. The revised set of exhibits should be compatible with each other, to provide for a seamless process for inclusion of the net cost of reinsurance by an insurer, as well as all the information required for a thorough review of the filing and assessment of the provisions and assumptions incorporated in the filing, by CDI staff.

Task(s) to be completed in accordance with Task 3/Objective 3.1 of Exhibit B, Attachment 1-Work Plan

Objective 3.2: Assist in drafting filing instructions for the new Rate Template and Exhibits.

Deliverable: Provide a Microsoft Word document that revises existing rate filing instructions to incorporate the changes required by the implementation of the Reinsurance rulemaking. Also, complete revisions to the rate filing instructions in response to feedback and redline edits from CDI staff. If requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document advice or recommendations that are provided orally.

Task(s) to be completed in accordance with Task 3/Objective 3.2 of Exhibit B, Attachment 1-Work Plan

Task 4 – Assist the CDI in various tasks related to rate regulation.

Objective 4.1: Review the Efficiency Standards and CDI parameter values to determine the impact of the inclusion of the net cost of reinsurance on those standards and values (which have been calculated using historic premium, loss, and expense data on a direct basis).

Deliverable: Provide a Microsoft Word document that identifies reports findings and makes recommendations.

Task(s) to be completed in accordance with Task 4/Objective 4.1 of Exhibit B, Attachment 1-Work Plan

Objective 4.2: Identify the documentation and create exhibits which insurers would have to submit to demonstrate the net cost of reinsurance which can be allocated to their California programs.

Deliverable: Provide Microsoft Word documents and Excel spreadsheets designed to collect the information which insurers will be required to file to support their proposed net costs of reinsurance for each California program.

Task(s) to be completed in accordance with Task 4/Objective 4.2 of Exhibit B, Attachment 1-Work Plan

Objective 4.3: Participate in developing and revising rate regulation processes that are necessary due to the implementation of Sustainable Insurance Strategy rulemakings.

Deliverable: Provide a Microsoft Word document that identifies reports findings and makes recommendations. Also, provide Microsoft Word documents and Excel spreadsheets designed to collect the information which insurers will be required to file to support their rate filings.

Task(s) to be completed in accordance with Task 4/Objective 4.3 of Exhibit B, Attachment 1-Work Plan

Task 5 – Assist in building and expanding CDI's internal subject matter expertise in matters developed by contractor's work.

Objective 5.1: Present the actuarial consulting firm's findings and recommendations to CDI management and executive staff.

Deliverable: Provide a Microsoft Word document which summarizes the firm's recommendations, as well as a PowerPoint presentation for the Rate Regulation Branch ("RRB") management team and the CDI's Executive Staff.

Task(s) to be completed in accordance with Task 5/Objective 5.1 of Exhibit B, Attachment 1-Work Plan

Objective 5.2: Develop a training curriculum and presentation materials on catastrophe reinsurance for the RRB and Rate Enforcement Branch ("REB") staffs. The training sessions will cover the new regulations, the principles of catastrophe reinsurance, the new Rate Templates and Standard Exhibits, the new Reinsurance Questionnaire, and the allocation of

the net cost of reinsurance to an insurer's California residential and commercial property coverages.

Deliverable: Provide a developed PowerPoint presentation that is sufficiently detailed to function as the primary document for both trainer and trainee. The contractor will initially provide training to RRB's management and actuarial staffs and will incorporate their feedback into a final, recorded training session for the entire RRB and REB staffs.

Task(s) to be completed in accordance with Task 5/Objective 5.2 of Exhibit B, Attachment 1-Work Plan

Task 6 – Establish guidelines for the review of an insurer's reinsurance program.

Objective 6.1: Meet regularly with RRB and REB staffs to discuss the proposed changes in the regulations and the Rate Templates and Exhibits.

Deliverable: Participate in virtual and in-person meetings, as requested. To the extent that the CDI requests a summary of advice communicated orally in meetings, provide a developed Microsoft Word document that identifies the technical and actuarial-science based feedback, comments, and/or edits provided by the contractor.

Task(s) to be completed in accordance with Task 6/Objective 6.1 of Exhibit B, Attachment 1-Work Plan

Objective 6.2: Establish a methodology and the associated templates and exhibits which will be used to allocate an insurer's countrywide reinsurance costs to specific California residential and commercial property coverages underlying a specific rate filing.

Deliverable: Provide Microsoft Word documents and Excel spreadsheets with instructions on what will be entered into associated templates and how the allocation of an insurer's countrywide reinsurance costs to California would be performed, along with the necessary formulae.

Task(s) to be completed in accordance with Task 6/Objective 6.2 of Exhibit B, Attachment 1-Work Plan

Objective 6.3: Develop new Exhibits to collect and reconcile the direct and net premium and loss data for California residential and commercial property coverages.

Deliverable: Provide an Excel workbook.

Task(s) to be completed in accordance with Task 6/Objective 6.3 of Exhibit B, Attachment 1-Work Plan

Objective 6.4: Develop a Reinsurance Questionnaire which an insurer will have to complete to support their net cost of reinsurance provision for each applicable California residential and commercial property coverage

Deliverable: Provide a Microsoft Word questionnaire document that solicits written responses from insurers that include information explaining the nature the contract and the function of involved parties.

Task(s) to be completed in accordance with Task 6/Objective 6.4 of Exhibit B, Attachment 1-Work Plan

Task 7 – Assist the CDI in various tasks related to the formal rulemaking process.

Objective 7.1: Assist with other tasks that may arise in the course of preparing for and completing the formal rulemaking process.

Deliverable: Participate in meetings and discussions, draft developed memorandum, advise CDI staff on discrete aspects of rate regulation, and analyze and revise CDI work product.

Task(s) to be completed in accordance with Task 7/Objective 7.1 of Exhibit B, Attachment 1-Work Plan

Task/Objective Timeline:

The target completion date for each task/objective is listed and specified in Exhibit B, Attachment 1 – Work Plan. Variations of the completion dates shall not require a formal amendment to this Agreement, if agreed to in writing in advance by both parties.

EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

1. INVOICING AND PAYMENT: For services satisfactorily rendered and upon receipt and approval of the invoices, the CDI agrees to compensate the Contractor for actual expenditures incurred in accordance with the rates specified herein.

Itemized invoices shall include the Agreement Number and be submitted, via email, in arrears to the CDI Project Representative:

California Department of Insurance
Attention: Kathryn Taras
Agreement Number: 23OSC-5939C
Email Address: Kathryn.Taras@insurance.ca.gov

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2. BUDGET CONTINGENCY CLAUSE: It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.

If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either: cancel this Agreement with no liability occurring to the State, or offer an Agreement Amendment to Contractor to reflect the reduced amount.

3. PROMPT PAYMENT CLAUSE: Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.
4. TRAVEL:
 - a. Travel if authorized under this Agreement, shall be paid in accordance with California Department of Human Resources (CalHR) Administration Rules and Regulations, for non-represented employees. Contractor shall use the most recent version of reimbursement rates which can be found at <http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>.
 - b. Travel expenses are to be invoiced in accordance with the non-represented employee travel rules and regulations, and travel expense claims (with appropriate receipts and airline itineraries) should be attached to the invoice as supporting documentation.
 - c. Travel expenses may be invoiced only if the travel has been pre-approved in writing by the CDI Project Representative.
5. EXPENSES: Contractor will be reimbursed for travel and other travel related expenses, in accordance with California Code of Regulations § [599.619](#) for excluded employees and upon submission of itemized monthly statements. All unusual expense items will be subject to the CDI's prior authorization.

Additional actual costs incurred shall be reimbursed for actual out-of-pocket expenses with no mark up and be supported by documentation.

6. **COST BREAKDOWN:** Fees and expenses incurred shall be reimbursed at the following rates and as described in Exhibit B, Attachment 1, Work Plan.

DIRECT LABOR COST	HOURLY RATE
Nancy Watkins	\$875
Aaron Koch	\$825
Matt Chamberlain	\$595
Max Mindel	\$585
Garrett Bradford	\$460
Heather Kanzlemer	\$405
Other CAS Members	\$260 to \$850
Actuarial Analysts	\$185 to \$300
GIS & Data Scientists	\$185 to \$460
Support Staff	\$170 to \$320

Payment to be made in arrears, upon Contractor's submittal and acceptance by CDI of the Deliverable of each Task/Objective. CDI will notify Contractor in writing, via email, if deliverable is acceptable or not.

TOTAL CONTRACT NOT TO EXCEED: \$2,837,500.00

EXHIBIT B – Attachment 1 – Work Plan

Objectives	Deliverable	Target Completion Date ^{1/}	Total Cost ^{2/}
<i>Task 1 – Provide technical and actuarial science-based feedback regarding contemplated and proposed regulatory frameworks, actions, arguments, and language.</i>			
<p>Objective 1.1: Develop a consistent allocation methodology for the California net cost of reinsurance. The methodology developed should not require insurers to: (1) restructure current reinsurance programs (2) enter into California-only reinsurance; or (3) require reinsurers to provide allocations of an insurer’s broader reinsurance program to California (Goals).</p>	<p>Provide/Produce a developed Microsoft Word document that contains comments/explanation of the allocation methodology and how it achieves the stated Goals. Also, provide written documentation supporting the contractor's determination.</p>	<p>1/1/2025</p>	<p>FY 23/24: \$9,900 FY 24/25: \$9,900 FY 24/25: \$118,300</p>
Objective 1.1 Subtotal:			\$128,200
<p>Objective 1.2: Discuss if the net-cost of California-only reinsurance should be extended to other catastrophe exposed lines/products, and provide written documentation supporting determination.</p>	<p>Provide/Produce a developed Microsoft Word document that contains comments/explanation of the application of the formula to the homeowners and commercial property business, and discusses whether the net-cost of California-only reinsurance should be extended to other catastrophe exposed lines/products. Also, provide written documentation supporting the contractor's determination.</p>	<p>1/1/2025</p>	<p>FY 23/24: \$2,600 FY 24/25: \$2,600 FY 24/25: \$30,700</p>
Objective 1.2 Subtotal:			\$33,300
<p>Objective 1.3: Review formula in California Code of Regulations (CCR) section 2644.25 to determine how the</p>	<p>Provide/Produce a developed Microsoft Word document that contains comments/explanation of the application of the formula to the homeowners and commercial property business,</p>	<p>1/1/2025</p>	<p>FY 23/24: \$4,600 FY 24/25: \$4,600 FY 24/25: \$54,100</p>

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Objectives	Deliverable	Target Completion Date ^{1/}	Total Cost ^{2/}
<p>current formula in the regulation text as applied to earthquake and medical malpractice can be applied to homeowners insurance and commercial property insurance, and potentially other lines with wildfire exposure, or create a new formula that is similar to the formula in CCR section 2644.25 specifically crafted for homeowners and commercial property insurance.</p>	<p>and potentially to other lines with wildfire exposure, and discusses whether the net-cost of California-only reinsurance should be extended to other catastrophe exposed lines/products. Also, provide written documentation supporting the contractor's determination.</p>		
Objective 1.3 Subtotal:			\$58,700
<p>Objective 1.4: Review and analyze CCR section 2644.25 Reinsurance, and any other sections of CCR or Insurance Code (Ins. Code) that the Contractor determines may be directly or indirectly impacted by changes emanating from the Contractor's review of section 2644.25.</p>	<p>Provide a developed memorandum (Microsoft Word document) that provides a comprehensive analytic review of the relevant statutes and regulations.</p>	1/1/2025	<p>FY 23/24: \$2,100 FY 24/25: \$2,100 FY 24/25: \$24,800</p>
Objective 1.4 Subtotal:			\$26,900

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Objectives	Deliverable	Target Completion Date ^{1/}	Total Cost ^{2/}
<p>Objective 1.5: Assist in drafting regulatory text and providing redline feedback on contemplated regulation text.</p>	<p>Participate in virtual meetings, as requested. To the extent that the CDI requests a summary of advice communicated orally in meetings, also provide a developed Microsoft Word document that identifies the technical and actuarial-science based feedback provided by the contractor. Provide redline edits and comment response, or the drafting of original regulation text language, in a Microsoft Word document.</p>	<p>1/1/2025</p>	<p>FY 23/24: \$47,800 FY 24/25: \$47,800 FY 24/25: \$572,800</p>
Objective 1.5 Subtotal:			\$620,600
<p>Objective 1.6: Virtually attend any CDI Discussion Workshop/Prenotice Public Discussion.</p>	<p>Virtually attend or in-person any rulemaking meeting for the entire duration of the rulemaking meeting(s).</p>	<p>4/30/2025</p>	<p>FY 24/25: \$13,200</p>
Objective 1.6 Subtotal:			\$13,200
<p>Objective 1.7: Review, analyze, and discuss written and oral comments submitted to the CDI before the formal rulemaking process as well as CDI staff questions regarding discrete comments, provide technical or actuarial-science based feedback when advising how CDI might choose to respond, and advise CDI staff on the benefits and drawbacks of potential amendment to the</p>	<p>Participate in virtual and in-person meetings, as requested, to discuss any technical or actuarial-science based arguments made in the Discussion Workshop's oral or written comments. To the extent that the CDI requests a summary of advice communicated orally in meetings, also provide a developed Microsoft Word document that identifies the technical and actuarial-science based feedback provided by the contractor.</p>	<p>4/30/2025</p>	<p>FY 23/24: \$4,400 FY 24/25: \$4,400 FY 24/25: \$78,100</p>

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Objectives	Deliverable	Target Completion Date ^{1/}	Total Cost ^{2/}
proposed regulation text.			
Objective 1.7 Subtotal:			\$82,500
Objective 1.8: Assist in drafting language that provides technical or actuarial science-based explanation of the Dept's decisions on the language of particular provisions of the regulation text.	Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that proposes new/original draft language. To the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.	6/30/2025	FY 24/25: \$70,200
Objective 1.8 Subtotal:			\$70,200
Objective 1.9: Virtually attend any CDI Public Hearing.	Attend virtual or in-person rulemaking meetings for the entire duration of the rulemaking meeting.	8/31/2025	FY 24/25: \$11,400 FY 25/26: \$1,900
Objective 1.9 Subtotal:			\$13,300
Objective 1.10: Advise CDI staff on the benefits and drawbacks of potential amendments to the Regulation Text, including making a formal recommendation whether and how to amend the Regulation Text.	Participate in virtual and in-person meetings, as requested. Also, if requested, provide a developed Microsoft Word document that provides technical or actuarial-science based analysis of the technical or actuarial science-based arguments posted in written and oral comments, recommends whether the CDI should amend the Regulation Text, supports the contractor's determination, and identifies responsive, potential amendments to the regulation text.	10/31/2025	FY 24/25: \$30,400 FY 25/26: \$10,200
Objective 1.10 Subtotal:			\$40,600
Objective 1.11: If the CDI chooses to amend the Proposed	Provide redline edits and comment response, or the drafting of original regulation text	10/31/2025	FY 24/25: \$32,800 FY 25/26: \$11,000

Objectives	Deliverable	Target Completion Date ^{1/}	Total Cost ^{2/}
Regulation Text, assist in drafting amendments to the Regulation Text, including providing redline feedback on proposed amended regulation text.	language, in a Microsoft Word document.		
Objective 1.11 Subtotal:			\$43,800
Objective 1.12: Review, analyze, and discuss written and oral comments submitted to the CDI during the 15-Day Comment Period as well as CDI staff questions regarding discrete comments, provide technical or actuarial-science based feedback when advising how CDI might choose to respond, and advise CDI staff on the benefits and drawbacks of potentially amending the Amended Regulation Text further.	Participate in virtual and in-person meetings, as requested, to discuss any technical or actuarial-science based arguments made in 15-Day written comments. To the extent that the CDI requests a summary of advice communicated orally in meetings, also provide a developed Microsoft Word document that identifies the technical and actuarial-science based feedback provided by the contractor.	10/31/2025	FY 24/25: \$13,300 FY 25/26: \$4,500
Objective 1.12 Subtotal:			\$17,800
Objective 1.13: Advise CDI staff on the benefits and drawbacks of potential amendments to the Amended Regulation Text, including making a formal recommendation on whether and how to further amend the Amended Regulation Text.	Participate in virtual and in-person meetings, as requested. Also, provide a developed Microsoft Word document that provides technical or actuarial-science based analysis of arguments posted in written and oral comments, recommends whether the CDI should further amend the Amended Regulation Text, supports the contractor's determination, and identifies responsive, potential	10/31/2025	FY 24/25: \$10,600 FY 25/26: \$3,600

Objectives	Deliverable	Target Completion Date ^{1/}	Total Cost ^{2/}
	amendments to the regulation text.		
Objective 1.13 Subtotal:			\$14,200
<p>Objective 1.14: If the CDI chooses to further amend the Amended Regulation Text, assist in drafting amendments to the Amended Regulation Text, including providing redline feedback on proposed amendments to the Amended Regulation Text.</p>	<p>Provide redline edits and comment response, or the drafting of original regulation text language, in a Microsoft Word document.</p>	<p>10/31/2025</p>	<p>FY 24/25: \$18,900 FY 25/26: \$6,300</p>
Objective 1.14 Subtotal:			\$25,200
<p>Objective 1.15: Review, analyze, and discuss written and oral comments submitted to the CDI during the 2nd 15-Day Comment Period as well as CDI staff questions regarding discrete comments, provide technical or actuarial-science based feedback when advising how CDI might choose to respond, and advise CDI staff on the benefits and drawbacks of potentially issuing a 3rd 15-day Notice.</p>	<p>Participate in virtual and in-person meetings, as requested, to discuss any technical or actuarial-science based arguments made in the 2nd 15-Day written comments. Also, if requested, provide a summary of advice communicated orally in meetings, in a developed Microsoft Word document that identifies the technical and actuarial-science based feedback provided by the contractor.</p>	<p>10/31/2025</p>	<p>FY 24/25: \$4,800 FY 25/26: \$1,600</p>
Objective 1.15 Subtotal:			\$6,400

Objectives	Deliverable	Target Completion Date ^{1/}	Total Cost ^{2/}
Objective 1.16: Assist in drafting language that provides technical or actuarial-science based explanations of the CDI's decisions in response to arguments raised in written and oral comments submitted to the CDI in the formal rulemaking process.	Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that contains proposes new/original draft language. Also, if requested, and to the extent advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.	10/31/2025	FY 24/25: \$37,700 FY 25/26: \$12,600
Objective 1.16 Subtotal:			\$50,300
Objective 1.17: Develop related-rulemaking objectives through discussion in virtual meetings.	Participate in virtual meetings, as requested. Also, if requested, and to the extent that the CDI requests a summary of advice that is orally communicated in meetings, provide a developed Microsoft Word document that identifies the technical and actuarial-science based feedback provided by the contractor.	12/31/2025	FY 24/25: \$116,700 FY 25/26: \$58,400
Objective 1.17 Subtotal:			\$175,100
Task 1 Total:			\$1,420,300
<u>Task 2 – Assist in assessing the economic impact on California business enterprises and individuals.</u>			
Objective 2.1: Provide analysis and feedback on any nonmonetary benefits to insurers that result from the regulation text.	Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that contains proposes new/original draft language. Also, if requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.	6/30/2025	FY 24/25: \$12,900
Objective 2.1 Subtotal:			\$12,900

Objectives	Deliverable	Target Completion Date ^{1/}	Total Cost ^{2/}
<p>Objective 2.2: Analyze and provide feedback and propose edits to CDI analysis that identifies, evaluates, measures, and models the economic impact of the proposed alternatives to the proposed regulation, including the costs and benefits of the proposed alternatives to the proposed regulation.</p>	<p>Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that contains proposes new/original draft language. If requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.</p>	<p>6/30/2025</p>	<p>FY 24/25: \$28,000</p>
Objective 2.2 Subtotal:			\$28,000
<p>Objective 2.3: Analyze the potential for innovation in insurer business practices due to the regulation.</p>	<p>Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that contains proposes new/original draft language. If requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.</p>	<p>6/30/2025</p>	<p>FY 24/25: \$9,200</p>
Objective 2.3 Subtotal:			\$9,200
<p>Objective 2.4: Identify and estimate monetary direct costs and benefits of the regulatory alternatives on insurance rates.</p>	<p>Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that proposes new/original draft language. If requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.</p>	<p>6/30/2025</p>	<p>FY 24/25: \$30,600</p>

Objectives	Deliverable	Target Completion Date ^{1/}	Total Cost ^{2/}
Objective 2.4 Subtotal:			\$30,600
<p>Objective 2.5: Identify studies and provide data that could be used in the estimation of costs and benefits.</p>	<p>Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that contains proposes new/original draft language. If requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.</p>	6/30/2025	FY 24/25: \$16,900
Objective 2.5 Subtotal:			\$16,900
<p>Objective 2.6: Identify and estimate monetary direct costs and benefits of the regulation on insurers business practices.</p>	<p>Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that contains proposes new/original draft language. If requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.</p>	6/30/2025	FY 24/25: \$28,000
Objective 2.6 Subtotal:			\$28,000
<p>Objective 2.7: Identify and estimate monetary direct costs and benefits of the regulatory alternatives on insurers business practices.</p>	<p>Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that contains proposes new/original draft language. If requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.</p>	6/30/2025	FY 24/25: \$12,000

Objectives	Deliverable	Target Completion Date ^{1/}	Total Cost ^{2/}
Objective 2.7 Subtotal:			\$12,000
Objective 2.8: Review and provide feedback on the cost and benefit write-ups in the economic analysis.	Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that contains proposes new/original draft language. If requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.	6/30/2025	FY 24/25: \$23,000
Objective 2.8 Subtotal:			\$23,000
Objective 2.9: Review and provide feedback on economic models.	Provide a developed Microsoft Word document that either contains comments and proposes edits or additions to CDI staff's draft analysis, or a Microsoft Word document that contains proposes new/original draft language. If requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document that advice.	6/30/2025	FY 24/25: \$12,000
Objective 2.9 Subtotal:			\$12,000
Task 2 Total:			\$172,600
<u>Task 3 – Assist the CDI in revising its Prior Approval Rate Application (PARA) and accompanying Prior Approval Rate Filing Instructions.</u>			
Objective 3.1: Revise the existing Rate Template and Exhibits to allow for the inclusion of a net cost of reinsurance provision for each	Provide a revised set of Rate Template and Exhibits, typically in the form of Microsoft Excel workbooks/spreadsheets, including the modification of enabled macros, which have been modified to recognize the	1/1/2025	FY 24/25: \$52,800

Objectives	Deliverable	Target Completion Date ^{1/}	Total Cost ^{2/}
applicable California residential and commercial property coverage.	inclusion of the net cost of reinsurance. The revised set of exhibits should be compatible with each other, to provide for a seamless process for inclusion of the net cost of reinsurance by an insurer, as well as all the information required for a thorough review of the filing and assessment of the provisions and assumptions incorporated in the filing, by CDI staff.		
Objective 3.1 Subtotal:			\$52,800
Objective 3.2: Assist in drafting filing instructions for the new Rate Template and Exhibits.	Provide a Microsoft Word document that revises existing rate filing instructions to incorporate the changes required by the implementation of the Reinsurance rulemaking. Also, complete revisions to the rate filing instructions in response to feedback and redline edits from CDI staff. If requested, and to the extent that advice is communicated orally, provide a written summary (Microsoft Word document or email) to document advice or recommendations that are provided orally.	12/31/2025	FY 24/25: \$19,800 FY 25/26: \$9,900
Objective 3.2 Subtotal:			\$29,700
Task 3 Total:			\$82,500
<u>Task 4 – Assist the CDI in various tasks related to rate regulation.</u>			
Objective 4.1: Review the Efficiency Standards and CDI parameter values to determine the impact of the inclusion of the net cost of reinsurance on those standards and values (which have been	Provide a Microsoft Word document that identifies reports findings and makes recommendations.	1/1/2025	FY 24/25: \$14,500

Objectives	Deliverable	Target Completion Date ^{1/}	Total Cost ^{2/}
calculated using historic premium, loss, and expense data on a direct basis).			
Objective 4.1 Subtotal:			\$14,500
Objective 4.2: Identify the documentation and create exhibits which insurers would have to submit to demonstrate the net cost of reinsurance which can be allocated to their California programs.	Provide Microsoft Word documents and Excel spreadsheets designed to collect the information which insurers will be required to file to support their proposed net costs of reinsurance for each California program.	1/1/2025	FY 24/25: \$76,100
Objective 4.2 Subtotal:			\$76,100
Objective 4.3: Participate in developing and revising rate regulation processes that are necessary due to the implementation of Sustainable Insurance Strategy rulemakings.	Provide a Microsoft Word document that identifies reports findings and makes recommendations. Also, provide Microsoft Word documents and Excel spreadsheets designed to collect the information which insurers will be required to file to support their rate filings.	1/1/2025	FY 24/25: \$76,100
Objective 4.3 Subtotal:			\$76,100
Task 4 Total:			\$166,700
<u>Task 5 – Assist in building and expanding CDI's internal subject matter expertise in matters developed by contractor's work.</u>			
Objective 5.1: Present the actuarial consulting firm's findings and recommendations to CDI management and executive staff.	Provide a Microsoft Word document which summarizes the firm's recommendations, as well as a PowerPoint presentation for the Rate Regulation Branch ("RRB") management team and the CDI's Executive Staff.	1/1/2025	FY 24/25: \$76,400
Objective 5.1 Subtotal:			\$76,400

Objectives	Deliverable	Target Completion Date ^{1/}	Total Cost ^{2/}
<p>Objective 5.2: Develop a training curriculum and presentation materials on catastrophe reinsurance for the RRB and Rate Enforcement Branch (“REB”) staffs. The training sessions will cover the new regulations, the principles of catastrophe reinsurance, the new Rate Templates and Standard Exhibits, the new Reinsurance Questionnaire, and the allocation of the net cost of reinsurance to an insurer’s California residential and commercial property coverages.</p>	<p>Provide a developed PowerPoint presentation that is sufficiently detailed to function as the primary document for both trainer and trainee. The contractor will initially provide training to RRB’s management and actuarial staffs and will incorporate their feedback into a final, recorded training session for the entire RRB and REB staffs.</p>	<p>12/31/2025</p>	<p>FY 24/25: \$67,900 FY 25/26: \$34,000</p>
Objective 5.2 Subtotal:			\$101,900
Task 5 Total:			\$178,300
<u>Task 6 – Establish guidelines for the review of an insurer’s reinsurance program.</u>			
<p>Objective 6.1: Meet regularly with RRB and REB staffs to discuss the proposed changes in the regulations and the Rate Templates and Exhibits.</p>	<p>Participate in virtual and in-person meetings, as requested. To the extent that the CDI requests a summary of advice communicated orally in meetings, provide a developed Microsoft Word document that identifies the technical and actuarial-science based feedback, comments, and/or edits provided by the contractor.</p>	<p>12/31/2025</p>	<p>FY 24/25: \$90,200 FY 25/26: \$45,100</p>
Objective 6.1 Subtotal:			\$135,300

Objectives	Deliverable	Target Completion Date ^{1/}	Total Cost ^{2/}
Objective 6.2: Establish a methodology and the associated templates and exhibits which will be used to allocate an insurer's countrywide reinsurance costs to specific California residential and commercial property coverages underlying a specific rate filing.	Provide Microsoft Word documents and Excel spreadsheets with instructions on what will be entered into associated templates and how the allocation of an insurer's countrywide reinsurance costs to California would be performed, along with the necessary formulae.	1/1/2025	FY 24/25: \$167,900
Objective 6.2 Subtotal:			\$167,900
Objective 6.3: Develop new Exhibits to collect and reconcile the direct and net premium and loss data for California residential and commercial property coverages.	Provide an Excel workbook.	1/1/2025	FY 24/25: \$43,000
Objective 6.3 Subtotal:			\$43,000
Objective 6.4: Develop a Reinsurance Questionnaire which an insurer will have to complete to support their net cost of reinsurance provision for each applicable California residential and commercial property coverage.	Provide a Microsoft Word questionnaire document that solicits written responses from insurers that include information explaining the nature the contract and the function of involved parties.	1/1/2025	FY 24/25: \$80,800
Objective 6.4 Subtotal:			\$80,800
Task 6 Total:			<u>\$427,000</u>
<u>Task 7 – Assist the CDI in various tasks related to the formal rulemaking process.</u>			

Objectives	Deliverable	Target Completion Date ^{1/}	Total Cost ^{2/}
Objective 7.1: Assist with other tasks that may arise in the course of preparing for and completing the formal rulemaking process.	Participate in meetings and discussions, draft developed memorandum, advise CDI staff on discrete aspects of rate regulation, and analyze and revise CDI work product.	12/31/2025	FY 23/24: \$10,600 FY 24/25: \$10,600 FY 24/25: \$253,000 FY 25/26: \$126,500
Objective 7.1 Subtotal:			\$390,100
<u>Task 7 Total:</u>			<u>\$390,100</u>
Total Project/Contract Cost:			\$2,837,500

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^{1/} Targeted Completion Dates are estimated. Changes to Targeted Completion Dates will not require a formal agreement amendment if agreed to in writing in advance by both parties.

^{2/} Budget shifts of ten (10) percent or less from one Task and/or Objective to another will not require a formal agreement amendment if agreed to in writing in advance by both parties. Any budget shift in excess of ten (10) percent will require a formal agreement amendment. The agreement amendment must be fully executed in advance of any cost incurred in excess of ten (10) percent. In case of an agreement amendment the updated Work Plan will be incorporated.

EXHIBIT D

SPECIAL TERMS AND CONDITIONS

1. CANCELLATION PROVISIONS: Either party may, in writing with thirty (30) days advance notice, cancel this agreement any time. If canceled, payment shall be made only for performance authorized up to the date of cancellation. In the case of early termination, a final payment will be made to the Contractor upon receipt of an invoice covering all costs incurred, which were previously authorized prior to notice of cancellation or termination.
2. AGENCY LIABILITY: The Contractor warrants by execution of this Agreement, that no person or selling agency has been employed or retained to solicit or secure this Agreement upon agreement or understanding for a commission, percentage, brokerage, or contingency fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the State shall, in addition to other remedies provided by law, have the right to annul this Agreement without liability, paying only for the value of the work actually performed, or otherwise recover the full amount of such commission, percentage, brokerage, or contingency fee.
3. POTENTIAL SUBCONTRACTORS: Nothing contained in this Agreement or otherwise shall create any contractual relation between the State and any subcontractors, and no subcontract shall relieve the Contractor of its responsibilities and obligations hereunder. The Contractor agrees to be as fully responsible to the State for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the State's obligation to make payments to the Contractor. As a result, the State shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.
4. CONFIDENTIALITY OF DATA AND WORK PRODUCT: No reports, information, inventions, improvements, discoveries, or data obtained, repaired, assembled, or developed by the Contractor pursuant to this Contract shall be released, published, or made available to any person (except to the State) without prior written approval from the State.

Contractor's work is prepared solely for the use and benefit of the State in accordance with its statutory and regulatory requirements. Contractor recognizes that materials it delivers to the State may be public records subject to disclosure to third parties, however, Contractor does not intend to benefit and assumes no duty or liability to any third parties who receive Contractor's work and may include disclaimer language on its work product so stating. The State agrees not to remove any such disclaimer language from Contractor's work. To the extent that Contractor's work is not subject to disclosure under applicable public records laws, the State agrees that it shall not disclose Contractor's work product to third parties without Contractor's prior written consent; provided, however, that the State may distribute Contractor's work to: (i) its professional service providers who are subject to a duty of confidentiality and who agree to not use Contractor's work product for any purpose other than to provide services to the State, or (ii) any applicable regulatory or governmental agency, as required.

Contractor by acceptance of this Contract is subject to all of the requirements of California Civil Code Sections [1798-1798.1](#), et seq., regarding the collections, maintenance, and disclosure of personal and confidential information about individuals.

5. SETTLEMENT OF DISPUTES: In the event of a dispute, Contractor shall file a "Notice of Dispute" with CDI, Chief Deputy within ten (10) days of discovery of the problem. Within ten (10) days, the CDI Chief Deputy shall meet with the Contractor and Project Representative for purposes of resolving the dispute.

In the event any dispute arising out of or relating to this Agreement is not resolved by the CDI Chief Deputy, the parties **will meet and confer to determine whether that to participate in** ~~will be resolved in a binding nonbinding arbitration in an effort to resolve the dispute or proceed directly to court.~~ **under If the parties agree to arbitration, the arbitration shall be governed by** the Commercial Arbitration Rules of the American Arbitration Association. ~~The arbitration and shall take place before a panel of three arbitrators. Within 30 days of the commencement of the arbitration, each party shall designate in writing a single neutral and independent arbitrator. The two arbitrators designated by the parties shall then select a third arbitrator. The arbitrators shall have a background in either insurance, actuarial science or law. The arbitrators shall have the authority to permit limited discovery, including depositions, prior to the arbitration hearing, and such discovery shall be conducted consistent with the Federal Rules of Civil Procedure. The arbitrators shall have no power or authority to award punitive or exemplary damages or otherwise bind the parties. The arbitrators may, in their discretion, award the cost of the arbitration, including reasonable attorney fees, to the prevailing party. Any award~~ **agreement reached after such nonbinding arbitration** may be confirmed in any court having jurisdiction. ~~Any arbitration shall be confidential, and except as required by law, neither party may disclose the content or results of any arbitration hereunder without the prior written consent of the other party, except that disclosure is permitted to a party's auditors and legal advisors.~~

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6. CONFLICT OF INTEREST: Contractor certifies that its employees and the officers of its governing body shall avoid any actual or potential conflicts of interest, and that no officer or employee who exercises any functions or responsibilities in connection with this Agreement shall have any personal financial interest or benefit which either directly or indirectly arises from this Agreement.

Contractor shall establish safeguards to prohibit its employees or its officers from using their positions for a purpose which could result in private gain or which gives the appearance of being motivated for private gain for themselves or others, particularly those with whom they have family, business, or other ties.

7. DESIGNATED POSITION: If at any time CDI determines the scope of work under the contract falls under a designated position within CDI's Conflict of Interest Code, located at Cal. Code of Reg., title 10 section 2690 et seq., that person is required to complete a Statement of Economic Interest (also known as the Fair Political Practices Commission Form 700) within thirty (30) days of assuming or leaving the position, and annually by April 1 of each year. The position must also complete an ethics training course chosen by CDI within six (6) months of being hired and once during each two-year-period for the duration of the contract.

8. POLITICAL REFORM ACT: If CDI designates any or all of Contractor's key personnel as "consultant" under the Political Reform Act, the contractor will ensure that any individuals so designated will timely submit the information required for the designated disclosure category pursuant to CDI's Conflict of Interest Policy.

9. NON-EXCLUSIVE AGREEMENT: This is a non-exclusive Agreement for services. CDI offers no guarantee of any specified amount of business to Contractor under this Agreement.

10. **EXECUTIVE ORDER N-6-22 – RUSSIA SANCTIONS:** On March 4, 2022, Governor Gavin Newsom issued Executive Order [N-6-22](#) (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. “Economic Sanctions” refers to sanctions imposed by the U.S. government in response to Russia’s actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State determine Contractor is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this agreement. The State shall provide Contractor advance written notice of such termination, allowing Contractor at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the State/CDI.

11. **GENERATIVE ARTIFICIAL INTELLIGENCE (GENAI) DISCLOSURE NOTIFICATION CLAUSE:** ~~The State of California seeks to realize the potential benefits of GenAI, through the development and deployment of GenAI tools, while balancing the risks of these new technologies.~~

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During the term of the contract, Contractor must notify the State in writing **if their services or any work under this contract** ~~if the solution or service~~ includes, or makes available, any GenAI technology, including GenAI from third parties or subcontractors. ~~The State has developed a GenAI Disclosure & Factsheet to be completed by the Contractor.~~ **Contractor shall immediately complete the GenAI Reporting and Factsheet (STD 1000) to notify the State of any new or previously unreported GenAI technology.**

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At the direction of the State, Contractor shall discontinue the use of any new or previously undisclosed GenAI technology that materially impacts functionality, risk or contract performance, until use of such GenAI technology has been approved by the State.

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~~Failure to disclose GenAI use to the State and submit the GenAI Disclosure Reporting & Factsheet (STD-1000) may be considered a breach of the Contract by the State at its sole discretion and the State may consider such failure to disclose GenAI and/or failure to submit the GenAI Reporting and Factsheet (STD 1000) as grounds for the immediate termination of the contract. will result in disqualification of the Contractor and may void any resulting contract. The State reserves its right is entitled to seek any and all relief it may be entitled to as a result of such non-disclosure.~~

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~~Upon receipt of a Contractor GenAI Disclosure & Factsheet the state reserves the right to incorporate GenAI Special Provisions into the final contract or reject bids/offers that present an unacceptable level of risk to the state.~~

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The State reserves the right to amend the contract, without additional cost, to incorporate GenAI Special Provisions into the contract at its sole discretion and/or terminate any contract that presents an unacceptable level of risk to the State.

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12. **CONTRACTOR EVALUATION:** Within sixty (60) days after the completion of this Agreement, the Project Representative shall complete a written evaluation of Contractor’s performance under this Agreement. If Contractor did not satisfactorily perform the work, a copy of the evaluation [Contract/Contractor Evaluation (STD. 4)] will be sent to the California Department of General Services, Office of Legal Services, and to Contractor within 15 working days of the completion of the evaluation via email.

13. **PROGRESS PAYMENT:** This agreement consists of separate and distinct tasks. Progress payments are allowed. Ten (10) percent of each invoiced amount shall be withheld. Funds withheld with regard to a particular task and/or objective may be paid upon final satisfactory completion of the task and/or objective.

14. **CONTRACTOR STAFF CHANGES:** The Contractor shall not reassign or change any key personnel identified in its proposal and this contract without the prior written approval of the CDI. Resumes for the designated key personnel are attached as Exhibit E. Said changes shall not require an amendment to this Agreement

15. **INDEPENDENT ADVICE:** Contractor agrees it will not underwrite any transaction on which Contractor is providing advice under this contract.

16. **CONFLICT MITIGATION**: In the performance of this contract, the Contractor will avoid all conflicts of interest and all appearances of conflicts of interest. Because it is possible that another group of actuaries at Contractor's firm may provide services that could present a conflict of interest, the Contractor represents to the Department that in the event of such a conflict or the appearance of a conflict, the Contractor will implement and maintain all appropriate and customary information and personnel barriers between the group providing services to the Department and any other group at the Contractor's firm providing services that could create such a conflict of interest or the appearance thereof.
17. **LIMITATION OF LIABILITY**: Contractor will perform all services in accordance with applicable professional standards. In the event of any claims arising from services provided by Contractor under this Agreement, the aggregate liability of Contractor, its officers, directors, agents and employees to the State shall not exceed \$5,000,000. This limit includes any claims made for indemnification pursuant to the General Terms and Conditions and applies regardless of the theory of law under which a claim is brought, including negligence, tort, contract or otherwise. The foregoing limitation of liability shall not apply to: (i) Contractor's gross negligence, willful misconduct, or fraud; (ii) personal injury, death or tangible property damages resulting from the acts or omissions of Contractor personnel; (iii) infringement of the intellectual property rights of a third party; or (iv) liability that may not be limited or excluded as a matter of law. In no event shall Contractor be liable to the State for any special, indirect, incidental, consequential, or punitive damages of any kind, including, without limitation, lost profits.
18. **TOOLS**: Contractor shall retain all rights, title and interest (including, without limitation, all copyrights, patents, service marks, trademarks, trade secret and other intellectual property rights) in and to all technical or internal designs, data, databases, methods, ideas, concepts, know-how, techniques, generic documents and templates ("Tools") that have been previously developed by Contractor or such Tools developed during the course of the provision of the Services provided such Tools do not contain and/or are not based upon or derived from any State proprietary data. Rights and ownership by Contractor of its Tools shall not extend to or include all or any part of the State's proprietary data. To the extent that Contractor may include in the materials any Tools, Contractor agrees that State shall be deemed to have a fully paid up perpetual license to make copies of the Tools as part of this engagement for its internal business purposes and provided that such Tools cannot be modified or distributed outside the State without the written permission of Contractor or except as otherwise permitted herein.
19. **USE OF NAME**: The State agrees that it shall not use Contractor's name, trademarks or service marks, or refer to Contractor directly or indirectly in any media release, public announcement or public disclosure, including in any promotional or marketing materials, customer lists, referral lists, websites or business presentations without Contractor's prior written consent for each such use or release, which consent shall be given in Contractor's sole discretion.

EXHIBIT E

RESUMES

NANCY P. WATKINS

Milliman, Inc.
2261 Market Street, Suite 5485
San Francisco, CA 94114 USA
(415) 394-3733

PROFESSIONAL EXPERIENCE

- 1997 to present MILLIMAN, INC.: Atlanta, GA and San Francisco, CA
Principal and Consulting Actuary — Manages San Francisco property & casualty consulting practice.
- 1991 to 1997 WATKINS CONSULTING CO.: Atlanta, GA
President — Owned and managed independent actuarial consulting firm.
- 1989 to 1991 PRICE WATERHOUSE, LLP: Atlanta, GA Senior Manager
and Consulting Actuary
- 1986 to 1989 JOHN HANCOCK REINSURANCE: Boston, MA
Actuarial Analyst
- 1983 to 1986 AETNA LIFE & CASUALTY: Hartford, CT
Actuarial Student

EDUCATION AND CREDENTIALS

B.S. in Mathematical Sciences, University of North Carolina at Chapel Hill

Fellow, Casualty Actuarial Society

Member, American Academy of Actuaries

AWARDS

American Academy of Actuaries Outstanding Volunteerism Award, November 2018

Casualty Actuarial Society Above and Beyond Achievement Award, October 2006

PROFESSIONAL SERVICE

Member, California CDI of Insurance Catastrophe Model Workgroup

Member, California Office of the State Fire Marshal Risk Modeling Advisory Workgroup

Leader, Milliman Climate Resilience Initiative

Member, United Nations Capital Development Fund Climate Insurance Linked Resilient Infrastructure Finance Working Group

Advisory Board Member, The Wharton Risk Center Policy Incubator Initiative

Chair, American Academy of Actuaries Committee on Property and Liability Financial Reporting

Member, American Academy of Actuaries Casualty Practice Council

Member, American Academy of Actuaries Financial Reporting Council

Co-Chair, American Academy of Actuaries Best Estimates Working Group

Member, Casualty Actuarial Society Committee on Special Interest Seminars

Member, Casualty Actuarial Society Committee on Reinsurance Research

INVITED PRESENTATIONS

2023	Topic	Audience
Nov	Risk management: embracing adaptability and forwardthinking planning	CoreLogic DC Government Forum
Nov	Wildfire solutions: Community risk mitigation and modeling	FHFA Insurance Symposium
Nov	Implications of growth in residual markets	FHFA Insurance Symposium
Oct	Wildfire risk and insurance	Rural Community Representatives of California
Sep	Fire, Community Resilience and Adaptation	State Insurance Trade Associations
Sep	The elephant in the market: what happens when residual insurance plans get too big?	State Insurance Trade Associations
Sep	Stabilizing markets: view from around the country	Environmental Defense Fund Climate Risk and Insurance conference
Sep	Impact of the Disaster Insurance Industry on the Mortgage and Housing Markets	FRMC Enterprise Risk Community Town Hall
Sep	Addressing wildfire insurance issues in California	Marin Conservation League
Sep	Addressing wildfire insurance issues in California	Tuolumne County Fire Safety Advisory Committee
Aug	From Risk To Resilience: Bank Readiness for Climate Risk Regulation	CoreLogic, Newmark and Trepp Webinar series

Jul	Finding a path forward for the property insurance market	APCIA Western Region General Counsel Conference
Jul	Addressing climate impacts on the US insurance market: A cross-sector conversation	Milliman Climate Resilience Forum
Jul	Catastrophe Modeling and Insurance	CDI Virtual Workshop
Jul	US flood insurance market	NAIC Catastrophe Risk (E) Subgroup
Jun	Future State of the Private Flood Market	National Flood Conference
Jun	Looking Forward: Insurance and Catastrophe Modeling	CA Assembly Insurance Committee / Emergency Management Committee
May	Risky Business: How Climate Change is Changing Insurance Markets	CA Senate Insurance Committee
May	Future of Cat Modeling	Texas Insurance Council
May	Rising Tides and Rates: Evolution of CRE Insurance in Stormier Times	CREFC Sustainability Summit
Apr	Using catastrophe models in CA homeowners rate formula	CA Climate Insurance Working Group
Mar	Risky Business: How Climate Change is Changing Insurance Markets	U.S. Senate Committee on the Budget
Mar	Catastrophe models for wildfire mitigation	Stanford Law School Wildfire Science and Policy Lab
Mar	Why insurance must align business strategies with talent strategy	Milliman Labs
Mar	Collaborating to reduce wildfire risk in CA and the West	Reinsurance Association of America Extreme Events Committee
Mar	Collaborating to reduce wildfire risk in CA and the West	Fire Districts Association of California 2023 Annual Conference
Feb	The Elephant in the Market	Florida Insurance Market Summit
Jan	Catastrophe models for wildfire mitigation: A Milliman perspective	CoreLogic IntrConnect

2022	Topic	Audience
Dec	Actuaries and a sustainable world	Caribbean Actuarial Association Conference
Nov	Sparking Solutions: Wildfire Risk and Insurance	Resources For the Future
Nov	PG&E: Corporation and Climate Risk in the Real World	Stanford University Graduate School of Business and Sustainability Accelerator
Nov	Perfect Partners: Fire Chiefs and Insurers	Property Insurance Reports National Conference
Aug	Milliman Bungalow: Development of Proprietary Flood Program	Casualty Actuaries in Reinsurance
Jun	Diversity and Inclusion in Practice	CAS Seminar on Reinsurance
Jun	State of the Private Flood Market - Industry Perspective	National Flood Conference
May	Understanding California Sea Level Rise Studies and Guidance	Smart Coast California
May	Economic Consequences of Sea Level Rise	Smart Coast California
Apr	Intersecting Issues of Climate Change, Insurance, Modeling and Risk Measurement	Sandia BASES
Feb	U.S. Private Flood Market	NAIC Catastrophe Risk (E) Subgroup
Jan	State of the Homeowners Fire and Flood Insurance Market	California Association of REALTORS Public Policy Forum

2021	Topic	Audience
Nov	Calling all actuaries: The Need for Risk Experts to Shape Climate Action	CAS Annual Meeting
Sep	Dialogue with Spencer Glendon on Our Climate Future	Milliman Climate Resilience Forum
Sep	Private Flood Market Development	NAIC Insurance Summit
Aug	A Climate Crisis in Insurance Markets?	Wharton Risk Center
Jun	Current State of the U.S. Private Flood Market	National Flood Conference
Jun	Role of RR 2.0 in Future Loss Reduction	National Flood Conference
Jun	Insurance Implications of Climate Change	CREFC Sustainability Initiative
May	The Risk of Rapid Sea-Level Rise and the Financial Risks to U.S. Coastal Communities	The House Select Committee on the Climate Crisis
Apr	A New Strategy for Addressing the Wildfire Epidemic in California	Stanford Woods Institute for the Environment Webinar

Mar	Climate Risk and Market Value: Data Innovations for Real Estate	ULI Climate Data Webinar
Mar	Climate Change: From Emerging Risk to Real Life Danger	Milliman Climate Resilience Forum
Mar	U.S. Insurance Regulatory Climate Leadership	Milliman Climate Resilience Forum
Mar	Unprecedented, Predictable, and Uninsurable: The Risks Posed by Climate Change	Milliman Climate Resilience Forum

2020	Topic	Audience
Dec	The Case for Change: Regulatory Approval of Catastrophe Models	California CDI of Insurance Virtual Meeting
Dec	Climate Data, Disclosure, and Industry Impacts	ULI Resilience Summit
Oct	Private Flood Insurance: Then, Now, What's to Come?	FAIR Conference
Sep	Regulatory Workshop on Private Flood Insurance	Southeastern Zone Regulators Association
Sep	B2C Insurtech Strategy	NYCA Insurance Symposium
Sep	Insurance Innovations: It's Not Your Grandmother's Flood Insurance	Floodplain Management Association Annual Meeting
Jul	Clearing the Way for Regulatory Approval of Catastrophe Models	NAIC Catastrophe Insurance Working Group Meeting
Jun	The Climate-Savvy Investor: Assessing Resilience in U.S. Markets	ULI Spring Meeting
Jun	The State of the Private Flood Market	National Flood Conference
May	The Role of Insurance in Climate Resilience	Council on Foreign Relations
May	Regulatory Risk: Finding Safe Passage Through Flood's Choppy Waters	RMS Exceedance
Feb	Making Communities Flood Resilient	UNC Clean Tech Summit
Feb	The Economic and National Security Dimensions of Climate Change	UNC Clean Tech Summit
Feb	Climate Change and Real Estate Panel	ULI SF Climate Change in Real Estate

2019	Topic	Audience
Dec	National Flood Insurance Program – The Need for Change	NAIC Winter National Meeting
Nov	Clearing the Way for Regulatory Approval of Catastrophe Models	Property Insurance Report National Conference

Oct	Staging Your State for Private Flood	NAIC SE Regional Insurance Commissioners Meeting
Aug	Staging Your State for Private Flood	NAIC Summer National Meeting
Jul	Is California Catastrophe Regulation Leading to a Homeowners Rate Crisis?	APCIA Western Region General Counsel Conference
Jun	NFIP Reauthorization - How to Bridge the Flood Insurance Gap	PCI National Flood Conference
Apr	Underwriting Private Flood Insurance	RAA Board Meeting
Apr	Insurance: Transferring and Assessing Risk	Hinshaw Sea Level Rise/Climate Change

2018	Topic	Audience
Nov	Global Corporate Responsibility	Climate Resilience Summit
Oct	The Future of Flood Insurance	Risk Mitigation Leadership Forum
Jul	The Rising Private Flood Insurance Market	Torrent Flood Seminar
Jun	Overview of the Private Flood Market	CAS Underwriting Collaboration Seminar
Jun	NFIP Risk Rating and Policy Forms Redesign	PCI National Flood Conference
May	What Federal Flood Insurance Reform Means to You	RMS Exceedance
Mar	The Rising Flood Insurance Market	Florida Insurance Market Summit

DATE	Topic	Audience
Mar '17	Competitive Analysis: Know the Data, Know the Market	CAS Ratemaking, Product and Modeling Seminar
Mar '17	Private Flood Insurance	CAS Severe Weather Workshop
Feb '17	Insuring Flood in the United States	RAA Cat Risk Management Conference
Mar '16	Flood Insurance Pricing	CAS Severe Weather Workshop
Mar '16	Flood Insurance - Private Market Alternatives	Florida Insurance Market Summit
Sep '15	Strategies for Homeowners Profitability and Growth	Casualty Actuaries of the Northwest
Sep '14	Assessing and Integrating Risk into Actuarial Practices	California Insurance Commissioner / Risky Business Climate Risk Forum: Bridging Climate Science and Actuarial Practice

Sep '14	Property Analytics Using Third Party Data	Guy Carpenter ERM and Capital Modeling Conference
Apr '14	Homeowners Profitability and Growth	CSC Executive Innovation Series for Florida Residential Property
Nov '13	Best Practices Rating Model	Property Casualty Insurers Association of America "Caught in the Middle" Roundtable
Oct '13	Caught in the Middle Panel	Property Casualty Insurers Association of America Annual Meeting
Jun '13	Best Practices in Catastrophe Ratemaking	Wharton Risk Management and Decision Processes Center National Cat Solutions Meeting
May '13	Homeowners Profitability	CAS Spring Meeting
Mar '12	Beach Plan Deficit: Cost to N. C. Policyholders and Taxpayers	North Carolina Legislative Research Subcommittee on Property Insurance Ratemaking
May '10	Using Predictive Analytics to Profitably Grow your Business	Duck Creek Insurance Forum
Mar '10	Practical Applications of Predictive Modeling in Homeowners Insurance	Casualty Actuarial Society Ratemaking and Product Management Seminar
Mar '09	California Private Passenger Auto Ratemaking — A Case Study	Casualty Actuarial Society Ratemaking and Product Management Seminar
Oct '08	Beach Plan Deficit: Cost to N.C. Policyholders and Taxpayers	North Carolina General Assembly Joint Select Study Committee
Sep '08	Issues and Opportunities	Fiserv Insurance Executive Summit
Jul '08	Auto Class Plan Filings	Association of California Insurance Companies General Counsel Seminar
Apr '08	Reinsurance — Risk Transfer Overview	Crittenden Medical Insurance Conference
Jan '08	Reinsurance: Accounting, Actuarial and Real World Perspectives	International Association of Insurance Receivers Insolvency Workshop
Sep '07	Hot Topics in P&C Accounting and Reinsurance	Fiserv Client Conference

Aug '07	Impact of Auto Rating Factor Regulations	Association of California Insurance Companies General Counsel Seminar
Aug '07	Reinsurance Risk Transfer Practices	Crittenden Reinsurance Conference
Nov '06	Finite Risk	Casualty Actuarial Society Risk Transfer Limited Attendance Seminar
Sep '06	Hot Topics in P&C Accounting, Reporting and Reinsurance	Fiserv Client Conference
Sep '06	Reinsurance Client Panel: Finite Reinsurance	Fiserv Client Conference
May '06	Finite Reinsurance and Risk Transfer: Activities of the American Academy of Actuaries	Reinsurance Association of American Current Issues Forum
Oct '05	Accounting Issues Update: Reinsurance Risk Transfer	National Risk Retention Association Annual Conference
Sep '05	Insurance Risk Transfer — An Issues Update	Casualty Loss Reserve Seminar
Sep '04	Issues Regarding Statutory Statements of Actuarial Opinion	Southern California Casualty Actuarial Club Fall Meeting
Sep '03	NAIC/AAA Loss Reserve Symposium for Readers and Writers of Loss Reserve Opinions	Casualty Loss Reserve Seminar
Jun '01	Why Establish a Virtual Company?	Virtual Insurance Operations Conference
Nov '00	Actuaries and the Internet	Casualty Actuarial Society Annual Meeting
Nov '00	Virtual Insurance Companies	Virtual Insurance Operations Forum

PUBLICATIONS

“A Community-Based Solution: How Actuaries and Fire Chiefs Can Tackle WUI Risk Together.”
 Carrier Management, August 2023

“Conversations about Risk Rating 2.0.” Wharton Risk Center, May 2022

“Climate risk and real estate: Emerging practices for market assessment.” ULI Knowledge Finder, October 2020

“At a crossroads.”
 Milliman Insight, September 16, 2020

“Trial by Wildfire: Will Efforts to Fix Home Insurance in California Stand the Test of Time?” - Milliman Insight, September 2020

“U.S. Private Flood Insurance: The Journey to Build a New Market.” Carrier Management, Insurance Journal, September 2019

“Climate change is making Americans anxious. Insurers can help.” Milliman Insight, April 2019
“Four Ways Hurricane Florence Could Ricochet Across the Insurance Industry” Milliman Insight, September 14, 2018
“What Could Private Flood Insurance Look Like in New Jersey and New York?” Milliman Insight, July 24, 2018
“Could Private Flood Insurance be Cheaper than the NFIP?” Milliman Insight, July 10, 2017
“Why Big Data is a Big Deal” - Insurance ERM, July 13, 2013
“Being Virtual Has Its Virtues” - National Underwriter, September 4, 2000

EXPERT WITNESS ASSIGNMENTS

Howard Mills, Superintendent of Insurance of State of New York vs. Everest Reinsurance Company, expert on behalf of defendant, October 2006.
Mercury Casualty Company, expert in support of rate filing #13-716 being considered by the California CDI of Insurance for Mercury’s California Homeowners business, June 2013.
Monterey Bay Military Housing, LLC, et al. v. Pinnacle Monterey LLC, et al., expert in support of plaintiffs Monterey Bay Military Housing, LLC, et al., June 2014.
State Farm Fire & Casualty Company, et al. v. Bruce L. Brown, et al., expert in support of defendants State Farm Fire & Casualty Company, et al. February 2017.
Farmers Insurance Exchange & Mid Century Insurance Company v. Roger Harris, Duane Brown, & Brian Lindsey, expert in support of defendants Farmers Insurance Exchange & Mid Century Insurance Company, November 2018.
American Property Casualty Insurance Association, et al., and Petitioner Intervenor National Association of Mutual Insurance Companies, v. Office of the Insurance Commissioner of the State of Washington and Insurance Commissioner Mike Kreidler, expert in support of petitioner intervenor NAMIC, June 2021.
Taqueria El Primo LLC, et al. v. Farmers Group, Inc., et al., expert in support of defendants Farmers Group, Inc., et al., August 2021.
Farmers Insurance Exchange v. Daniel De Sloover, expert in support of plaintiff & crossdefendant Farmers Insurance Exchange, March 2022.
Eileen-Gayle Coleman and Robert Castro, on behalf of themselves and all others similarly situated v. United Services Automobile Association and USAA General Indemnity Company, expert in support of defendants United Services Automobile Association and USAA General Indemnity Company, May 2022.
Jessica Day, individually and on behalf of all others similarly situated v. GEICO Casualty Company, GEICO Indemnity Company, and GEICO General Insurance Company (“GEICO”), expert in support of defendants GEICO, August 2022.
Adamma Ison, et al., v. Commissioner of the California CDI of Insurance, expert in support of petitioner intervenors Farmers Insurance Exchange and Mid-Century Insurance Company, June 2023.
Elinor DeKoven and Sidney Scholl, on behalf of themselves and all others similarly situated, v. Farmers Insurance Exchange and Mid-Century Insurance Company, expert in support of defendants, July 2023.
Boobuli’s LLC, a California limited liability company, on behalf of itself and all others similarly situated, v. State Farm General Insurance Company and State Farm Mutual Automobile Insurance Company, expert in support of defendants, July 2023.

Rejoice! Coffee Company, LLC, a California limited liability company, on behalf of itself and all others similarly situated, v. The Hartford Financial Services Group, Inc. and Sentinel Insurance Company, Ltd., expert in support of defendants, October 2023.

EXPERT TESTIMONY AT RATE HEARINGS

Hearing Date	Company	Filing #	Line of Business	State
11/9/2006	St. Johns	FCP 06-11223	HO	Florida
11/16/2006	United P&C	FCP 06-13037	HO	Florida
10/29/2009	Olympus Ins Co	FCP 09-17588	HO	Florida
2/10/2010	First Home	FCP 09-23287	HO	Florida
3/2/2010	ACA Home	FCP 10-00311	HO	Florida
10/21/2010	First Community	FCP 10-14149	DF	Florida
12/7/2010	First Home	FCP 10-17219	HO	Florida
3/10/2011	Olympus	FCP 11-00692	HO	Florida
3/22/2011	First Community	FCP 11-00972	HO	Florida
5/12/2011	Fidelity National	FCP 11-04301	HO	Florida
9/8/2011	Fidelity Fire & Casualty/First Protective	FCP 11-11215	DF	Florida
5/17/2012	Sunshine State	FCP 12-0376 FCP 12-04939	HO DF	Florida
9/20/2012	Citizens Property Insurance Corporation	FCP 12-13991 FCP 12-13992	HO (Coastal) HO	Florida
5/30/2013	Fidelity National	FCP-13-07023	HO	Florida
1/7/2016	State Farm General	CDI 14-8381	HO	California

ARBITRATIONS

Sunshine State Insurance Company (SSIC) and Florida State Board of Administration (SBA), served on an arbitration panel of three actuaries appointed to conduct the resolution of a dispute between the Florida Hurricane Catastrophe Fund and SSIC, November 2010.

Kramer-Wilson Company, Inc. and National General Holding Corp. arbitration. Party arbitrator for Kramer-Wilson Company, Inc., May 2019.

MAX MINDEL

FCAS, MAAA

Max.mindel@milliman.com

+1 415 394 3742



Current Responsibility

Max Mindel is a principal and consulting actuary with the Property and Casualty Practice in Milliman's San Francisco office. He joined the firm in 2008.

Professional Work Experience

Max's areas of expertise include:

- Predictive modeling to help companies improve loss ratios and overall profitability on poor performing segments of business, including developing tools to help guide marketing initiatives
- Property ratemaking in catastrophe-exposed areas, including developing rating plans and territorial definitions, incorporating the use of catastrophe models, and using other advanced analytical metrics to better understand coastal risks
- Personal lines ratemaking for Auto, Homeowners, Personal Umbrella, and Pet Insurance, including profitability reviews, rate-plan analyses, generalized linear modeling, and competitor comparisons
- Ratemaking and rate and rule filings for General Liability, Commercial Property, and Commercial Package lines of business
- General state regulatory compliance
- Specialized experience in the regulatory environment surrounding Florida's insurance industry
- Personal lines and commercial lines reserving for insurers

Prior to joining Milliman, Max was a pricing manager with the Auto Club Group in Dearborn, Michigan, and an associate actuary at CNA Insurance Group in Chicago, Illinois.

Professional Designations

- Fellow, Casualty Actuarial Society
- Member, American Academy of Actuaries

Education

- BS, Mathematics, University of California at Santa Cruz
- Masters of Science, Mathematics, Michigan State University

MATT CHAMBERLAIN

FCAS, CSPA, MAAA

matt.chamberlain@milliman.com

+1 415 394 3785



Current Responsibility

Matt Chamberlain is a principal and consulting actuary with the Property and Casualty Practice in Milliman's San Francisco office. He joined the firm in 2011.

Professional Work Experience

Matt's experience is primarily in pricing natural catastrophe exposed property insurance. His work often involves designing creative solutions to novel insurance problems.

He is the Lead Actuary for the Risk Rating 2.0 initiative, which is the first ground-up redesign of the rates for the National Flood Insurance Program, the largest flood insurer in the United States, since the program was created 50 years ago. He has also designed flood insurance rating plans for private companies.

Matt has worked extensively on evaluating catastrophe models and assessing their fitness for purpose. He has spoken on this subject on prominent industry conferences.

He has developed by-peril rating plans for Homeowners, Dwelling Fire, and Mobile Homeowners in regions exposed to substantial catastrophe risks from multiple perils. He has developed new rating variables that enable a more accurate pricing of hurricane risk.

Matt has also worked on projects evaluating the impact of mitigation on wildfire risk and the impact of sea level rise.

Prior to joining Milliman, Matt was senior actuary at Geovera Holdings, Inc. Prior to Geovera, he worked for Unitrin Direct and the Massachusetts Workers' Compensation Rating & Inspection Bureau.

Professional Designations

- Fellow, Casualty Actuarial Society
- Certified Specialist in Predictive Analytics
- Member, American Academy of Actuaries

Education

- BS, Physics, The Ohio State University, Columbus, Ohio
- BA, Classics, The Ohio State University, Columbus, Ohio
- MS, Physics, Auburn University, Auburn, Alabama

Presentations and Publications

Matt has published articles and presented on the pricing of natural catastrophe exposed property insurance for all major perils. The conferences he has spoken at include the National Flood Conference, the Reinsurance Association of America's Catastrophe Management conference, meetings of the Casualty Actuarial Society, and the Actuarial Society of South Africa.

GARRETT BRADFORD GISP

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Current Responsibility

Garrett Bradford directs the Geographic Information Systems (GIS) work for the Property and Casualty Practice in Milliman's San Francisco office and manages the Milliman PinPoint product. He joined the firm in 2010.

Professional Work Experience

Garrett manages and produces GIS data for visualization, analysis, underwriting, and rating.

His expertise includes:

- Spatial analysis for catastrophe modeling
- Construction of custom territories and other GIS datasets for rating and underwriting
- Development and implementation of geospatial capabilities
- Use of third-party GIS data
- Cartographic production and graphic design

Garrett is an expert in data visualization and produces maps and charts that enable insurers to understand their data across a range of geographic scales so they can make sound business decisions.

Through the use of GIS and mapping at every step of an analysis, Garrett helps clients identify unique spatial patterns that can drive pricing and underwriting strategies.

Garrett has many years of experience with third-party GIS data from a variety of sources such as the United States Geological Survey, the National Oceanic and Atmospheric Administration, the Florida Geological Survey, and the United States Census. When combined with insurance data, these GIS resources enhance Milliman's predictive modeling capabilities. With GIS datasets that describe the physical drivers of catastrophe risk, our clients are able to incorporate granular rating and underwriting rules. Third-party demographic and exposure data allow insurers to drill down on target marketing areas and identify drivers of non-catastrophe losses.

Garrett helps our clients adopt new geospatial capabilities by both providing access to custom location-based services and training them to develop and manage their own geospatial services. Garrett develops and manages Milliman PinPoint, a cloud-based service where a single property location returns any number of custom geographic attributes. Example outputs from PinPoint include rating territory, census geographies, distance-to-coast, distance-to-river, elevation, and relative elevation. Whether using PinPoint or in-house systems, Garrett's expertise allows our clients the flexibility to use their own, custom GIS datasets in pricing and underwriting.

Professional Designations

Certified GIS Professional (GISP)

Education

- BA, Geography, University of California, Berkeley
- MS, Geographic Information Science, San Francisco State University

Presentations and Publications

Garrett has frequently prepared the data visualization components of actuarial presentations and articles. He has given presentations on the use of GIS, third-party data, and data visualization in addition to developing hands-on GIS training workshops. Garrett has also published articles and given presentations on the use of GIS in studies of surface roughness length and the influence of the built environment on ground-level wind speeds.

AARON C. KOCH

FCAS, MAA

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Affiliations

CAS Joint Program Committee for Reinsurance Seminars (Chair 2020-2021; Vice-Chair 2018-2019)

Current Responsibility

Aaron Koch is a principal and consulting actuary based in Northern Virginia. He joined Milliman in 2011.

Education

BA, Mathematics and BA, Philosophy, Dartmouth College

Professional Work Experience

Aaron develops innovative solutions for the rapidly growing catastrophe risk and alternative capital markets. He works with leaders in these fields—including specialist hedge funds and reinsurers—to provide independent analyses for asset valuation, post-event loss reserving, and modeling of new or unusual risks to the ILS market. Aaron is a frequent writer and speaker on alternative financing structures for catastrophe risk.

Aaron's actuarial experience includes consulting for a diverse set of clients throughout the property and casualty insurance industry, including corporations and government entity risk pools. He frequently develops models for low-frequency, high-severity risks, e.g., property catastrophe and commercial liability risks such as product liability and medical malpractice.

Professional Designations

- Fellow, Casualty Actuarial Society
- Member, American Academy of Actuaries

Presentations and Publications

Selected Presentations

- "COVID-19: Spotlight on Business Interruption." IFoA GIRO Webinar Series, 2021.
- "ILS Valuation and the Market Experience from Harvey, Irma, and Maria." ILS Convergence, November 2018.
- "Analyzing the Future of ILS: Independent Modeling for non-Cat Issuances." ILS Convergence, November 2017.
- "Locked Collateral: How Much is it Costing You?" ILS Convergence, November 2016.
- "On Beyond Cat Bonds: How Alternative Capital is Reshaping the Reinsurance Industry." CAS Webinar, February 2016.

Selected Publications

- "A tale of two catastrophes: Demand surge and inflation put property insurers in a bind." Milliman Insight, January 2022.
- "Casualty: The next ILS frontier?" Carrier Management and Insurance Journal, July/August 2018.
- "Non-NatCat insurance-linked securities: Identifying market opportunities for diversifying perils." Milliman Insight, November 2017.
- "Surveying the damage: The impact of Harvey, Irma, and Maria on the alternative capital market." Milliman Insight, October 2017.
- "Measuring the impact of 'locked collateral' on collateralized reinsurance returns." Milliman Insight, April 2016.
- "A new model for weathering risk: CDOs for natural catastrophes." CAS E-Forum, May 2015.

HEATHER KANZLEMAR
FCAS
Consulting Actuary
heather.kanzlemar@milliman.com
415 394 3795

Current Responsibility

Heather Kanzlemar is an actuary with the Property and Casualty Practice in Milliman's San Francisco office. She joined the firm in 2022.

Professional Work Experience

Heather's areas of expertise include:

Analyzing rate adequacy, including on-leveling premium, evaluating trends, and assessing potential policyholder dislocation

Facilitating the development and introduction of predictive models, tiering, and/or new rating variables within both existing and new insurance programs

Preparing and reviewing personal and commercial lines rate filings to be submitted to regulators in various states

Researching topics and trends impacting claims frequency and severity

Prior to joining Milliman, Heather was an Actuarial Pricing Director with State Auto Insurance Companies. She and her former teams performed ratemaking and product development for Small Commercial Package, Private Passenger Auto, Commercial Auto, and Homeowners lines of business.

Professional Designations

Fellow, Casualty Actuarial Society

Education

BS, Actuarial Science, The Ohio State University

EXHIBIT 2

McKennedy, Nikki

From: McKennedy, Nikki
Sent: Wednesday, April 2, 2025 12:01 PM
To: Teti, Jordan
Cc: McCune, Jennifer
Subject: RE: SFG - April 8 hearing

Jordan, thank you for our discussion this morning. After further discussion at CDI, we are concerned that there is a probable conflict of interest with Nancy Watkins testifying on behalf of State Farm at next week's interim rate hearing. If State Farm proceeds to use Ms. Watkins as an expert witness, we intend to make appropriate objections.

Thank you,

Nikki S. McKennedy, Assistant Chief Counsel, Rate Enforcement Bureau | California Department of Insurance | 1901 Harrison Street, 6th floor, Oakland, CA 94612 | [✉ Email: nikki.mckennedy@insurance.ca.gov](mailto:nikki.mckennedy@insurance.ca.gov) | [📞 Office: 415.538.4162](tel:415.538.4162) or cell 510-407-3389

From: Teti, Jordan <jordan.teti@hoganlovells.com>
Sent: Tuesday, April 1, 2025 7:58 PM
To: McKennedy, Nikki <Nikki.McKennedy@insurance.ca.gov>
Cc: McCune, Jennifer <Jennifer.McCune@insurance.ca.gov>
Subject: RE: SFG - April 8 hearing

Yes, thank you. I can send a link, though glad to call your cell or office number then, however you'd prefer.

Jordan D. Teti
Hogan Lovells US LLP

From: McKennedy, Nikki <Nikki.McKennedy@insurance.ca.gov>
Sent: Tuesday, April 1, 2025 7:45 PM
To: Teti, Jordan <jordan.teti@hoganlovells.com>
Cc: McCune, Jennifer <Jennifer.McCune@insurance.ca.gov>
Subject: RE: SFG - April 8 hearing

[EXTERNAL]

Will 9 am tomorrow work?

Nikki S. McKennedy, Assistant Chief Counsel, Rate Enforcement Bureau | California Department of Insurance | 1901 Harrison Street, 6th floor, Oakland, CA 94612 | [✉ Email: nikki.mckennedy@insurance.ca.gov](mailto:nikki.mckennedy@insurance.ca.gov) | [📞 Office: 415.538.4162](tel:415.538.4162) or cell 510-407-3389

From: Teti, Jordan <jordan.teti@hoganlovells.com>
Sent: Tuesday, April 1, 2025 7:38 PM
To: McKennedy, Nikki <Nikki.McKennedy@insurance.ca.gov>
Cc: McCune, Jennifer <Jennifer.McCune@insurance.ca.gov>
Subject: RE: SFG - April 8 hearing

Hi Nikki – pardon this evening email, but do you have a few minutes to discuss the below tonight or early tomorrow morning?

I'm available at 310.785.4756 or on my cell at 805.637.5810 whenever might work for you.

Thank you,
Jordan

Jordan D. Teti
Partner

Hogan Lovells US LLP
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Begin forwarded message:

From: "McKennedy, Nikki" <Nikki.McKennedy@insurance.ca.gov>
Date: April 1, 2025 at 4:47:13 PM PDT
To: "Wells, Vanessa" <vanessa.wells@hoganlovells.com>
Cc: "McCune, Jennifer" <Jennifer.McCune@insurance.ca.gov>
Subject: RE: SFG - April 8 hearing

[EXTERNAL]

Vanessa, there is a concern that State Farm may have hired Nancy Watkins to testify next week. Ms. Watkins is still consulting with the Department on other matters. As I told you last August, the Department believes this creates a conflict of interest and will object on those grounds.

Nikki S. McKennedy, Assistant Chief Counsel, Rate Enforcement Bureau | California Department of Insurance | 1901 Harrison Street, 6th floor, Oakland, CA 94612 |  Email: nikki.mckennedy@insurance.ca.gov |  Office: 415.538.4162 or cell 510-407-3389

From: McCune, Jennifer <Jennifer.McCune@insurance.ca.gov>
Sent: Tuesday, April 1, 2025 2:20 PM
To: Wells, Vanessa <vanessa.wells@hoganlovells.com>
Cc: McKennedy, Nikki <Nikki.McKennedy@insurance.ca.gov>
Subject: SFG - April 8 hearing

Hi Vanessa,

Can you please share with us the names of SFG's witnesses for the April 8th hearing?

Thanks,

Jennifer

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