

PRID Procedure Q&A

The Pre-Application Required Information Determination (PRID) process is designed to ensure transparency, accountability, and public participation in reviewing catastrophe models used for insurance rates.

By allowing rigorous public review with built-in confidentiality protections, the PRID provides oversight and safeguards against unnecessary disclosure of proprietary information. Models used by insurers must calculate risks accurately, reliably, and fairly, and must ultimately benefit consumers by promoting insurance availability and reliability while addressing the impacts of climate change.

- Is the Pre-application Required Information Determination (PRID) mandatory for models?
 - The PRID procedure is a voluntary process that allows for rigorous public review and determination of the pre-application required model information for a rate filing.
- Does the PRID apply only to catastrophe models used for projecting aggregate losses or can segmentation models also be submitted for a PRID procedure?
 - The PRID procedure can be used to review a broad array of models, including rate segmentation models. Versions of models the Department has recently reviewed in the rate review process, however, need not undergo another review at this time (e.g., a segmentation model that was subject to substantive CDI review in a rate filing submitted in 2024).
 - The initial efforts of the PRID will be focused on reviewing wildfire catastrophe models for use in projecting aggregate losses in order to implement the new Catastrophe Models and Ratemaking Regulations.
- How will Intellectual Property be protected during the PRID Procedure?
 - All participants in the PRID procedure will be required to comply with a Non-disclosure Agreement (NDA) and Protective Order that will be entered before the model vendor provides information as part of a PRID procedure
- What is the result of a PRID procedure?
 - The PRID procedure provides a venue for public review of models for use in ratemaking.
 - The PRID determination specifies a set of Required Model Information that an insurance company will be required to submit in a complete rate application that relies on that model. Required Model Information could include some information the model vendor believes to be confidential. The model vendor controls whether this information is ultimately disclosed, because all Required Model Information remains confidential until and unless an insurance company submits a complete rate application relying upon that model.
- What information will a wildfire catastrophe model vendor be asked for in a PRID procedure?
 - Please see the Wildfire Catastrophe Model Checklist for a non-comprehensive list of initial exemplary information from the Model Advisor.
- How will the Wildfire Catastrophe Model Checklist be used?
 - The checklist outlines the types of information that may be required by the Model Advisor to be submitted as part of a PRID procedure.
 - The model vendor may be required to provide this information in a PRID procedure through:

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- Standard client documentation submitted during the PRID procedure
- Presentations during the PRID procedure
- Written responses submitted during the PRID procedure and/or
- Any other form/mechanism required by the Model Advisor
- Will modelers be asked to run their model during the PRID procedure?
 - Yes. Model vendors will be asked to conduct specific test cases and provide the output of the model for those test cases. Please review the Wildfire Catastrophe Model Checklist Appendix for information on the types of test cases that may be required by the Model Advisor during the course of the PRID procedure

Petitions for PRID Initiation

- What information should be included in a petition to initiate a PRID?
 - It should be addressed to the Model Advisor, not the Commissioner
 - It should indicate the version of the model
 - It should include the justification for initiating a PRID
 - It should indicate whether the model has a valid PRID or has undergone public review in any other forum in California in the prior four years
 - It should be submitted as a PDF emailed to the Model Advisor (CDIModelAdvisor@insurance.ca.gov)
- How can a non-petitioner support or comment on a petition for PRID initiation?
 - Responses to any Petition for Initiation of a PRID can be submitted to the Model Advisor via email (CDIModelAdvisor@insurance.ca.gov) within 3 business days of the public notice of the petition.

Petitions for PRID participation

- Who can participate in a PRID procedure and how?
 - Any person can participate in a PRID procedure. In order to participate please submit a petition for participation in a PRID procedure to the Model Advisor (CDIModelAdvisor@insurance.ca.gov) as a PDF within 5 business days of when the Model Advisor provides public notice that a PRID Procedure has been initiated.
 - An NDA and Protective Order will be entered shortly after initiation of a PRID procedure

Additional questions can be addressed to: CDIModelAdvisor@insurance.ca.gov