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## SENATE COMMITTEE ON INSURANCE

Senator Susan Rubio, Chair

2021 - 2022 Regular

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<b>Bill No:</b>	AB 1989	<b>Hearing Date:</b>	June 22, 2022
<b>Author:</b>	Quirk		
<b>Version:</b>	February 10, 2022	Introduced	
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Erin Ryan		

**SUBJECT:** Commercial Property Insurance: vehicle barrier discount

**DIGEST:** Adds vehicle barriers installed to protect commercial outdoor dining areas from motor vehicle crashes to those insurers may consider in offering discounts on commercial property insurance.

### ANALYSIS:

Existing law:

- 1) Requires specified insurance rates to be approved by the Insurance Commissioner (IC) prior to their use under the Insurance Rate Reduction and Reform Act (Proposition 103, as approved by the voters in 1988) (Prop. 103).
- 2) Provides that an insurer may consider the installation of vehicle barriers as a safety measure and may provide or offer a discount on the property owner's commercial property insurance reflecting the reduced risk to the property as a result of the installation of the vehicle barrier.
- 3) Requires any discount offered to be actuarially sound and approved by the IC prior to use.
- 4) Provides that to qualify for the discount, the vehicle barrier must be a safety device that meets, at a minimum, vehicle impact protection standards, as provided by the State Fire Marshal and adopted by the California Building Standards Commission, and which is installed to protect persons located within, in, or on the property of buildings or to protect pedestrians from collisions into those buildings by motor vehicles.

This bill:

- 1) Would include within the definition of vehicle barrier a barrier that is installed to protect persons located in an adjacent commercial outdoor dining area or pedestrians into those outdoor areas from motor vehicles if the barrier meets vehicle impact protection standards, as provided by the State Fire Marshal and adopted by the California Building Standards Commission.

## Background

According to the Author:

Outdoor dining has become a viable solution for restaurant compliance with spacing requirements during the COVID-19 pandemic. Outdoor dining areas have expanded more frequently beyond the storefront or sidewalk directly in front of a restaurant, to include vast dining spaces that at times occupy the entirety of a street. With the increase of outdoor dining, a statewide standard of safety for vehicle barriers is essential. AB 1989 will encourage the use of vehicle safety barriers around outdoor dining areas by authorizing insurance providers to offer a discount to commercial property holders who install these barriers.

This bill expands upon AB 2161 (Quirk, Chapter 73, Statutes of 2016) that allowed an insurer to consider the installation of vehicle barriers as a safety measure and to provide or offer a discount on the property owner's commercial property insurance. It expands the definition of a qualifying vehicle barrier to include one installed around an outdoor dining area in order to protect diners from collisions by motor vehicles. According to this bill's author, this bill sets a statewide standard for the safety of vehicle barriers used for outdoor dining areas, which local governments may follow.

According to the Safety Storefront Council, vehicle-building crashes are reported to occur as often as 60 times per day. Evidence suggests that over 3,600 pedestrians, store patrons, and employees are seriously injured in these types of crashes annually, and over 500 are killed. Most of these crash injuries can be prevented with simple and inexpensive steps, such as the installation of protective safety barriers.

It should be noted that insurers already consider the condition and safety features of a commercial property when writing a commercial insurance policy. Prop. 103, however, generally requires historical loss-based actuarial data to justify a discount in insurance premiums paid by an insured. Due to the recent expansion of outdoor dining spaces protected by barriers constructed by restaurants and bars hoping to draw patrons despite the Covid-19 pandemic, it may take time for insurers to develop the historical loss data necessary for developing and offering these discounts in a rate filing.

## Related/Prior Legislation

AB 2161 (Quirk, Chapter 73, Statutes of 2016) allowed an insurer to consider the installation of vehicle barriers as a safety measure and to provide or offer a discount on the property owner's commercial property insurance.

## ARGUMENT IN SUPPORT:

The Storefront Safety Council writes in support:

AB1989 is not sweeping, it does not obligate industries to take immediate action, and it is limited in both reach and scope. The bill encourages property owners, restaurants, and the cities that regulate them to move ahead with simple and prudent steps to increase public safety by

encouraging insurance companies to offer discounts for effective safety measures. Just as with fire sprinklers and fences around swimming pools, this is simply a revenue neutral public safety measure.

**SUPPORT:**

California Contract Cities Association  
City of Norwalk  
Storefront Safety Council

**OPPOSITION:**

None on file.

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