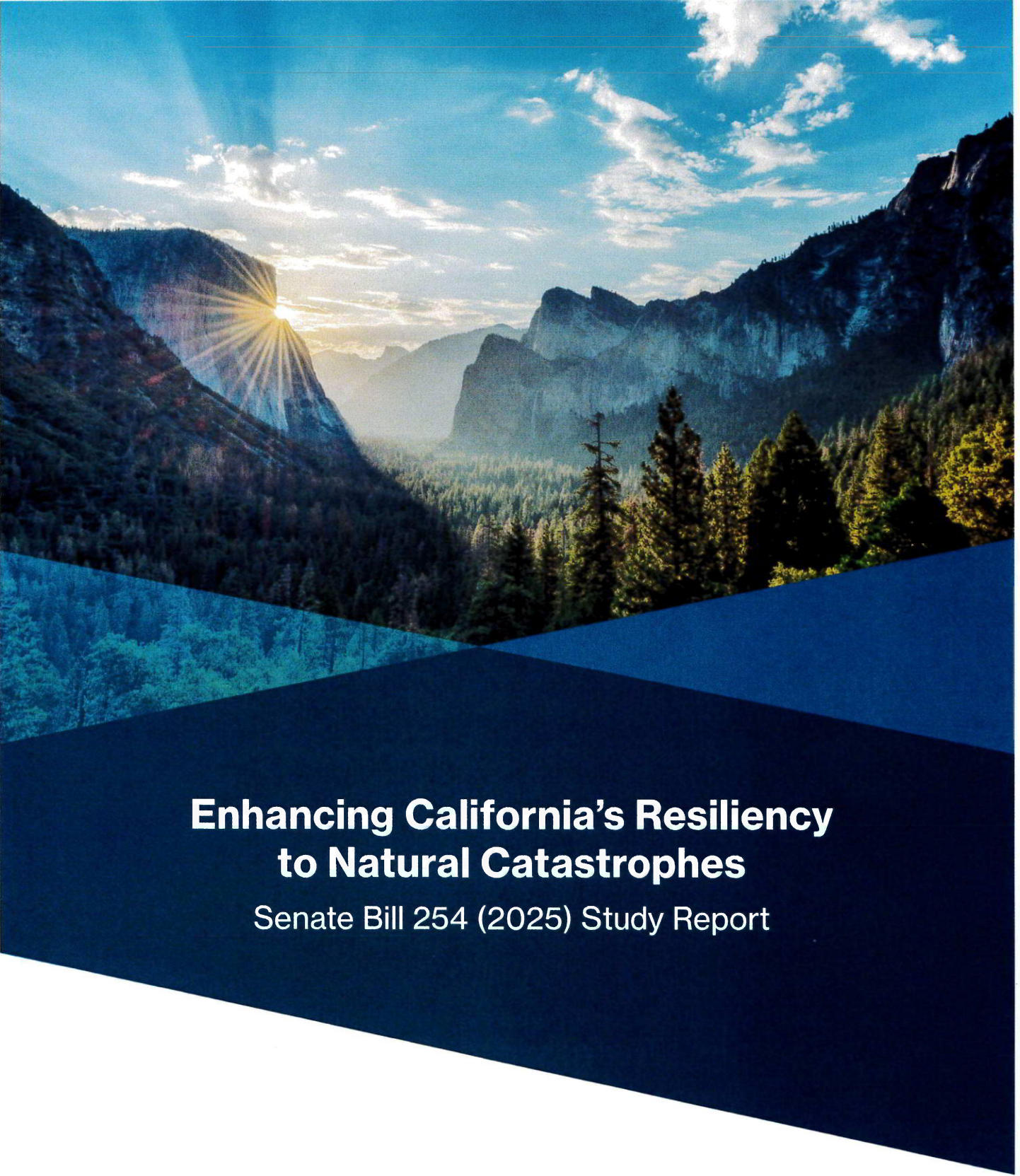




Enhancing California's Resiliency to Natural Catastrophes

Senate Bill 254 (2025) Study Report



Wildfire Fund
Administrator

April 7, 2026

Report Filing

This SB 254 Report is submitted to Governor Gavin Newsom and the Legislature pursuant to Public Utilities Code section 719, and in compliance with Government Code section 9795. A one-page summary of the Report has been distributed to Members of the Legislature via e-mail, with instructions on accessing an electronic copy of the full Report at this link: [SB 254 Natural Catastrophe Resilience Study | CA Wildfire Fund](#). The full Report has also been delivered to the following:

Secretary of the Senate	Chief Clerk of the Assembly	Legislative Counsel
Erika Contreras	Sue Parker	Cara L. Jenkins
The State Capitol, Room 307	The State Capitol, Room 319	925 L Street, Suite 900
Sacramento, California 95814	Sacramento, California 95814	Sacramento, CA 95814

About the California Earthquake Authority (CEA)

[CEA](#) is a privately funded, publicly managed instrumentality of the State, created by the Legislature in the mid-1990s to assist in restoring the residential property insurance market during a period of instability following the 1994 Northridge earthquake. CEA insures nearly 1 million California homes against damage from earthquakes and has approximately \$20 billion in claim-paying capacity. CEA's mission includes a commitment to earthquake education and seismic mitigation, accomplished through a retrofit grant program that has helped close to 40,000 California homeowners [strengthen their homes](#) against earthquake damage.

In 2019, the Legislature tapped CEA to act as the Administrator of the Wildfire Fund, a \$21 billion claim-paying fund that insures California's three large investor-owned electric utility companies (IOUs) for liabilities arising from wildfires ignited by IOU equipment. The Wildfire Fund was established through the leadership of Governor Gavin Newsom and the Legislature under AB 1054 (2019, Assemblymembers Holden, Burke, Mayes; Senators Dodd and Hertzberg).

In 2025, the Legislature assigned CEA the task of conducting this Study and reporting on options to enhance natural catastrophe resiliency while meeting California's climate change and clean energy goals. CEA's dual roles as both an active participant in the property insurance market and as Administrator of the Wildfire Fund, allow CEA to bring a uniquely balanced perspective to the SB 254 Study.

Enhancing California's Resiliency to Natural Catastrophes

Senate Bill 254 (2025) Study Report

Submitted to:

The Honorable Gavin Newsom, Governor of the State of California,
and the Members of the California Legislature

Prepared By:

California Earthquake Authority
Administrator of the Wildfire Fund



Acknowledgments

A study with this extensive breadth and complexity of scope could not have been completed without the help of many people and organizations.

In [Executive Order N-34-25](#), Governor Newsom directed the Department of Forestry and Fire Protection (CAL FIRE), the Office of Emergency Services (Cal OES), and the Office of Energy Infrastructure Safety (Energy Safety), and requested the California Public Utilities Commission (CPUC) and the Department of Insurance (CDI), to collaborate with one another and provide information and recommendations to the CEA, as Administrator of the Wildfire Fund, to support the preparation of the report as required under SB 254. Senior executives of these five named agencies and departments generously contributed their time and expertise as members of the Study steering committee and as subject matter experts. The formal written submissions of these agencies and departments are available at [available at SB 254 Natural Catastrophe Resilience Study | CA Wildfire Fund](#).

Mark Ghilarducci and Paul Rosenstiel, Chair and Vice-Chair, respectively, of the California Catastrophe Response Council—the oversight body for the Wildfire Fund Administrator—also participated on the Study steering committee and gave wise counsel throughout the Study.

CEA also benefitted immensely from the many individuals and organizations who responded to the open call for contributions and gave kindly of their time and expertise in the many calls and focus group discussions conducted as part of the Study. Appendix A lists the contributing organizations to the Study and stakeholder submissions are available at the Wildfire Fund website.

CEA also wants to recognize the tremendous dedication and technical expertise brought to bear by the team of researchers, analysts, planners, and subject matter experts who worked tirelessly to complete their research and help CEA deliver this Report to the Legislature and Governor in the very short timeline as requested. Key contributing organizations and staff include:

SB 254 Research Study Director: Laurie A. Johnson

Aon: Andy Neal, Paul Eaton, Alison Mangialardi, Ian McCracken, Nick Paterala Hai Pham, Benjamin Schuker, Defne Talu, Anna Vincent, Maria Ziskelevich

Ascent Environmental: Erik de Kok, Curtis E. Alling, Tanya Jones, Michele Mattei, Luis Montes, Adam Qian, John Steponick

California Forward: Nuin-Tara Key

California Polytechnic State University (Cal Poly) WUI Fire Institute: Frank Frievault

Climate Risk & Capital Advisory: Laurie Schoeman

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Insurance for Good: Carolyn Kousky, Xuesong You

RAND: Lloyd Dixon, Jamie Morikawa, James Anderson, Sampada Acharya, Phoebe Levine, Benjamin Miller, Nicholas Pace

Scidan Consulting Group: Nathan Pollak, James MacDowell

University of Queensland: Paula Jarzabkowski

The SB 254 Study team, including the acknowledged individuals and organizations, undertook research, analysis, and stakeholder engagement in support of this Study, and participated in a convergence process that informed and assisted in generating the Policy Pathways, Strategies and Options set forth in Section 5 of this Report. The content of Section 5 is solely attributable to CEA and does not necessarily reflect the views of the California State Government contributors, and any of the individual consultants, stakeholders, advisors, representatives, or other subject matter experts who participated in the Study.

Executive Summary

California has a long history of setting and achieving ambitious policy objectives to drive economic prosperity and growth to meet the needs of Californians. The State's current high priority needs include:

- Affordable, safe, reliable, and clean energy, provided by stable utilities able to do their part to help California meet its long-range climate and energy goals;
- Access to a robust, competitive, and fairly regulated property insurance market able to meet the recovery promise for all policyholders; and,
- Safe, catastrophe resilient communities.

Natural catastrophe resiliency depends on a healthy insurance market, fiscally sound utilities, and sustained investment in risk reduction. Climate change is intensifying pressure on all three of these resiliency objectives.

Climate change is driving increased catastrophic wildfire risk, compounded by forest fuel buildup after decades of aggressive fire suppression. California's insurance market is not meeting the needs of the most vulnerable regions of the State. At the same time, the state's electric utilities must balance among competing imperatives: delivering safe, reliable, clean, and affordable energy across a vast geographic landscape; bearing the constitutional obligation to pay for all property damage from wildfires ignited by utility equipment regardless of fault; and financing the grid improvements required to meet the State's ambitious climate and clean energy goals. At the center of these pressures are California consumers who need and deserve the level of affordability necessary to achieve the California promise of abundance and prosperity.

Enhancing California's catastrophe resiliency, while remaining committed to long-range climate adaptation and clean energy goals, will require integrated solutions that cut across all elements of governmental and private sector interests. In short, a Whole of Society approach to catastrophe resiliency.

The Legislature and Governor requested this report in September 2025 for one simple reason—there are no easy answers to achieving these objectives. There are, however, a range of available options that will enhance California's catastrophe resiliency over the near and long term. The research and analysis undertaken as part of this Study yielded a range of Policy Pathways, Strategies, and Options that will advance the natural catastrophe resiliency goals of SB 254.

This Report first provides background and context as a foundation for a candid assessment of California's current catastrophe resiliency. After acknowledging the cost of inaction, the Report sets out Policy Pathways, Strategies, and Options for the Governor and Legislature to consider.

The Policy Pathways range from more narrowly focused opportunities to address specific challenges, to more transformational solutions that tackle an array of interconnected policy issues but carry significant capitalization and financing requirements. No Pathway includes the option to simply fail to act. Failing to act will come at a significant cost. This Report seeks to quantify, to the extent possible, the **Cost of Inaction** as a baseline against which to measure the costs of solutions discussed within each Pathway.

Pathways to Catastrophe Resiliency

Pathway 1 – Commit to Community Wildfire Risk Reduction builds on the foundational work and investments California has made on landscape-scale fire management and resiliency and focuses on the need to bring targeted intensity to protecting communities most at risk for conflagrations. This Pathway sets forth Strategies and Options to:

- Establish statewide coordination for community wildfire mitigation;
- Stimulate community and home-level risk reduction to acknowledge the shared responsibility for wildfire risk reduction and community resiliency; and,
- Continue to prioritize electric utility safety and accountability by maintaining high-quality infrastructure safety.

Pathway 2 – Equitably Allocate Catastrophe Burdens offers options to implement balanced and equitable changes to the systems we use to socialize catastrophe losses in ways that help achieve existing and important societal objectives, including long-range clean energy and climate goals, and a strong and accessible residential property insurance market. This Pathway sets forth Strategies and Options to:

- Strengthen access to property insurance through enhancements to regulatory innovations that will improve insurance rate adequacy and industry stability;
- Address and solidify the FAIR Plan in the face of its unsustainable growth;
- Reform electric utility liability to rebalance costs between ratepayers, shareholders, and the broader public; and,
- Improve compensation mechanisms for survivors of utility-caused wildfires.

Pathway 3 – State Roles for Addressing Catastrophe Resiliency pivots to opportunities to consider more transformational changes by examining creative structures used around the world through which the State steps in to fill protection gaps that exist with existing loss management systems to achieve equitable allocations of catastrophe expenses. This Pathway sets forth Strategies and Options to:

- Establish a role for the State in financing catastrophe risk and recovery; and,
- Creating pathways and vehicles for funding community wildfire mitigation investments.

This call to action rests on the undeniable reality that climate change is accelerating, increasing the frequency and destructive force of natural catastrophes and conflagrations. Building on the Legislature’s and Governor’s initiatives to address these complex, interrelated challenges is essential to enhancing California’s catastrophe resiliency.

SB 254 Study Report's Policy Pathways, Strategies, and Options

Pathway 1 – Commit to Community Wildfire Risk Reduction	
Strategy 1.1: Enhance the Statewide Approach to Driving Targeted Community Wildfire Risk Reduction.	Option 1.1.1: Strengthen and align statewide coordination for community wildfire mitigation.
	Option 1.1.2: Develop essential data and analytical infrastructure to identify and assess wildfire risk mitigation needs and track progress statewide.
	Option 1.1.3: Adopt and implement science-informed standards and programs to guide targeted, high-impact mitigation efforts in communities across the state.
Strategy 1.2: Stimulate Community and Home Level Commitment and Shared Responsibility for Wildfire Risk Reduction and Community Resiliency	Option 1.1.4: Streamline administrative processes and procedures to maximize resources and expedite implementation of standards.
	Option 1.2.1: Incentivize community wildfire mitigation planning and project-level implementation with financial resources and technical support.
	Option 1.2.2: Tighten the link between risk reduction and insurance.
Strategy 1.3: Continue to Prioritize Electric Utility Safety and Accountability	Option 1.2.3: Incentivize city and county pre-disaster recovery planning with financial resources and technical support.
	Option 1.3.1: Develop a risk tolerance standard with binding application to electric utility liability.
	Option 1.3.2: Preserve safety Certificate accountability and financial stabilization benefits.
	Option 1.3.3: Establish a statutory minimum safety weighting in electric utility executive compensation.
Pathway 2 – Equitably Allocate Catastrophe Burdens	Option 1.3.4: Establish a confidential reporting system with statutory safe-harbor protections.
	Option 2.1.1: Solidify the long-term effectiveness of the Sustainable Insurance Strategy.
	Option 2.1.2: FAIR Plan Reform - Return the FAIR Plan to a "market of last resort."
	Option 2.1.3: Institute a statewide insurance market health monitoring program.
Strategy 2.2: Reform Utility Liability	Option 2.1.4: Solve for underinsurance - Make the standard homeowners insurance product more responsive to catastrophe recovery needs.
	Option 2.1.5: Enhance market oversight following disasters.
	Option 2.2.1: Eliminate inverse condemnation for electric and gas utility-caused wildfires.
	Option 2.2.2: Modify the damages for which electric and gas utilities are liable outside of inverse condemnation.
Strategy 2.3: Efficiency and Compensation Improvements for Utility-caused Wildfires to Accelerate Recovery and Reduce Legal Costs	Option 2.3.3: Eliminate insurance subrogation.
	Option 2.3.1: Create a "fast pay" facility for survivors of utility-caused wildfires.
	Option 2.4.1: Create a more durable Wildfire Fund with potential to use risk transfer.
Strategy 2.4: Make a More Durable, Permanent Wildfire Fund	Option 2.4.2: Create a more durable Wildfire Fund with diversified funding sources.
	Option 2.4.3: Establish a more durable Wildfire Fund along with liability reforms.
Pathway 3 – State Roles for Addressing Catastrophe Resiliency	
Strategy 3.1: State Roles to Finance Catastrophe Risk	Option 3.1.1: Establish a State-administered wildfire liability insurance program for electric utilities.
	Option 3.1.2: Establish a State-backstop for electric utility wildfire liability with a residual utility self-insurance pool.
	Option 3.1.3: Establish a State-backed catastrophe reinsurance layer for the residential property insurance market.
	Option 3.1.4: Create a State-sponsored wildfire insurer.
Strategy 3.2: Statewide Funding for Community Wildfire Mitigation	Option 3.2.1: Develop a long-term funding and financing strategy for statewide community wildfire mitigation.