



**The Insurance Policy Advisory Committee (IPAC)**  
**Record of Meeting**  
February 19, 2025  
Washington, District of Columbia

## **1. Opening Statement**

The IPAC Chair opened the meeting, welcoming all members to the first IPAC meeting of 2025. IPAC members introduced themselves.

## **2. California Wildfires Discussion**

The IPAC Chair facilitated a discussion on the recent California wildfires and their impact on California's property insurance markets. Members expressed pessimism on the future availability of private homeowners insurance in California and, generally, expected the property insurance market to get worse before policymakers increase rates to abate availability issues. Additionally, members pointed to several historical examples of private insurance markets devolving and aspects of California's insurance market that were studied by the IPAC in 2024. Members noted that more press coverage of the wildfires focused on the funding of the California Fair Access to Insurance Requirement (FAIR) Plan and future assessments than on risk mitigation strategies. Some members noted that reinsurers will reflect these significant experienced losses in their reinsurance pricing.

IPAC members commented on the growing insurance protection gaps, where the industry is covering a lower percentage of insured losses, and stated that this catastrophe highlights the tension between rate increases to cover risk and property insurance affordability and availability. Some members raised concerns on redevelopment costs due to the combined impact of increased demand in the area, inflation, and potential tariffs. Additionally, members commented on the potential for building codes to impact disaster vulnerability, potential property tax implications, as well as noting that it is important for the Federal Reserve to monitor the impact of these issues on banks and mortgage markets.

## **3. Life Insurance Structural Shifts (LISS) Working Group**

Board staff facilitated a discussion on the LISS Working Group, which will examine life insurance sector structural changes and potential systemic risks. IPAC members discussed continued uncertainty about systemic risk tied to structural changes in the life insurance industry.

## **4. Climate Working Group (CWG)**

The CWG Chair provided background information on work done by CWG, which examined the homeowners insurance market and regulatory dynamics in California, Florida, Louisiana, New York, and Texas. The CWG Chair highlighted that the group will next examine one or two high-risk states and follow the flow of losses from a catastrophic event through the system, including to residual markets and catastrophe bond holders. Members discussed modeling assumptions and the benefits and challenges of looking at losses to the banking sector and the government-sponsored entities that are involved in mortgage markets.

## **5. Corporate Credit Conditions Insurer Survey (Proposed)**

Board staff provided an update on the potential insurer corporate credit conditions survey, which would provide data on insurers' observations on credit conditions in the corporate bond market.

The IPAC Chair then closed the meeting and thanked IPAC members for their engagement.