



Date: April 16, 2025

To: Honorable Mike Gipson, Chair
Honorable Tri Ta, Vice Chair
Members, Assembly Revenue and Taxation Committee

From: Rex D. Frazier, President
Seren Taylor, Vice President
Allison Adey, Legislative Advocate

Re: AB 232 (Calderon) Natural disasters: catastrophe savings accounts:
personal income tax. (Amended - 4/11/2025)

PIFC Position: Support

The Personal Insurance Federation of California (PIFC) is a statewide trade association that represents twelve of the nation's largest property and casualty insurance companies. These companies include State Farm, Farmers, Liberty Mutual Insurance, Progressive, Mercury, Nationwide, Allstate, CONNECT by American Family Insurance, Kemper, CSAA Insurance Group, Interinsurance Exchange of the Automobile Club (Automobile Club of Southern California), and GEICO as well as associate members NAMIC and CHUBB. Collectively, these insurance companies write the majority of personal lines auto and home insurance in California.

Climate change along with population shift toward the wildland-urban interface (WUI) areas have contributed to an increase in the impacts of wildfires and other weather-related disasters. According to CAL FIRE, California's nine largest wildfires have occurred within the last decade. Two of the most destructive fires – categorized by structures destroyed – include the 2025 Palisades and Eaton fires. Furthermore, California's Fourth Climate Assessment notes that by 2100, the frequency of extreme wildfires burning over approximately 25,000 acres could increase by nearly 50 percent.

PIFC is pleased to support Assembly Bill 232, a measure that would authorize California homeowners to establish a Catastrophe Savings Account (CSAs) within financial institutions. Funds deposited in these accounts would be exempt from state income tax.

These CSAs will help Californians cover emergency-related expenses incurred due to damage to, or loss of, a home caused by a wildfire, flood, or earthquake that has been declared an emergency by the Governor. Such expenses include the deductible of a homeowners insurance policy and costs associated with property-level mitigation efforts that are consistent with the California Department of Insurance's (CDI) Mitigation in Rating Plans and Wildfire Risk Models regulations. These CDI regulations require insurers to recognize and reward wildfire safety and mitigation efforts by providing discounts to consumers.

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(Automobile Club of
Southern California)

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The regulation incorporates “Safer from Wildfires,” a framework of wildfire safety measures created by a partnership between the Department of Insurance and the emergency preparedness agencies in Governor Newsom’s Administration, including the California Department of Forestry and Fire Protection (CAL FIRE), the Governor’s Office of Emergency Services (CalOES), the Governor’s Office of Planning and Research, and the California Public Utilities Commission.

Tax advantaged savings accounts are helpful financial tools that incentivize future financial preparedness. Examples include Health Savings Accounts (HSAs), Individual retirement arrangements (IRAs), and 401k retirement plans. Currently, three states have authorized homeowners to utilize CSAs in case of disasters – Alabama, Mississippi and South Carolina.

Californians should have access to all the available tools to assist with recovery after disaster. Allowing Californians to open a state income tax exempt account to prepare in advance for the future is a responsible financial step forward. Therefore, **PIFC supports AB 232**. If you have any questions regarding PIFC’s position, please contact Seren Taylor at (916) 346-9427 or (staylor@pifc.org).

Sincerely,



Seren Taylor
Vice President
Personal Insurance Federation of California

Cc:

Assemblymember Lisa Calderon, Author
David M. Ruff, Chief Consultant, Assembly Revenue and Taxation Committee
Julia King, Assembly Republican Caucus
Brady Borcharding, Deputy Legislative Secretary, Office of the Governor
Josephine Figueroa, Deputy Commissioner and Legislative Director, California Department of Insurance