**CALIFORNIA LEGISLATURE**

**Senate Committee on Insurance**

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**2023 Legislative Bill Summary**

**Senator Susan Rubio, *Chair***

**Senator Janet Nguyen, *Vice Chair***

**2023 Committee Members:**

Senator Susan Rubio (Chair)

Senator Janet Nguyen (Vice Chair)

Senator Marie Alvarado-Gil

Senator Bill Dodd

Senator Brian W. Jones

Senator Roger W. Niello

Senator Anthony J. Portantino

**2023 Committee Staff:**

Erin Ryan, *Retired Annuitant*

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**AUTOMOTIVE
AB 844 (Gipson) - Zero-emission Trucks: Insurance**

This bill will require the California Department of Insurance (CDI) to implement specific data collections on the availability and affordability of insurance for heavy-duty trucks and truck fleets. This bill will also require the CDI, in consultation with the California Air Resources Board (CARB), to create a consumer-focused online insurance information resource tool for the public to use to readily find information and insurance options for battery-powered, hydrogen-powered, or other zero-emission advanced truck technology to provide a “one-stop” shop for the public. The bill will also require the CDI, in consultation with the CARB, to create a strategy, on or before January 1, 2025, to address any insurance gaps for new heavy-duty truck technologies, as specified.

**Status:** Chapter 347, Statutes of 2023

**AB 917 (Ortega) - Low-Cost Automobile Insurance Program**

This bill will make the California Automobile Assigned Risk Plan (CAARP) permanent by eliminating the sunset date; and would change the requirement that the Insurance Commissioner (IC) submit a report to the legislature on CAARP and the Low Cost Automobile Insurance Program (Low Cost Auto) from annually to every five years, beginning March 15, 2026.

**Status:** Chapter 350, Statutes of 2023

**Climate and Sustainability**

**AB 970 (Luz Rivas) - Insurance: Climate and Sustainability Insurance and Risk Reduction Program**

This bill would require the California Department of Insurance (CDI), upon appropriation, to establish and administer the Climate and Sustainability Insurance and Risk Reduction Program for the purpose of achieving specified goals, including developing proof of concepts that expand insurance options, especially in vulnerable and disadvantaged communities where climate risks are currently uninsured or underinsured. The bill, upon appropriation, would establish eight climate insurance pilot projects in specified local jurisdictions to reduce physical risks from flooding and extreme heat and to reduce the protection gap in communities with high risks and low insurance uptake. The local jurisdictions would be required to develop and establish a specific pilot project in consultation with the CDI to achieve specified objectives, including prioritizing predisaster mitigation activities. The bill would require the CDI to provide technical support for the pilot projects. The bill would repeal these provisions on January 1, 2035. The bill would include a statement of legislative findings and declarations. By imposing new duties on the local jurisdictions relating to the pilot programs, this would create a state-mandated local program.

Governor’s Veto Message:

To the Members of the California State Assembly:

I am returning Assembly Bill 970 without my signature.

This bill requires the California Department of Insurance, upon appropriation, to establish and administer the Climate and Sustainability Insurance and Risk Reduction Program and creates eight climate insurance pilot projects to reduce physical risks from flooding and extreme heat in communities with high risks and low insurance uptake.

While I support the author's goal to expand insurance options in communities where climate risks are currently underinsured, this bill creates a significant state reimbursable mandate and new cost pressures in the millions of dollars that should be considered in the annual budget process.

In partnership with the Legislature, we enacted a budget that closed a shortfall of more than $30 billion through balanced solutions that avoided deep program cuts and protected education, health care, climate, public safety, and social service programs that are relied on by millions of Californians. This year, however, the Legislature sent me bills outside of this budget process that, if all enacted, would add nearly $19 billion of unaccounted costs in the budget, of which $11 billion would be ongoing.

With our state facing continuing economic risk and revenue uncertainty, it is important to remain disciplined when considering bills with significant fiscal implications, such as this measure.

For this reason, I cannot sign this bill.

Sincerely,
Gavin Newsom

**Status:** Assembly-Vetoed

**Earthquakes**

**SB 528 (Rubio) - California Earthquake Authority**

SB 528 clarifies confusing and outdated sections of the California Earthquake Authority’s (CEA) statute regarding potential assessments of the insurance industry, and consolidates a Legislative reporting requirement.

**Status:** Assembly-In Committee Process – Insurance

**Fraud**

**SB 743 (Nguyen) – Insurance: False and Fraudulent Claims**

For purposes of including a specified fraud notice on life insurance policies and forms, this bill defines the phrase “seeks to make a change to an existing policy” as any attempt to change an owner or beneficiary of a policy, procure a loan against a policy, make a cash withdrawal from a policy, or surrender a policy.

**Status:** Chapter 217, Statutes of 2023

**Insurance**

**AB 1140 (Committee on Insurance) – Insurance**

This bill is the Assembly Insurance Committee’s biannual omnibus bill, which includes

several changes that are non-controversial, technical, or otherwise classified as code

cleanup.

This bill:

1. Limits the application of increases for minimum liability auto insurance coverage to those policies and bonds that are issued or renewed after January 1, 2025, and on or after January 1, 2035, as specified.
2. Expands the California Department of Insurance (CDI) diversity efforts, including the Insurance Diversity Task Force (Task Force) to include persons with disabilities, as defined, and requires a member of the Task Force to be a member who is a representative of a person with disabilities business enterprise, as defined.
3. Requires the license of a licensee that is suspended by the Secretary of State (SOS) to become inactive and be prohibited from conducting any activity for which a license issued by the Insurance Commissioner (Commissioner) is required until the license is no longer suspended by the SOS.
4. Requires the Commissioner to submit fingerprint images and related information, as specified, to the Department of Justice (DOJ) for applicants applying for a license as a self-service storage agent, a variable life and variable annuity agent, and a vehicle service contract.
5. Aligns communication requirements for bail licensees with the requirements for others licensed by CDI.
6. Allows the Commissioner to suspend or revoke licenses for life settlement brokers, as provided.
7. Allows physicians and surgeons who are members of inter-indemnity, reciprocal, or inter-insurance contracts to also be notified by electronic transmission and allow for electronic ballots.
8. Increases the amount for which the Employment Development Department (EDD) Director can approve a settlement involving a reduction of tax and penalties to $11,500 or less, without prior submission to the Attorney General and for that amount to be adjusted annually based on the Consumer Price Index, as specified.
9. Update CAARP’s Private Passenger Program to Reflect Recent Changes in Existing Law**.** The California Automobile Assigned Risk Plan (CAARP) was created in 1947 by the Governor and State Legislature to make sure that all drivers on the road are protected by auto insurance. The CAARP administers three programs: the California Low Cost Auto Insurance Program, the Commercial Automobile Insurance Procedure (otherwise known as CAIP for high risk trucks, buses, taxis, etc.), and the Private Passenger Program (for high-risk individuals). The Private Passenger Program is for drivers with enough accidents on their record that makes it challenging for them to secure an auto policy through the voluntary admitted insurance market. The current financial responsibility (FR) limits for the Private Passenger Program is $30,000/$15,000/$5,000. SB 1107 (Dodd, Chapter 717, Statutes of 2022) would increase the FR requirements starting January 1, 2025 and again January 1, 2035. This proposal would update the FR limits for only the Private Passenger Program with current law so consumers will have identical FR limits in the Private Passenger Program as required by law.
10. Makes other technical and clarifying changes.

**Status:** Chapter 204, Statutes of 2023

**Licenses**

**AB 451 (Calderon) - Insurance: License Examinations**

AB 451 requires, beginning January 1, 2024, the examination for the license for a life agent, accident and health or sickness agent, property broker-agent, and casualty broker-agent to be provided in English, Spanish, Simplified Chinese, Vietnamese, Korean, and, commencing July 1, 2024, Tagalog.

**Status:**  Chapter 136, Statutes of 2023

**AB 1578 (Valencia) - Insurance licensees**

This bill will clarify a provision enacted last year that the license number of an organizational licensee must appear adjacent to or below the organization’s name in an email only if the email is sent from the organization and not an individual licensee.

**Status:** Chapter 280, Statutes of 2023

**Life Insurance**

**SB 263 (Dodd) - Insurance: Annuities and Life Insurance Policies**

SB 263 would have required, beginning January 1, 2025, an agent who sells life insurance policies to complete four hours of training before soliciting individual consumers to sell life insurance policies and an additional two hours of training before each license renewal. Recasted provisions related to the best interest standard of conduct for producers when making a recommendation to a consumer to purchase, exchange, convert, replace, or modify an annuity, or when soliciting the sale of an annuity product to a consumer, as specified. Beginning January 1, 2025, would have required a life insurer to provide a buyer’s guide to all consumers who purchase an annuity. Would have required the guide to be delivered as a stand-alone document with the annuity or before delivery of the annuity. Establishes new and revises existing definitions for purposes of the suitability requirements for annuity transactions. Would have made other technical and conforming changes.

**Status:** Assembly-In Committee Process – Appropriations

**Medical Malpractice**

**AB 571 (Petrie-Norris) - Medical Malpractice Insurance**

This bill will prohibit an insurer from refusing to issue or renew or terminating professional liability insurance for health careproviders, as specified, and from imposing a surcharge or increasing the premium or deductible solely based on any prohibited bases for discrimination, including a health care provider offering or performing abortion, contraception, gender-affirming health care, or care related to those health care services that are lawful in this state but unlawful in another state. This bill will also prohibit an insurer from denying coverage for liability for damages arising fromoffering or performing abortion, contraception, gender-affirming health care, or care related to those health care services, if those services are within the scope of the insured’slicense, the services are lawful in the state where they are offered or performed*,* and the policy would otherwise cover liability for damages arising from performing or rendering other professional services within the insured’s scope of license.

**Status:**  Chapter 256, Statutes of 2023

**Privacy**

**SB 793 (Glazer) - Insurance: Privacy Notices and Personal Information**

This bill allows for an insurer to send privacy policy notices once initially and thereafter *only* when a change has been made in the policy to satisfy the privacy notice requirements of the Insurance Information and Privacy Protection Act (IIPPA).

**Status:** Chapter 184, Statutes of 2023.

**Property Insurance**

**SB 505 (Rubio) - Property Insurance**

SB 505 requires the Fair Access to Insurance Requirements (FAIR) Plan to develop a clearinghouse program that connects voluntary market insurers to FAIR Plan commercial policyholders.

**Status:** Chapter 180, Statutes of 2023

**Shared Mobility Devices**

**AB 458 (Jones-Sawyer) - Shared Mobility Devices: Insurance**

This bill clarifies that the requirement on shared mobility service providers to offer, make available, or confirm insurance coverage for bodily injury or death suffered by a pedestrian involving the negligent conduct of the user does not limit or supersede the requirement that the commercial general liability insurance maintained by the shared mobility service provider has limits not less than $5,000,000 aggregate for all occurrences during the policy period; specifies that insurance maintained by a shared mobility device provider is not group insurance; and clarifies that automobile liability insurance requirements do not apply to shared mobility devices.

**Status:**  Chapter 440, Statutes of 2023