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## SENATE COMMITTEE ON INSURANCE

Senator Susan Rubio, Chair

2021 - 2022 Regular

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<b>Bill No:</b>	SB 1242	<b>Hearing Date:</b>	March 31, 2022
<b>Author:</b>	Committee on Insurance		
<b>Version:</b>	March 24, 2022 Amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Brian Flemmer		

**SUBJECT:** Insurance.

**DIGEST:** This is the Senate Committee's bi annual omnibus bill, which includes several changes that are non-controversial, technical, or otherwise classified as code cleanup.

**ANALYSIS:**

Existing law:

- 1) Generally regulates classes of insurance, including disability income insurance. Existing law defines "disability income insurance" to mean insurance against loss of occupational earning capacity arising from injury, sickness, or disablement.
- 2) Requires an insurance pool to furnish a copy of the pool's annual audited financial statement and most recent actuarial review to specified committees of the Legislature within 180 days of the close of the pool's fiscal year.
- 3) Provides that mailing a specified notice is complete when the notice is deposited in a facility regularly maintained by the United States Postal Service, in a sealed envelope, with postage paid, and addressed to the person at the last address that person provided to the person mailing the notice. The period of notice and any right or duty to respond to that mailed notice is extended by 5 calendar days if the place of mailing or the recipient's address is within California, 10 calendar days if the place of mailing or the recipient's address is outside of California but within the United States, or 20 calendar days if the place of mailing or the recipient's address is outside of the United States. These time periods and procedures are applicable to various insurance-related notices.

This bill:

- 1) Would fix the Senate Committee on Insurance's name in code, and require an insurance pool to furnish a copy of that statement and review to the Insurance Commissioner within 180 days of the close of the pool's fiscal year.
- 2) Would make technical, nonsubstantive changes to provisions referencing the mailing time periods and procedures.
- 3) Would make other technical, nonsubstantive changes.

**Background**

The Senate Committee's last omnibus bill, SB 1255 (Chapter 184, Statutes of 2020), reordered and re-lettered the subparagraph which defines disability income insurance changing it from California Insurance Code (CIC) 799.01(i) to CIC 799.01(c). This bill would update various CIC statutes to reflect the correct citation.

The California Department of Insurance (CDI) uses financial statements submitted by Risk Retention Groups (RRGs) to ensure that RRGs can pay claims and service their members. Assembly Bill 2327 (Harkey, Chapter 384, Statutes of 2010) permitted a wider variety of affordable housing entities to join together in multi-state joint self-insurance risk pools with the goal of ensuring that affordable housing remained available to low income Californians. However, CDI was not included in the list of entities to receive annual financial statements from these types of RRGs. This proposal would add the Insurance Commissioner to the list of entities to receive these statements so that CDI can ensure these entities are meeting the legal definition of an affordable housing RRG.

**Related/Prior Legislation**

SB 1255 (Chapter 184, Statutes of 2020) provided procedural flexibility to the 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; and makes other technical, nonsubstantive changes.

**ARGUMENTS IN SUPPORT:**

CDI writes, "This proposal would add the Insurance Commissioner to the list of existing entities to receive annual financial statements and audits from specified RRPGs so that CDI can be informed upfront of when these RRPGs are created to offer coverage to affordable housing entities who may be having trouble obtaining traditional insurance for their projects."

**SUPPORT:**

California Department of Insurance (sponsor)

**OPPOSITION:**

None on file

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