

The background of the entire page is a photograph of the California State Capitol dome at night. The dome is illuminated with a warm, golden light, and its base is also lit up. The sky around the dome is dark, but it is filled with numerous colorful light trails in shades of blue, purple, and yellow, suggesting a long-exposure photograph of light trails from a camera or perhaps fireworks. The overall effect is a vibrant and dynamic representation of the state's legislative building.

**CALIFORNIA**  
**LEGISLATURE**

# **2019-2020** **Legislative Bill Summary** **Senate Committee on Insurance**

**CHAIR** Senator Susan Rubio • **VICE CHAIR** Senator Brian W. Jones



**CALIFORNIA LEGISLATURE**  
**Senate Committee on Insurance**  
**2019 - 2020 Legislative Bill Summary**

Committee Members 2019

Senator Susan Rubio, Chair  
Senator Brian W. Jones, Vice Chair  
Senator Bob Archuleta  
Senator Andreas Borgeas  
Senator Bill Dodd  
Senator Cathleen Galgiani  
Senator Steven M. Glazer  
Senator Shannon Grove  
Senator Ben Hueso  
Senator Holly Mitchell  
Senator John Moorlach  
Senator Anthony J. Portantino  
Senator Richard D. Roth

Committee Members 2020

Senator Susan Rubio, Chair  
Senator Brian W. Jones, Vice Chair  
Senator Bob Archuleta  
Senator Patricia C. Bates  
Senator Andreas Borgeas  
Senator Bill Dodd  
Senator Cathleen Galgiani  
Senator Steven M. Glazer  
Senator Ben Hueso  
Senator Holly Mitchell  
Senator John Moorlach  
Senator Anthony J. Portantino  
Senator Richard D. Roth

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## AUTOMOTIVE

### **SB-570 (Rubio) - Insurance: low-cost automobile insurance program.**

The California Low Cost Automobile Insurance Program (“Low Cost Auto”) provides low-cost auto liability policies for eligible low income Californians, offering coverage for liabilities arising from any one accident in amounts of \$10,000 for bodily injury or death for each person, up to \$20,000 per accident, and \$3,000 for property damage per accident. This bill makes several programmatic changes to the California Low Cost Automobile Insurance Program that eliminate a gender surcharge; expand access to students; ease income eligibility reporting requirements; simplify the consumer notice; eliminate outdated code sections; and make technical changes to the notice that an insurer must provide to an applicant of the program.

**Status:** Chapter 274, Statutes of 2019

### **AB-1538 (Weber) - Automobile collision coverage: payment for repairs.**

Clarifies that insurance payment procedures do not limit the right of a consumer to select their preferred auto body repair shop, and makes explicit the right of the insured to receive a cash settlement in lieu of repair, subject to certain fraud and safety exceptions.

**Status:** Chapter 132, Statutes of 2019

## HOMEOWNERS, PROPERTY, CALIFORNIA EARTHQUAKE AUTHORITY

### **SB-254 (Hertzberg) - California Earthquake Authority.**

This bill as it came through the Committee on Insurance was known as the California Resilient Homes Initiative. It would have granted the governing board of the California Earthquake Authority (CEA) the power to impose a tax on most types of property and casualty insurance consumers with policies covering risks in high earthquake risk zones, contingent on losses from one or more catastrophic earthquakes depleting the CEA of all other claims-paying resources. Additionally, this bill would have established a mechanism that would allow the CEA to continue to provide coverage after a subsequent earthquake when its primary claims-paying capacity is depleted. This bill also would have required the CEA to make specified payments which would have been used to expand the Brace & Bolt Program, which provides grants to homeowners of certain wood foundation homes that are at high risk of earthquake damage.

**Status:** Assembly-Died - Revenue and Taxation

### **SB-292 (Rubio) - Independent insurance adjusters.**

As this bill left the Senate Insurance Committee, it would have added insurance adjusters into the class of licensees that, upon entering military service have their filing application waived and are allowed to keep their license in force during military service.

The bill was later amended, and would have created the Prepared California Disaster Mitigation Fund, which would have created a \$1 per month per policy assessment for residential property, commercial property, and automobile insurance to raise \$100 million per year to provide funding that would mitigate California's catastrophic wildfire, earthquake, and flood risks.

In its second year, the bill was again amended and would have implemented the wildfire mitigation provisions for the Insurance Market Action Plan (IMAP) program, which was proposed to be created by AB 2167 (Daly and Cooley), and would have established advisory and other committees to address wildfire mitigation issues and complex catastrophic modeling issues.

**Status:** Assembly-Died

### **SB-508 (Leyva) - Residential property insurance.**

Existing law requires an insurer provide a copy of the California Residential Property Insurance Disclosure ("Disclosure") to the insured when issuing a residential property insurance policy and every other year upon renewal, and requires the California Residential Property Insurance Bill of Rights ("Bill of Rights") to accompany every Disclosure. The Bill of Rights provides important information such as contact information for the insurer, an explanation for policy cancellation or nonrenewal, an explanation of policy limits, and a copy of the Unfair Practices Act.

This bill recasts the provisions related to those policies that do not include the Disclosure and those that must be accompanied by the Bill of Rights, and requires an insurer, on and after July 1, 2020, to include a copy of the Bill of Rights when it issues a tenant's policy, renter's policy, or policy for an individually owned condominium unit when those policies do not provide dwelling structure coverage. The bill further clarifies that the insurer shall provide the Disclosure and Bill of Rights with policies covering individually owned mobilehome and condominium units that provide dwelling structure coverage.

**Status:** Chapter 151, Statutes of 2019

### **SB-755 (Rubio) - Insurance: residential property insurance: requirements upon nonrenewal.**

Would have required an insurer that does not place insurance through an agent or broker to notify an applicant of alternative sources of coverage if the insurer refuses to renew a residential property insurance policy.

**Status:** Assembly-Died - Insurance

### **SB-872 (Dodd) - Residential property insurance: state of emergency.**

Expands several consumer protections related to time to collect replacement value, additional living expenses (ALE), personal contents coverage, and relocation after a loss.

**Time to Collect Replacement Value:** Grants commercial property insureds the same minimum time limits to collect full replacement value as those that apply to homeowners.

**Additional Living Expenses:** Requires ALE to cover all reasonable expenses incurred by the insured to maintain a comparable standard of living, including housing, furniture rental, food, transportation, storage, and boarding of pets and noncommercial livestock. Authorizes an insured to collect the fair rental value of the dwelling in lieu of itemized expenses. If the loss resulted from an event declared to be a state of emergency, requires ALE to provide the following: Expenses accrued after the direct physical loss has been remediated if the premises remains uninhabitable because of direct damage to neighboring premises or public infrastructure that was covered by an insured peril. For claims filed after January 1, 2021, requires an advance payment of at least four months if the home was a total loss. Provides that policy coverage for ALE may not limit the right to recovery if the home is rendered uninhabitable by a covered peril, and provides at least two weeks of ALE when a state of emergency and an order by a civil authority related to a covered peril restricts access to the home, with additional two-week extensions available for good cause.

**Personal Contents Coverage:** Revises the rules applicable to claims filed after January 1, 2021, that govern claims for lost or damaged personal property (appliances, furniture, clothing, etc.) resulting from a declared state of emergency and requires the insurer to: Provide an advance payment of no less than 25% of the policy limit for contents without an inventory of lost items but allows the insurer to require proof for additional payments; accept an inventory in a reasonable form that provides substantially the same information as the insurer's form but allows the insurer to request additional information if reasonable; and accept an inventory of contents that includes groupings of personal property, including clothing, books, food items, etc.

Relocation: Revises rules applicable to claims where the insured chooses to build a new home or purchase an existing home on a different piece of property; prohibits the insurer from deducting the value of the new land from the replacement cost; and applies the new rules regarding the land value deduction, as well as the existing rule against deducting building code upgrade coverage and replacement cost, to commercial properties.

Additionally, the bill requires an insurer to offer a 60-day grace period for nonpayment of premium for policies on property located in areas affected by a declared state of emergency.

**Status:** Chapter 261, Statutes of 2020

### **SB-1161 (Rubio) - Residential property insurance: reporting requirements.**

Would have required an admitted insurer with written California premiums totaling \$5,000,000 or more to submit an additional report to the commissioner, on or before March 1, 2021, and every year thereafter, for the prior year on policies of residential property insurance written on risks located in California. The bill would require the report to contain information reported by ZIP code on the number of new policies, the number of policies renewed, and the number of policies nonrenewed. The bill would subject an admitted insurer that fails to submit a report to the civil penalties described above. The bill would provide that the information submitted to the commissioner in a report is confidential and not subject to subpoena, as specified.

The bill would have required the commissioner, on or before May 15, 2021, and every year thereafter, to submit to the insurance committees of the Senate and Assembly a report on policy renewal and nonrenewals compiled from the data collected by insurers and to post the report on the department's internet website.

**Status:** Senate-Died - Insurance

### **SB-1199 (McGuire) - Commission on Home Hardening.**

This bill was originally double referred to the Committees on Governmental Organization and on Insurance, but because of the need to limit in person presentations of bills due to the Covid-19 pandemic, the second referral to the Committee on Insurance was rescinded and the Committee on Insurance provided additional analyses to the Committee on Governmental Organization for inclusion in that committee's analysis.



This bill would have established the Commission on Home Hardening, as specified, with the responsibility of developing a three-tiered certification system of fire prevention levels for structures in a Wildland Urban Interface (WUI) environment; and would have required residential property insurers to consider the three-tiered certification system and certified wildfire community hardening standards in setting rates and issuing insurance, as specified.

**Status:** Assembly-Died - Governmental Organization

#### **SB-1359 (Rubio) - Insurance: wildfire risk.**

Would have required the Insurance Commissioner, on or before March 1, 2021, to convene a stakeholder group to consider the actuarial soundness of residential property insurance rates, taking into consideration current wildfire risks to residential properties and communities. The bill would have required the stakeholder group to recommend changes to state law governing residential property insurance rates in communities that are located in high-risk wildfire areas and would have required the commissioner to post the recommendations on its internet website on or before December 31, 2021.

**Status:** Senate-Died - Insurance

#### **AB-188 (Daly) - Fire insurance: valuation of loss.**

Existing law established standards for “open” fire insurance policies that determine the value of the property at the time of loss. Among other things these standards defined the measure of an “actual cash value policy,” a type of open policy, based on whether the home suffers a partial loss (where the home can be repaired) or a total loss. For a total loss, the measure of recovery was the lesser of the policy limit or the fair market value of the structure. For a partial loss, the measure of recovery was the lesser of the policy limit or the cost to repair, rebuild, or replace the structure (less depreciation based on the physical condition of the structure.)

This bill redefined the measure of recovery under an actual cash value policy for a total loss to be the cost to repair, rebuild, or replace to property, less depreciation subject to the limits of the policy, applying the same standard for both types of losses.

**Status:** Chapter 59, Statutes of 2019

#### **AB-548 (Rodriguez) - Earthquake Brace and Bolt program.**

Requires the California Residential Mitigation Program to promote its Earthquake Brace and Bolt mitigation program to low-income homeowners and establish supplemental grants to low-income homeowners for earthquake retrofits.

**Status:** Chapter 219, Statutes of 2019

### **AB-740 (Burke) - Wildfires: California Catastrophic Wildfire Victims Fund.**

As was passed by this committee, would have expanded the areas of the state in which insurers that voluntarily write basic property insurance may receive a credit against participation in the Fair Access to Insurance Requirements (FAIR) Plan by including areas that are designated high and very high hazard severity zones, as determined by Department of Forestry and Fire Protection (Cal Fire).

**Status:** Senate-Died - Energy, Utilities and Communications

### **AB-1816 (Daly) - Insurance.**

Requires insurers to provide a 75-day notice to policyholders when they nonrenew a homeowners policy, raises the limit on homeowners insurance claims covered by the California Insurance Guarantee Association (CIGA) to \$1 million, and expands the areas that qualify for “write-out” credits against assessments issued by the California Fair Access to Insurance Requirements (FAIR) plan.

**Status:** Chapter 833, Statutes of 2019

### **AB-2402 (Committee on Insurance) - Residential property insurance.**

Would have updated the California Residential Property Insurance Disclosure to reflect recent changes in the law, and repealed an obsolete section of the Insurance Code relating to the effective date of previous legislation.

**Status:** Senate-Died - Insurance

### **AB-2436 (Bloom) - Residential property insurance.**

Would have required every policy of homeowners' insurance to include a provision covering the costs incurred to repair a home to a condition that complies with new building code requirements that were not in effect at the time the home was originally built, specifies that this coverage be at least 10% of the coverage that is applicable for the primary structure on the insured premises, and provides that the coverage mandated by the bill applies to the building codes that are in effect at the time of rebuilding.

**Status:** Senate-Died - Insurance

## **LIFE LONG TERM CARE AND DISABILITY**

### **SB-540 (Jones) - Nonprofit public benefit corporations.**

Under existing law for profit corporations are allowed to offer split-dollar life insurance policies, and many offer them as recruiting tools. This bill allows nonprofit corporations

to offer split-dollar life insurance policies as compensation when secured by the cash value or death benefit, instead of both the cash value and death benefit.

**Status:** Chapter 250, Statutes of 2019

**SB-740 (Mitchell) - Insurance: unclaimed life insurance.**

The Unclaimed Life Insurance and Annuities Act, requires life insurers to use the U.S. Social Security Administration's Death Master File (DMF) to match deceased Social Security recipients with insureds on life insurance policies, and requires insurers to attempt to locate and notify the beneficiary about the policy. Requires life insurers to review all contracts that have lapsed within the last 18 months at least semiannually.

**Status:** Chapter 286, Statutes of 2019

**SB-961 (Lena Gonzalez) - The Equal Insurance HIV Act.**

Would have prohibited Life and Disability Income Insurers from denying an application based on HIV status. Due to the need to limit physical interaction and bill presentations caused by the Covid-19 pandemic, the provisions of this bill were included in the Committee's Omnibus Bill, SB 1255.

**Status:** Senate-Died - Insurance

**SB-1192 (Bradford) - Firefighters', police officers', or peace officers' benefit and relief associations.**

Existing federal law provides, through the Employee Retirement Income Security Act (ERISA), for the formation of any employment welfare benefit plan established by an employer, employee organization, or both; establishes detailed standards applicable to ERISA plans regarding reporting and disclosures, vesting of benefits, funding, fiduciary responsibilities, prohibited transactions, and other protections for plan members; and preempts states laws from regulating a qualified ERISA plan as an insurer but allows states to continue to regulate the "business of insurance".

Existing state law provides that firefighters', police officers' or peace officers' benefit and relief associations formed for the purpose of aiding their members and dependents in case of sickness, accident, distress, or death shall not be subject to any other provision of the Insurance Code nor any state law relating to insurance

This bill requires firefighters', police officers', and peace officers' benefit and relief associations that administer self-funded long-term disability and long-term care plans to periodically file an actuarial opinion with the California Department of Insurance (CDI). This bill requires these associations to provide a notice in its contracts and certificates

that the all or a portion of the benefits are not subject to regulation by CDI or guaranteed by the California Insurance Guarantee Association, and to provide a copy of a plan document that describes member benefits within 30 days of a written request.

**Status:** Chapter 365, Statutes of 2020

**SB-1342 (Roth) - Long-term care insurance: protection against inflation.**

Existing law establishes the California Partnership for Long-Term Care Program administered by the State Department of Health Care Services. The purpose of the program is to link private long-term care insurance and health care service plan contracts that cover long-term care with the In-Home Supportive Services Program and the Medi-Cal program and to provide Medi-Cal program benefits to certain individuals who have income and resources above the eligibility levels for receipt of medical assistance, but who have purchased certified private long-term care insurance policies. Existing law requires a long-term care insurance policy or a health care service plan contract, in order to be certified by the department, to contain certain provisions, including protection against loss of benefits due to inflation. Existing law requires an applicant to be offered one option that provides, at a minimum, protection against inflation that automatically increases benefit levels by 5% each year over the previous year, as specified, and at least one lower cost option.

This bill would have required, when long term care insureds are offered a lower cost inflation adjustment option, that the lower cost option to provide, at a minimum, protection against inflation that automatically increases benefit levels by 3% each year over the previous year.

**Status:** Senate-Died - Insurance

**AB-567 (Calderon) - Long-term care insurance.**

Establishes a task force to evaluate several options for designing a statewide, long-term care insurance program.

**Status:** Chapter 746, Statutes of 2019

**AB-1065 (Berman) - Insurance transactions: notice: electronic transmission.**

Repeals the sunset on provisions authorizing insurers to deliver certain types of documents electronically and provisions granting life insurers general authority to conduct insurance transactions electronically, and establishes new penalties for noncompliance, specifically that, after a hearing, the Insurance Commissioner may issue a cease and desist order and subject an insurer who violates the cease and desist



order to a civil fine of up to \$10,000 per violation, not to exceed \$250,000 total, or a fine of up to \$250,000 if the licensee commits violations with such frequency as to constitute a general business practice.

**Status:** Chapter 235, Statutes of 2019

#### **AB-1104 (Calderon) - California Life and Health Insurance Guarantee Association.**

Adds two public members to the board of the California Life and Health Insurance Guarantee Association (CLHIGA) and creates an assessment to fund financial surveillance of long-term care insurance (LTCI) carriers.

**Status:** Chapter 236, Statutes of 2019

#### **AB-1209 (Nazarian) - Long-term care benefits.**

Prohibits insurers from using rate schedules based on attained age when offering long-term care insurance policies and life insurance policies that provide long-term care benefits ("hybrid policies"). This bill also revises the rules that apply to hybrid policies in regards to policy loans and withdrawals and requires insurers to provide a disclosure to applicants for hybrid policies built on universal life insurance policies about the risk of lapse.

**Status:** Chapter 625, Statutes of 2019

#### **AB-1814 (Committee on Insurance) - Long-term care insurance.**

Would have repealed obsolete provisions in California law regarding long-term care insurance.

**Status:** Senate-Died

### **MISCELLANEOUS**

#### **SB-240 (Dodd) - Insurance Adjuster Act.**

Exempts licensed independent adjusters from licensing renewal requirements during active military service; requires the California Department of Insurance (CDI) to publish a bulletin regarding significant California laws pertaining to property insurance policies and an insurance adjuster handbook; requires specified unlicensed independent insurance adjusters to read and understand those materials; and requires insurers to provide a claimant with contact information of an individual or team who will be familiar with the claim if the insurer assigns a third or subsequent adjuster to the claim within a six-month period. The bill also revises the training requirements imposed on unlicensed

adjusting firm employees and emergency adjusters; requires CDI to produce an adjuster handbook and post that and other materials, along with the emergency registration process, on its Web site; clarifies that licensees are legally responsible for the good conduct of emergency adjusters serving as one of its agents; establishes a process for disciplining emergency adjusters for misconduct; and clarifies the requirement for the insurer to appoint a primary point of contact so that it only applies to first-party residential property claims.

**Status:** Chapter 502, Statutes of 2019

### **SB-534 (Bradford) - Insurers: minority, women, LGBT, veteran, and disabled veteran business enterprises.**

Existing law requires an insurer domiciled in this state to submit a Corporate Governance Annual Disclosure. Contents include the board's duties, the insurer's plans for developing CEO and senior management succession, a description of how the insurer recruits and elects members, including whether there is a diversity policy in place and how it functions, among other matters. Prior law, which expired January 1, 2019 codified a Supplier Diversity Survey, which required larger insurers to report to the California Department of Insurance the procurements they make from diverse suppliers (businesses owned by women, minorities, and disabled veterans). These suppliers may offer marketing, legal, information technology, and other services.

This bill reenacts and expands the insurer Supplier Diversity Survey, codifies the insurer Governing Board Diversity Survey, and establishes procedures for the California Department of Insurance to administer both and publish the results.

**Status:** Chapter 249, Statutes of 2019

### **SB-737 (Jones) - Insurance: electronic transmission.**

Would have, for licensees required to maintain a process or system that demonstrates proof of delivery and actual receipt of the record, deleted the January 1, 2021 repeal date, making those proof of delivery and actual receipt requirements apply indefinitely.

**Status:** Senate-Died - Insurance

### **SB-1002 (Hill) - Public insurance adjusters.**

Existing law, the Public Insurance Adjusters Act, governs the regulation, licensing, and registration of public insurance adjusters, as defined, and requires the Insurance Commissioner to administer the act. The act prohibits a licensee from acting within this state as a public insurance adjuster without having first entered into a written contract, and governs the form and content of the contract.

This bill would have prohibited the contract terms from allowing a licensee's fee, commission, or other valuable consideration to be for, or be based upon, (1) any amount paid to the insured by the insurer prior to the date of the written contract or (2) an insurer's payment for a specific claim or coverage to which the services do not apply. The bill would have revised the description of the services to be provided to the insured and the statement of the compensation to the licensee, to include the specific claim and coverage to which the services or the compensation, respectively, apply.

**Status:** Senate-Died - Insurance

### **SB-1222 (Durazo) - Detention facilities: contracts.**

Would have imposed liability, auto, and umbrella insurance requirements on for-profit, private detention facilities that house criminal and civil detainees, and would have prohibited them from self-insuring workers' compensation coverage. Would have provided that an insurer shall require the facility to comply with specified operating standards, to provide the insurer and Insurance Commissioner with an initial compliance report and quarterly updates, and to require the insurer to send a notice to the facility and Commissioner that the contract will be canceled if identified deficiencies are not corrected within 60 days.

**Status:** Senate-Died - Appropriations

### **SB-1255 (Committee on Insurance) - Insurance.**

This bill, the Senate Committee on Insurance's biannual Omnibus Bill, provides procedural flexibility to the California Department of Insurance (CDI) when holding a hearing to suspend or revoke a license for alleged misconduct against seniors; clarifies when a life insurer can restrict access to policy withdrawals; cleans up ambiguity in CDI's licensing statutes; prohibits discrimination in life insurance against HIV positive applicants; extends certain Long Term Care Insurance Task Force deadlines by one year; revises definitions regarding the treatment of loan and premium payments made on a life insurance policy for purposes of past due child support obligations; and make various nonsubstantive and technical changes.

**Status:** Chapter 184, Statutes of 2020

### **AB-207 (Daly) - Insurance licensing.**

Would have increased the criminal penalties associated with transacting insurance without a license from up to \$50,000 per violation to up to \$70,000 per violation.

**Status:** Senate-Died - Insurance

### **AB-233 (Cooley) - Insurance: licensees.**

Would have required that if a licensed insurance broker-agent, or a licensed organization, maintains multiple offices, that a copy of the license shall be prominently displayed at each of the office locations.

Additionally would have provided that if a licensed insurance broker-agent, or a licensed organization, sells insurance on an internet website, a link to a copy of its license shall prominently be displayed on its home page so a consumer may readily inspect it and ascertain both its currency and the capacity in which its holder is licensed to act.

**Status:** Senate-Died - Insurance

### **AB-295 (Daly) - Insurance: underwritten title companies.**

When calculating the working capital requirement for an underwritten title company (UTC), this bill would have clarified that current liabilities do not include liabilities derived from operating lease obligations.

Governor's Veto Message

To Members of the California Assembly:

I am returning the following bills without my signature:

AB 295

AB 412

These bills would allow for the exclusion of operating lease obligations from the balance sheets of escrow companies, including independent escrow companies and underwritten title companies, when calculating financial liquidity requirements.

These exemptions deviate from the new standards adopted by the Financial Accounting Standards Board. These standards were created to measure a company's ability to meet its short-term financial obligations, which in turn helps protect consumer funds.

For standards to be standard, they need to apply equally to everyone.

When a customer works with an escrow or title company, it is often when they are making one of the biggest financial transactions of their lives. The consequences of insolvency could jeopardize a home or business purchase and cost consumers thousands of dollars.



For the health of the industry and protection of consumers' hard earned savings, these companies should adhere to the new national standards published in 2016, which provided years to plan for compliance.

For this reason, I am returning these bills without my signature.

Sincerely,

Gavin Newsom

**Status:** Assembly-Vetoed

**AB-981 (Daly) - Insurance Information and Privacy Protection Act.**

Would have eliminated a consumer's right to request a business to delete or not sell the consumer's personal information under the California Consumer Privacy Act of 2018 if it is necessary to retain or share the consumer's personal information to complete an insurance transaction requested by the consumer, would have required the notice of information practices to include the categories of personal information that will be used and be provided to the general public, would have also required an insurance institution or agent to provide a clear and conspicuous notice that accurately reflects its privacy policies and practices, and would have required the disclosure authorization form to set forth reasonable means by which an individual may exercise the right to opt out of any disclosures. Additionally would have required an insurance institution, agent, or insurance-support organization to implement a comprehensive written information security program that includes administrative, technical, and physical safeguards for the protection of policyholder information.

**Status:** Senate-Died - Insurance

**AB-1099 (Calderon) - Insurance: California Organized Investment Network.**

Extends the sunset date on the California Organized Investment Network (COIN) program within the California Department of Insurance, renews the COIN data call, and expands the categories of qualified investments.

**Status:** Chapter 186, Statutes of 2019

**AB-1223 (Arambula) - Living organ donation.**

Provides an additional unpaid 30-day leave of absence for organ donors who work for private employers, the State of California, the California State University system, or the University of California system (if adopted by resolution).

**Status:** Chapter 316, Statutes of 2019

### **AB-1535 (Carrillo) - Pet insurance: disclosures.**

Requires an insurer to provide a disclosure when issuing a pet insurance policy. Requires the disclosure include the California Department of Insurance's (CDI) mailing address, toll-free telephone number, and Web site address. Requires the disclosure include the insurer or agent or broker of record's address and customer service telephone number, and if the policy was issued or delivered by an agent or broker, a statement advising the policyholder to contact the broker or agent for assistance. Requires the disclosure include a statement that CDI should be contacted only after the policyholder's discussions with their insurer, agent, or other representative have failed to satisfactorily resolve the problem.

**Status:** Chapter 166, Statutes of 2019

### **AB-1552 (Ramos) - Commercial insurance: business interruption: coverage for COVID-19.**

Would have, for commercial insurance that provides coverage for business interruption, created a specified rebuttable presumption affecting the burden of proof in a case in which the insured alleges that the business interruption was due to the COVID-19 pandemic and occurred during the period of the state of emergency declared by the Governor due to the COVID-19 pandemic. Specifically, the bill would create certain rebuttable presumptions that COVID-19 was present on specified property and caused physical damage to that property which was the direct cause of the business interruption.

**Status:** Senate-Died - Insurance

### **AB-1591 (Cooley) - Insurance Commissioner: legislative reporting.**

Would have required the Insurance Commissioner to appear before the Senate and Assembly Insurance Committees biennially to present the National Association of Insurance Commissioners (NAIC) accreditation process, and permits the commissioner to provide the presentation to the Senate and Assembly Budget and Rules Committees.

Governor's Veto Message

To Members of the California Assembly:

I am returning Assembly Bill 1591 without my signature.

This bill would require the Insurance Commissioner (Commissioner) to appear before the Senate and Assembly Insurance Committees on a biennial basis to provide a presentation on the National Association of Insurance Commissioners' (NAIC)

accreditation process. The bill also authorizes the Commissioner to provide the presentation to the legislative budget committees.

While I support the purpose of AB 1591, I do not believe that a statutory mandate is necessary for the Commissioner to appear before the Legislature to share information related to the NAIC's accreditation process.

Sincerely,

Gavin Newsom

**Status:** Assembly-Vetoed

**AB-1602 (Low) - Use of firearm insurance.**

Would have prohibited the issuance of an insurance policy covering loss related to firearm use, subject to several exceptions.

**Status:** Senate-Died - Insurance

**AB-1812 (Committee on Insurance) - Unemployment insurance: penalties.**

Would have increased the penalty for failing to report or reporting fraudulent information to the Employment Development Department (EDD) from \$1,000 to \$1,100.

**Status:** Senate-Died - Insurance

**AB-1813 (Committee on Insurance) - Insurance.**

Among several technical or noncontroversial changes to the Insurance Code, AB 1813:

- 1) Provides that all cancellations and non-renewals for homeowners insurance sent to consumers have the California Department of Insurance's (CDI) contact information on it.
- 2) Requires the notice of non-renewal to include a statement that, if the consumer has contacted the insurer to discuss the nonrenewal, the consumer may also have the matter reviewed by the department.
- 3) Aligns the California Insurance Code (CIC) with the National Association of Insurance Commissioners (NAIC) Annual Financial Reporting Model Regulation by establishing an "internal audit function" that satisfies the NAIC Accreditation Program standards.

4) Aligns internet advertising with print advertising requirements by requiring a CDI licensee advertising on the internet to post all required information in the same font and size.

5) Exempts information, documents, and copies obtained by, reported to, or provided to the commissioner during participation in a supervisory college from the disclosure requirements of the California Public Records Act (CPRA) and from subpoena or discovery in a private civil action, as specified.

6) Requires that a notice of cancellation or nonrenewal for most property-casualty insurance policies, in addition to the information required by existing law, also include a statement that, if the policyholder believes the cancellation is not proper, the policyholder can contact the CDI at its listed mail or Web site addresses, or its toll-free telephone number.

**Status:** Chapter 201, Statutes of 2019

#### **AB-2049 (Cooley) - Reinsurance credit.**

Updates California insurance law to conform to recent changes to the Credit for Reinsurance Model Act adopted by the National Association of Insurance Commissioners (NAIC).

Specifically:

1) Establishes a new category of reinsurer, a reinsurer from a “reciprocal jurisdiction,” and requires that a domestic insurer be allowed a credit for reinsurance ceded to an assuming insurer from a reciprocal jurisdiction that meets specified standards.

2) Requires the commissioner to publish a list of reciprocal jurisdictions and a list of reinsurers with a head office or domicile in, and that are licensed in, a reciprocal jurisdiction.

3) Requires a certified reinsurer to file with the commissioner audited financial statements, regulatory filings, and actuarial opinion as filed with a non-United States jurisdiction, with an English translation, and authorizes the commissioner to consider those documents to evaluate the reinsurer’s financial strength.

**Status:** Chapter 71, Statutes of 2020



### **AB-2167 (Daly) - Insurance market action plan.**

Would have required the California Insurance Commissioner to prepare and deliver, by July 1, 2020, a report on the use of market assistance plans, reinsurance, and loss modeling in residential property insurance ratemaking, as specified.

**Status:** Senate-Died

## **WORKERS COMPENSATION**

### **AB-2398 (Committee on Insurance) - California Insurance Guarantee Association.**

Would have clarified that an injured worker who lives in California but was injured in another state while working for an employer insured by an insurer that is now insolvent can file a claim against CIGA if the claimant does not have the right to file the claim against the guarantee association in the state where the injury occurred, authorized CIGA to pay a covered claim directly to a medical facility that is owned in whole or part by any agency of a state or the federal government, and clarified the definition of “net written premium” which is used to apportion surcharges among insurers in the event policyholder surcharges are triggered.

**Status:** Senate-Died - Insurance

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