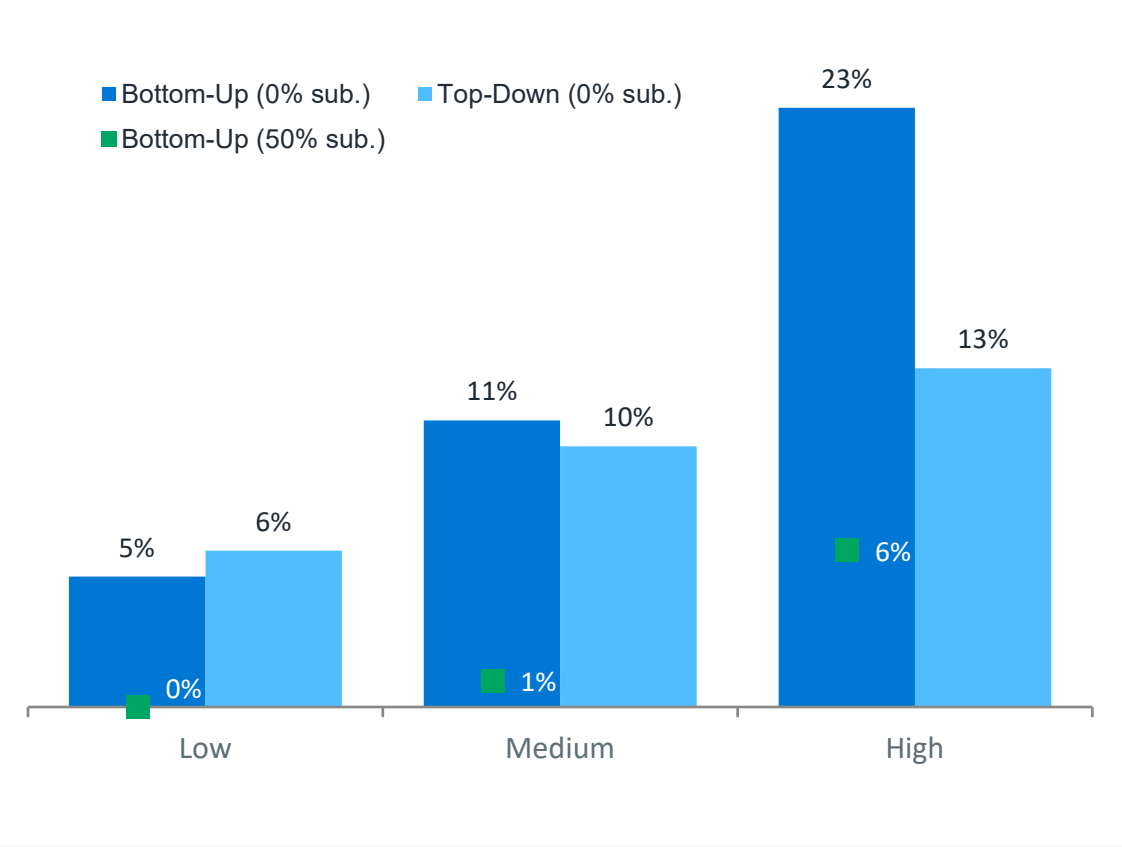
Effect of eliminating or capping subrogation against utilities

Estimated impact on total statewide homeowners premium, using two methods and three assumption scenarios

Estimated premium increase needed by scenario (%)



Bottom-Up Method

Starts with utility-related wildfire damage and public information on insurer subrogation settlements

Top-Down Method

Starts with historical salvage & subrogation for wildfire and fire-following earthquake in rate filings of private insurers and FAIR Plan

Bottom-Up Method, 50% Cap

Assumes the average subrogation recovery rate is capped at 50% in Bottom-Up method

		Assumption Scenario		
Method	**Key Inputs**	**Low**	**Medium**	**High**
Bottom-Up	% of structures damaged in utility wildfires	45%	55%	65%
	Insurer subrogation % in utility wildfires	40%	55%	70%
	Subrogation % of wildfire & FFEQ losses	17%	29%	44%
Top-Down	S&S % of wildfire & FFEQ losses	20%	26%	28%

Based on August 2026 analysis prepared by Milliman, Inc. for the California Natural Resources Agency.
Values are estimated for the homeowners industry as a whole; results for individual insurers and policyholders will vary widely.

Milliman