

# DEPARTMENT OF INSURANCE

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*Commissioner: Ricardo Lara ♦ Toll-Free Consumer Hotline: (800) 927-4357 ♦ Licensing Hotline: (800) 967-9331 ♦ Internet: [www.insurance.ca.gov](http://www.insurance.ca.gov)*

Insurance is the only interstate business wholly regulated by states rather than the federal government. In California, this responsibility rests with the Department of Insurance (DOI), organized in 1868 and headed (as of 1988) by an elected Insurance Commissioner. Insurance Code sections 12900 through 12938 set forth the Commissioner's powers and duties. Authorization for DOI is found in section 12906 of the 1,000-page Insurance Code; the Department's regulations are codified in Chapter 5, Title 10 of the California Code of Regulations (CCR).

The Department's designated purpose is to regulate the insurance industry to protect policyholders. Such regulation includes the licensing of agents and brokers, and the admission of companies to sell insurance products in the state. Nearly 1,400 employees work at DOI to oversee more than 1,400 insurance companies and license more than 420,000 agents, brokers, adjusters, and business entities. In the ordinary course of business, DOI annually processes more than 8,000 rate applications, issues approximately 200,000 licenses (new and renewals), and performs hundreds of financial reviews and examinations of insurers doing business in California. DOI annually receives more than 170,000 consumer assistance calls, investigates more than 37,000 consumer complaints, and, as a result, recovers more than \$84 million a year for consumers. DOI annually receives and processes tens of thousands of referrals regarding suspected fraud against insurers and conducts criminal investigations resulting in thousands of arrests every year.

In addition to its licensing function, DOI is the principal agency involved in the collection of annual taxes paid by the insurance industry. The Department collects more than 175 different fees levied against insurance producers and companies.

The Department performs the following consumer protection functions:

(1) it regulates insurance companies for solvency by tri-annually auditing all domestic insurance companies and by selectively participating in the auditing of other companies licensed in California but organized in another state or foreign country;

(2) it reviews and approves/disapproves tens of thousands of insurance policies and related forms annually as required by statute, principally related to accident and health, workers' compensation, and group life insurance;

(3) it establishes rates and rules for workers' compensation insurance;

(4) it preapproves rates in certain lines of insurance under Proposition 103, and regulates compliance with the general rating law in others; and

(5) it becomes the receiver of an insurance company in financial or other significant difficulties.

The Insurance Code empowers the Commissioner to hold hearings to determine whether brokers or carriers are complying with state law and ordering an insurer to stop doing business within the state. However, the Commissioner may not force an insurer to pay a claim; that power is reserved to the courts.

DOI's Consumer Services Division (CSD) is responsible for gathering and responding to consumer inquiries and complaints regarding insurance companies or producers. CSD maintains four separate bureaus: Consumer Communications Bureau; Claims Services Bureau; Health Claims Bureau; and Rating and Underwriting Services Bureau. CSD operates the Department's

toll-free complaint line. Through its bureaus, CSD responds to requests for general information; receives, investigates, and resolves individual consumer complaints against insurance companies, agents, and brokers; tracks trends in code violations; and cooperates with law enforcement to bring deterrent compliance actions. Cases which cannot be resolved by CSD are transferred to DOI's Legal Division, which is authorized to file formal charges against a licensee and take disciplinary action as appropriate, including cease and desist orders, fines, and license revocation.

The Department's Fraud Division was established in 1979 to protect the public from economic loss and distress by actively investigating and arresting those who commit insurance fraud. The Fraud Division is currently composed of four separate fraud programs: automobile; workers' compensation; property, life, and casualty; and disability and health care.

On November 6, 2018, Californians elected a new Insurance Commissioner, Ricardo Lara. Raised in East Los Angeles by immigrant parents, Commissioner Lara made history in 2018 by becoming the first openly gay person elected to statewide office in California's history. Commissioner Lara previously served in the California Legislature.

## **HIGHLIGHTS**

### **Department Issues a Series of Notices to Insurance Companies Pertaining to Continued Health Care Coverage During the COVID-19 Outbreak**

On March 18, 2020, Commissioner Lara issued a public [notice](#) requesting that all insurance companies operating in California provide their insureds with at least a 60-day grace period to pay premiums so that policies are not canceled for nonpayment in the midst of the COVID-19 pandemic and corresponding economic crisis. On the same day, he issued a second [notice](#), in which

he explicitly addressed to automobile insurers and related licensees in California. The notice also cites a March 16, 2020 [statement](#) from the California Department of Motor Vehicles (DMV), asking law enforcement to exercise discretion when enforcing drivers' license and vehicle registration expirations to prevent at-risk individuals from visiting DMV field offices over the next 60 days. Commissioner Lara stated that "we must do everything we can to ensure that consumers and their families maintain insurance coverage protection during this public health pandemic."

On April 3, 2020, Commissioner Lara issued a third [notice](#) instructing insurance companies to stop enforcing policy or statutory deadlines on policyholders until ninety days after the end of the declared state of emergency. This includes deadlines for submissions of sworn proof of loss, claim forms, medical examinations, physical inspections of insured property, and any other imposed deadline where failure to comply could result in the forfeiture or waiver of a policyholder's right to benefit under an insurance policy. The Commissioner also noted that the COVID-19 pandemic is a circumstance beyond the control of the insured and it constitutes "good cause" for a policyholder not to repair or rebuild their home following wildfire damage.

Also, on March 18, Commissioner Lara, noting the pandemic's immediate potential to displace insureds within the meaning of section 10112.95(b) of the Insurance Code, [directed](#) all health insurers to submit a notification by March 20, 2020, describing how the insurer is communicating with potentially impacted insureds, and summarizing the actions the insurer is taking to ensure that the health care needs of insureds are met. Specifically, the notification must include information demonstrating that insureds have access to medically necessary health care during the COVID-19 outbreak, including policies pertaining to suspension of prescription drug refill limitations and waiting periods; ways in which insurers will cover medically necessary treatment for COVID-19; plans to maximize the use of telehealth in appropriate settings; and how

insurers will minimize disruptions in operations and facilities located in jurisdictions with shelter-in-place orders. In a [press release](#) the same day, the Commissioner stated, “we are directing health insurance companies to work with us to guarantee access to care for our most vulnerable during these extraordinary times.” In a follow-up [notice](#) on April 6, Commissioner Lara reminded insurance companies that section 3351 of the Labor Code requires workers’ compensation benefits be extended to injured workers regardless of their immigration status. In a corresponding [press release](#) the Commissioner said, “Hard-working Californians who are exposed to COVID-19 are entitled to workers’ compensation benefits if they fall ill, regardless of their immigration status.”

Following Governor Newsom’s [proclamation](#) of a state of emergency on March 4, 2020, Commissioner Lara directed all health insurance companies to waive cost-sharing for screening and testing of the disease in a [Bulletin](#) released on March 5, noting that the Department “wants to ensure that cost does not create a barrier for consumers receiving medically necessary screening and testing for COVID-19.” Additionally, the Department reminded insurance companies of existing California laws that require them to provide coverage for all medically necessary emergency care without prior authorization, regardless of whether that care was provided in-network; comply with utilization review timeframes for approving requests for urgent and non-urgent services; ensure that provider networks are adequate to handle an increase in the need for health care services; and ensure that insureds are not liable for unlawful balance bills from providers, including balance bills related to testing of COVID-19. The Department also strongly encouraged insurers to waive all prior authorization requests for services related to COVID-19, or at a minimum, respond to requests more quickly than the time frames required by law, and to proactively ensure that consumers can access all medically necessary screening and testing of COVID-19.

The Department encouraged that insurers expand telehealth services where appropriate to limit people going into hospitals for care. In a March 30 [notice](#), Commissioner Lara directed health insurance companies to continue to provide access to medical care for the duration of the COVID-19 state of emergency and that care should be accessible without consumers physically visiting their providers in person. In a corresponding [press release](#), the Commissioner stated, “Increasing access to telehealth helps consumers comply with social distancing guidelines, protects the health of vital health care providers, and guarantees access to care for our most vulnerable during these extraordinary times.” The Department reminded insurers that, pursuant to the [declared](#) state of emergency, to facilitate care with physical separation, they should implement reimbursement rates for telehealth services that mirror payment rates for an equivalent office visit. Insurers are also required to eliminate barriers to providing appropriate care including waiving requirements that certain services be available only to established patients, enabling providers to provide service from their homes, and removing restrictions related to patient location as a prerequisite to receiving services. These telehealth services must be available for all medical conditions, not just those related to COVID-19.

In an April 14, 2020 [press release](#), Commissioner Lara directed insurance companies to investigate all business interruption claims caused by COVID-19. Specifically, insurance companies must comply with their contractual, statutory, and regulatory obligations with all claims filed by California businesses; acknowledge the claim within fifteen calendar days after the notice of the claim; and provide the policyholder with necessary instructions and assistance, including specifying the information that must be included with the proof of claim. Additionally, the insurer must begin any necessary investigation, and must accept or deny the claim within forty days after receipt of claim.

Commissioner Lara ordered insurance companies to refund premiums to drivers and businesses affected by COVID-19. In a [press release](#) on April 13, 2020, Lara stated that “consumers need relief from premiums that no longer reflect their present-day risk of accident or loss.” Premiums paid for March and April, as well as May if shelter in place restrictions continue, are included for the following insurance lines: private passenger automobile, commercial automobile, workers’ compensation, commercial multi-peril, commercial liability medical malpractice, and any other insurance line where the risk of loss has fallen substantially due to COVID-19.

In a March 20, 2020 [press release](#), Commissioner Lara encouraged uninsured Californians to purchase health insurance through Covered California, noting that the state’s health insurance benefits exchange would be open for special enrollment of uninsured individuals from March 20 through June 30, 2020. Commissioner Lara announced, “Getting coverage for yourself and your family has never been more vital. Californians need to plan for the long term and having insurance at this time can give you peace of mind.” Consumers can visit [www.CoveredCA.com](http://www.CoveredCA.com) and use the [Shop and Compare Tool](#) to find out if they are eligible for medical coverage or financial help.

## **Department is Potentially Impacted by Package of Bills Which Propose Additional Medical Insurance Coverage Requirements for Mental Health and Substance Abuse Treatment**

On January 14, 2020, California Senators introduced two bills, both sponsored by the Kennedy Forum and Steinberg Institute, aimed at improving patient access to mental health and substance use disorder treatment:

[SB 854 \(Beall\)](#), as introduced, would add section 10144.42 to the Insurance Code to require that an insurance plan providing prescription drugs for the treatment of substance use disorders place all prescription medications approved by the United States Food and Drug Administration (FDA) on the lowest cost-sharing tier of the drug formulary developed and maintained by the plan. Under the bill, insurers would be prohibited from (1) imposing any prior authorization requirements on any FDA-approved prescription medication for the treatment of substance use disorders, or on any behavioral, cognitive, or mental health services prescribed in conjunction with that medication for the purpose of treating a substance use disorder; (2) imposing requirements that the insured receive coverage at an outpatient facility; (3) imposing any requirement related to an insured’s prior success or failure with substance use disorder treatment; (4) imposing any step therapy (protocol or program that establishes the specific sequence of prescription drugs for a medical condition) requirements before authorizing coverage for a prescription medication approved by the FDA for the treatment of substance use disorders; or (5) excluding coverage for any prescription medication approved by the FDA for the treatment of substance use disorders and any associated counseling on the grounds that those medications and services were court ordered. According to the [author](#), “Mental health parity is an empty promise if people struggling with addiction can’t get effective treatment.”

[SB 855 \(Wiener\)](#), as introduced, would repeal and add section 10144.5 to the Insurance Code to require that every health insurance policy issued, amended, or renewed after January 1, 2021, provide coverage for the diagnosis and “medically necessary” treatment of mental health and substance use disorders. The bill would define “medically necessary” treatment of a disorder as a covered service that is recommended by the patient’s treatment provider and furnished in the manner and setting that can most effectively and comprehensively address the patient’s conditions.



The bill would further specify that the necessary treatment must be provided in sufficient amount, duration, and scope to (1) prevent, diagnose, or treat a disorder, (2) minimize the progression of a disorder or its symptoms, (3) achieve age-appropriate growth and development, (4) minimize the progression of disability, or (4) attain, maintain, regain, or maximize full functional capacity. A health insurer shall not limit benefits or coverage for chronic or pervasive mental health and substance use disorders to short-term or acute treatment.

The authors and advocates for these bills say that existing law does not do enough to ensure Californians get timely and comprehensive care for mental health conditions. In a [press release](#), Senator Wiener said, “SB 855 is a big step toward ensuring that in California, mental health is taken as seriously as physical health. We must de-stigmatize mental health and substance use disorders and help people get the care they need. It’s time for insurance companies to fully cover this essential treatment.” Both bills are currently pending in the Senate Health Committee.

## **Department Coordinates with Law Enforcement to Arrest Suspects in Organized Auto Fraud Ring in \$500,000 Operation Dealer’s Choice**

In December 2019, investigators from the San Diego County Organized Automobile Insurance Fraud Task Force, which includes investigators from the California Department of Insurance, the San Diego District Attorney’s Office, and California Highway Patrol, arrested several suspects for their involvement in an organized auto fraud ring. According to a [press release](#) on December 6, 2019, task force investigators found that the suspects had purchased vehicles at local car auctions that were already damaged, had high mileage, or both for a low dollar amount. After insuring and registering them, these individuals staged collisions and thefts, and even had the odometer mileages rolled back to increase the value of the vehicles before they were

“damaged” or reported stolen, and then filed fraudulent total damage or theft claims to receive payouts from insurance carriers. The task force estimated over \$500,000 in fraudulent auto claims over a four-year period, involving 12 insurance companies and over 50 vehicles.

Insurance Commissioner Ricardo Lara called the scheme a “bad deal for drivers who have to pay more through higher premiums as a result of insurance fraud.” San Diego District Attorney Summer Stephan also highlighted the impact of insurance fraud on consumers, noting that “[s]tealing from insurance companies hits all of us in the wallet because the loss is passed on to the consumer.”

## **Department Holds Pre-Notice Public Workshop on Proposed Regulations Regarding Auto Insurance Discounts**

On January 28, 2020, the Department held a [prenotice workshop](#) in Los Angeles to hear public feedback on a proposed regulation that would change the way auto insurers offer discounts to drivers. The proposal comes after the Department conducted a [study](#), including a representative [map](#), revealing that people who live in areas with a higher average income receive more affinity group discounts from auto insurers than people who live in lower-income areas. According to the Department, the goal of the proposed regulation is to promote economic equity, make auto insurance discounts more accessible to people in low-income areas, and prevent insurers from “cherry picking” those who receive discounts. In November 2019, the Department held an informal hearing presenting their research and hearing public comment with respect to the findings.

On December 23, 2019, in preparation for the workshop, the Department released [workshop draft text](#) of its proposal to amend sections 2632.5 and 2632.9, and adopt section 2644.27.5, Title 10 of the CCR, to address the disparities revealed in the study, especially the lack

of insurance discounts available in low-income ZIP codes. Specifically, the new regulation would require, among other things, that “an insurer’s group plans, taken as a whole, shall afford all persons full and equal advantages, privileges, and services, no matter their sex, race, color, religion, ancestry, national origin, disability, medical condition, genetic information, marital status, sexual orientation, citizenship, primary language, immigration status, education, occupation or income level.” It would also subject insurers to reporting requirements with respect to this information and require compliance with these new provisions as a prerequisite to approval of any group rating plan on or after January 1, 2022. According to a Department [press release](#), the proposed regulations are designed to reform how insurance companies offer group discounts based on occupation, education, and other arbitrary factors that historically have not been available to drivers in less-affluent and more diverse communities. “If adopted, this would be the first major change to the use of so-called “affinity group” discounts since California voters approved Proposition 103 in 1988, outlawing “redlining” and other forms of discrimination in insurance.”

At the workshop, a three person panel from the Department provided an overview of the proposed amendments, and announced that while the Department takes the position that this regulation is exempt from the Administrative Procedure Act (APA) rulemaking requirements because it is about implementing fees, rates, and tariffs, and in the spirit of transparency they are planning to follow a public notice procedure that is similar to that required by the APA.

The majority of public commenters at the workshop were community leaders who represented religious groups, social organizations, and unions. In general, they commended the Department for the intent behind this regulation but expressed concern that it would not in practice actually benefit those who need auto insurance discounts most. Many commented that the regulation as drafted would make it even more difficult for people in low-income communities

and owners of small businesses to create and become part of affinity groups, and encouraged the Department to reduce the currently-proposed burdensome filing requirements; to withdraw provisions requiring the disclosure of private information; and to work with small groups and lower-income communities to educate them about the benefits available to them and help them create more avenues to discounts.

Representatives from consumer advocate groups also offered public comment expressing concerns about the practical outcomes of its implementation, calling on the Department to make the rating methodology clearer and to implement a system that would actually ensure that abuses would not continue.

Representatives from the Insurance industry also commented, advocating for maintaining the existing program, challenging the Department's authority to implement this regulation, and asserting that the proposed regulation is not authorized by Proposition 103 because its specific provisions exceed the limitations set out in the statute. They also disagreed with the Department's conclusion that insurers are currently abusing the system and denied that they "cherry pick" drivers who receive discounts.

The Department advised attendees that it plans to take the public comments into account as it considers any revisions it might make to the proposed regulation. At this writing, no further notice of changes to the regulations have been announced.

## **Senator Gonzalez Introduces Equal Insurance HIV Act**

[SB 961 \(Gonzalez\)](#), as introduced on February 10, 2020, known as the Equal Insurance HIV Act, would repeal and add sections 799.01 and 799.02, and add sections 799.03–799.10 to

the Insurance Code. The Department and Equality California are co-sponsors of the bill. According to the [fact sheet](#), the law would prevent insurers from denying life or disability income insurance coverage to HIV-positive individuals based on their HIV status alone, and would overturn current law that allows such discrimination. The bill would also update statutory language to accurately reflect modern HIV testing and the life-expectancy of people who are HIV positive.

In a [press release](#), Commissioner Ricardo Lara stated, “[a] person should not be defined by their HIV status and it should not be the only factor when determining their right to insurance protection. People living with HIV are raising families and seeing their children grow up just like anyone. This legislation is crucial to ensure they have equal access to the same kinds of insurance that helps us all plan for the future.”

SB 961 is currently pending in the Senate Insurance Committee.

## **Department Issues Cease and Desist Order to Health Care Sharing Ministries Alera Healthcare, Inc. and Trinity Healthshares, Inc. for Misleading Consumers and Operating Without Authorization**

On March 8, 2020, the Department issued a [Cease and Desist Order](#) against Alera Healthcare, Inc. and Trinity Healthshares, Inc. for violating California law by misleading California consumers regarding their products, and transacting insurance business without a certificate of authority from the Insurance Commissioner. In the order, the Department describes these organizations as “Health Care Sharing Ministries” (HCSM), organizations in which members share a common set of religious or ethical beliefs and agree to make payments to, or share, the medical expenses of other members, and estimates that 11,000 California residents are members of Alera and Trinity. The Department contends that these companies’ advertisements,

solicitations, and other materials are deceptive, and have the capacity and tendency to deceive consumers to believe they are purchasing traditional health coverage rather than a HCSM membership with no guarantee that claims will be paid and with products that do not comply with the Affordable Care Act. Neither company is currently licensed or authorized by the Insurance Commissioner to act in any capacity regarding the transaction of insurance in California. The Cease and Desist Order immediately prevents Alieria and Trinity from transacting, advertising, or receiving any money related to insurance transactions in California.

On the same day, the Department filed an [accusation](#) against non-resident insurance licensee, Ensurian Agency, LLC, of which Alieria is listed as the 100% owner, and Jon Alan Hatcher, the President of Ensurian, who had been licensed by the Insurance Commissioner to act as a non-resident producer Accident and Health and Life Only Agent. The Accusation alleges that Ensurian and Hatcher marketed, sold, and solicited California consumers to purchase products offered by Trinity and Alieria, and misrepresented the terms and conditions of these products. It also alleges that the products violate the Affordable Care Act in that they do not cover preexisting conditions, abortion and/or contraception, and do not comply with the Mental Health Parity Act. Accordingly, the Department seeks an Order revoking all the licenses and licensing rights of Ensurian and Hatcher.

In a Department [press release](#), Commissioner Lara stated, “Consumers who bought these plans thinking they purchased comprehensive health insurance deserve the full protection of our laws. Consumers should know they may be able to get comprehensive coverage through Covered California that will protect their health care rights.”

On March 10, 2020, Commissioner Lara issued a [Notice to Agents](#), addressed to insurers and other health care agents, advising them about potential issues with HCSMs and information

they should be aware of before signing up consumers for an HCSM, including the fact that they do not guarantee payments of claims, usually cap what they will pay, do not comply with consumer protections of the federal Affordable Care Act, and do not have provider networks. The notice advises insurance producers that they must ensure that they have explained the limitations of this type of product to the consumer to avoid misleading consumers about the product they are purchasing.

The Department encourages consumers who have purchased coverage through Alera or Trinity to contact Covered California at (855) 295-2023 to determine if they have experienced a qualifying life event that entitles them to a special enrollment opportunity. Consumers may also contact the Department [hotline](#) to learn about their options or to file a complaint if they have been harmed.

## **LEGISLATION**

### **Insurance Discrimination**

- [SB 961 \(Gonzalez\)](#), as introduced on February 10, 2020, would repeal and add sections 799.01 and 799.02, and amend sections 799.03 through 799.10 of the Insurance Code to prevent insurers from discriminating against patients based on their HIV status (see HIGHLIGHTS). [*S. Ins.*]
- [SB 1222 \(Durazo\)](#), as amended March 25, 2020, as it relates to DOI, would add section 679.75 to the Insurance Code to require that for-profit, private detention facilities comply with certain state and local regulations and maintain specified insurance coverages including general, automobile, umbrella liability, and workers' compensation. The insurance company would be required to ensure the facility complies with standards, notify the facility director and

Insurance Commissioner of any deficiencies, and cancel insurance contracts if the deficiencies are not corrected within 60 days. *[S. RLS]*

## **Department Responsibilities**

- [AB 2474 \(Chen\)](#), as introduced on February 19, 2020, would amend section 678 of the Insurance Code to update the requirements with respect to the information that insurers must provide about the Department to policy holders who do not renew their policies. *[A. Ins]*
- [AB 2049 \(Cooley\)](#), as amended on March 2, 2020, would amend sections 922.4, 922.41, 922.43, 922.85, and add section 922.425 to the Insurance Code to require a reinsurer to provide the Commissioner with audited financial statements in English; allow reinsurance agreements to be counted as “credits” on the balance sheet of an insurer under specified conditions; and require the Commissioner to create and publish a list of reinsurers that satisfy the specified requirements. *[A. Ins]*
- [AB 2157 \(Wood\)](#), as introduced on February 10, as it relates to DOI, would amend section 10112.81 of the Insurance Code to require procedures established by the Department of Insurance to include a process for each party in an insurance dispute to submit into evidence information that will be kept confidential from the other. The bill would require the organization to conduct a de novo review of the claim dispute based solely on the information and documents submitted into evidence by the parties. *[A. Health]*
- [SB 1033 \(Pan\)](#), as introduced on February 14, 2020, as it relates to DOI, would add section 10123.136 to the Insurance Code to authorize the Insurance Commissioner to review a health care service plan or insurer’s clinical criteria, guidelines, and utilization management



policies to ensure compliance with existing law. If not in compliance, the Commissioner would be authorized to issue a corrective action and send the matter to law enforcement. *[S. Health]*

## **Licensee Rights**

- [SB 1255 \(Committee on Insurance\)](#), as introduced on February 21, 2020, would amend sections 1668, 1668.5, 1669, 1738.5, 10235.45, 10271, and 10291.5 of the Insurance Code to provide procedural flexibility to the Department when holding a hearing to suspend or revoke a license for alleged misconduct against seniors, and provide additional technical and clarifying changes. *[S. Ins]*

- [AB 1931 \(Voepel\)](#), as introduced on January 15, 2020, would amend sections 10095.7 and 11629.87 of, and add section 12931 to, the Insurance Code to prevent the Department from publishing personal contact information of licensees who have been granted a protective or restraining order issued by a civil or criminal court) *[A. Ins]*

- [SB 1002 \(Hill\)](#), as introduced on February 13, 2020, would amend section 15027 of the Insurance Code to prohibit public insurance adjuster licensee 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 adjuster's services do not apply. The bill would revise 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. *[S. Ins]*

## Reporting by Insurers

- [SB 1161 \(Rubio and McGuire\)](#), as introduced on February 20, 2020, would amend sections 929, 929.1, and 929.3 of, and to add sections 929.03 and 929.25 to, the Insurance Code to require insurers who provide property insurance to make more frequent reports to the Commissioner containing information reporting, by ZIP code, numbers of new, renewed, and nonrenewed policies, and require the Commissioner to compile the data into an annual report to the legislature. *[S. Ins, S. Jud]*

- [SB 1192 \(Bradford\)](#), as amended on March 25, 2020, would amend section 11400 of, and add Article 2 (commencing with section 11410) to Chapter 10A of Part 2 of Division 2 of, the Insurance Code to require firefighters', police officers', or 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 Department, and would impose reporting, reserve, and disclosure requirements on the associations. It would also impose regulatory fees on the associations, to be used by the Department for administrative costs necessary to regulate the associations and enforce the requirements of the bill. *[S. RLS]*

## Fires and Other Emergencies

- [AB 1852 \(Daly\)](#), as amended on February 4, 2020, would amend sections 678, 2051.5, 10095, and 10103.7 of the Insurance Code to require insurers to provide payment to property insurance holders who have suffered loss due to a natural disaster earlier and more consistently than the law previously required. It would also require a notice of nonrenewal for a residential property insurance policy to be accompanied by a document that includes, among other

things, an explanation as to how the resident can obtain information about available policies through the California Home Insurance Finder. *[A. Ins]*

- [AB 2703 \(Gallagher\)](#), as introduced February 20, 2020, would amend section 2051.5 of the Insurance Code to prevent an insurer, when an insured victim of fire purchases a new property with a home already built, from deducting the value of the purchased land from its payment to the insured. *[A. Ins]*

- [SB 872 \(Dodd and McGuire\)](#), as introduced January 21, 2020, would amend sections 2051.5 and 2060 of, and add sections 2061 and 2062 to, the Insurance Code to provide extensions to the time limits to collect on policies covering commercial properties after a declared emergency; prohibit an insurer from deducting the land value from the replacement cost when a residential or commercial insured rebuilds or purchases an existing structure on another property; streamline the claims process for residential property insurance, and add consumer protections to the process for settling claims for lost personal contents and additional living expenses (ALE); and require insurers to provide a 60-day grace period for nonpayment in an area impacted by a declared state of emergency. *[S. Ins]*

- [AB 3329 \(Daly\)](#), as introduced on February 21, 2020, would amend section 2058 of the Insurance Code to require insurers to issue to an insured victim of fire damage the greater of the replacement value and the face value of the damaged property. *[A. Ins]*

- [AB 2367 \(Gonzales and Limón\)](#), as introduced on February 18, 2020, would add section 2063, and Article 9 (commencing with section 13575) to Chapter 2 of Division 3 of, the Insurance Code to create the Wildfire Resilience Task Force comprised of the Insurance Commissioner, the Director of the Office of Emergency Services, and the State Fire Marshal or

their designees. The bill would require the Task Force to establish minimum standards for fire-hardened homes and communities, authorize the Commissioner to enact regulations from the Task Force, and require insurers to take these policies into account when issuing insurance. *[A. Ins]*

- [AB 3012 \(Wood\)](#), as introduced on February 21, 2020, would add Article 4 (commencing with Section 2090) to the Insurance Code to require insurers to offer new and renewal residential property insurance policies in areas identified as high fire hazard severity zones until the insurer shows it offers policies in that area at the same rate as non-hazard areas. *[A. Ins]*

- [SB 1199 \(McGuire and Jackson\)](#), as amended March 25, 2020, would amend section 12804 and add Chapter 17 (commencing with section 8899.80) to the Government Code, and add Article 4 (commencing with section 2090) to establish the Commission on Home Hardening within the Business, Consumer Services, and Housing Agency, comprised of the Insurance Commissioner, the State Fire Marshal, the Executive Director of the California Building Standards Commission, and the Director of the Office of Emergency Services, or any of their respective designees. The bill would require the Commission to develop a three-tiered system of fire prevention levels for structures in a Wildland Urban Interface and establish guidelines for certifying structures within this system. It would also prevent insurers from denying coverage to property owners based on wildfire risk if the residence is located in a community that has been certified under the wildfire community hardening standards. *[S. GO]*

## **Property, Life and Long-term Care**

- [AB 2402 \(Committee on Insurance\)](#), as introduced on February 18, 2020, would amend section 10102, and repeal section 10105, of the Insurance Code to update the property insurance disclosure forms to reflect recent changes to the rules an insurer must use to establish

the replacement value for a home under an “actual cash value” policy, and repeal an obsolete section of the code. *[A. Ins]*

- [AB 2436 \(Bloom\)](#), as introduced on February 19, 2020, would amend sections 10102 and 10103 of the Insurance Code to require residential property insurance policies to include building code upgrade coverage. *[A. Ins]*

- [AB 2167 \(Daly and Cooley\)](#), as introduced on February 11, 2020, would add Chapter 12 (commencing with section 10109) to the Insurance Code to establish the Insurance Market Action Plan program, which would allow counties with a certain portion of FAIR Plan policies to qualify for additional protections and better rates. *[A. Ins]*

- [AB 2401 \(Committee on Insurance\)](#), as introduced on February 18, 2020, would amend section 10113.71 and 10113.72 of the Insurance Code to extend the requirements regarding non-payment grace periods and notification of lapse or termination of policies to life insurance policies issued on or after January 1, 2013. *[A. Ins]*

- [SB 1342 \(Roth\)](#), as introduced on February 21, 2020, as it relates to DOI, would amend section 10235.50 of the Insurance Code to require a lower cost option for long-term care insurance policies that provides protection against inflation and increases benefit levels by 3% each year over the previous year. This bill would also require that policies offering a per diem benefit of at least \$100 per day for a nursing or residential care facility, at a lifetime benefit of not less than \$73,000, increase benefit levels by 3% each year. *[S. Health, S. Inc]*

- [AB 2453 \(Nazarian\)](#), as introduced February 19, 2020, would amend sections 10234.95 and 10295.12 of the Insurance Code to remove an exclusion for life insurance policies that accelerate benefits for long-term care and extend requirements that insurers develop

procedures that take into consideration the applicant's ability to pay for the coverage and other pertinent financial information. The bill would require that insurers take into consideration the applicant's goals or needs with respect to life insurance and the advantages and disadvantages of the proposed insurance coverage. *[A. Ins]*

## **Automobile**

- [AB 3041 \(Low\)](#), as introduced on February 21, 2020, and as it relates to the Department, would repeal and add section 11580.24 of the Insurance Code to restructure the insurance and liability requirements for peer-to-peer vehicle sharing. *[A. Pending Referral]*

## **Health Care**

- [AB 2159 \(Wood\)](#), as introduced on February 10, 2020, would repeal and add section 10112.1 of the Insurance Code to remove the requirement under the federal Patient Protection and Affordable Care Act that a health insurer comply with a prohibition on lifetime or annual limits to the extent required by federal law. Instead, the bill would prohibit an individual or group health insurance policy from establishing lifetime or annual limits on the dollar value of benefits for an insured. *[A. Health]*

- [AB 2158 \(Wood\)](#), as introduced on February 10, 2020, would repeal and add section 10112.2 to the Insurance Code. A sister bill to AB 2159, this bill would remove the requirement that a health insurer comply with the requirement to cover preventative health services without cost sharing to the extent required by federal law. Instead, it would require an individual or group health insurance policy to provide coverage for specified preventative services without any cost-sharing requirements for those services. *[A. Health]*

- [AB 2242 \(Levine\)](#), as introduced on February 13, 2020, as it relates to DOI, would add section 10112.34 to the Insurance Code to require a health care service plan that includes coverage for mental health services to approve the provision of mental health services for anyone detained for 72-hour treatment and to schedule an outpatient appointment for that person within 48 hours of release. *[A. Health]*
- [AB 1904 \(Boerner Horvath\)](#), as introduced on January 8, 2020, as it relates to DOI, would add section 10119.55 to the Insurance Code to require insurance policies issued after January 1, 2021 to provide coverage for pelvic floor physical therapy after pregnancy. *[A. Health]*
- [AB 2781 \(Wicks\)](#), as introduced on February 20, 2020, as it relates to DOI, would repeal and add section 10119.6 to the Insurance Code to require insurance policies issued after January 1, 2021 to provide coverage for the treatment of infertility. The bill would revise the definition of infertility and remove the exclusion of in vitro fertilization from coverage. Religiously affiliated employers would no longer be exempt. *[A. Health]*
- [SB 1452 \(Morrell\)](#), as amended March 25, 2020, as it relates to DOI, would add section 10123.1935 to the Insurance Code to prohibit a health insurer from determining which manufacturer's biological products or their respective biosimilars are to be used when medically necessary products are prescribed. The bill would also prohibit insurers from requiring prior authorization or step therapy to limit which manufacturer's products are to be administered by a physician. *[S. RLS]*
- [AB 1973 \(Kamlager\)](#), as amended February 27, 2020, as it relates to DOI, would add section 10123.1961 to the Insurance Code to prohibit a health care service plan or an individual or group policy of disability insurance that is issued on or after January 1, 2021, from imposing a

cost-sharing requirement on coverage for all abortion services and would prohibit cost sharing from being imposed on a Medi-Cal beneficiary for those services. *[A. Health]*

- [AB 2640 \(Gonzalez\)](#), as introduced on February 20, 2020, as it relates to DOI, would add section 10123.20 to the Insurance Code to prohibit health insurance policies from requiring prior authorization for genetic biomarker testing for an insured with metastatic or advanced stage 3 or 4 cancer. *[A. Health]*

- [AB 1986 \(Gipson\)](#), as introduced on January 23, 2020, as it relates to DOI, would add section 10123.2074 to the Insurance Code to require that health insurers provide coverage for colorectal cancer screening examinations and laboratory tests. The bill would prohibit cost sharing on an individual who is between 50 and 75 years of age for colonoscopies conducted for specified purposes. *[A. Health]*

- [AB 2204 \(Arambula\)](#), as amended February 27, 2020, as it relates to DOI, would add section 10123.92 to the Insurance Code to require health insurers to provide coverage for sexually transmitted disease testing and treatment at a contracting or non-contracting health facility at the same cost-sharing rate an insured would pay for the same services received from a contracting health facility. The bill would require a non-contracting health facility to be licensed to provide these services. *[A. Health]*

- [AB 2625 \(Horvath\)](#), as introduced on February 20, 2020, as it relates to DOI, would add section 10126.7 to the Insurance Code to require health insurers that offer emergency ground medical transportation services coverage to include those services as in-network. The bill would also require the insurer to pay for those services at the contracted rate pursuant to the policy. *[A. Health]*



- [AB 2203 \(Nazarian\)](#), as introduced on February 12, 2020, as it relates to DOI, would amend section 10176.61 of the Insurance Code to prohibit health insurers from imposing cost sharing on a covered insulin prescription, except for a copayment not to exceed \$50 per 30-day supply of insulin, or \$100 for a supply exceeding 30 days. *[A. Health]*
- [AB 2118 \(Kalra\)](#), as introduced on February 6, 2020, as it relates to DOI, would add section 10181.46 to the Insurance Code to expand reporting requirements for health insurers to include specified information on premiums, cost sharing, benefits, enrollment, and trend factors as reported in all rate filings for the insurer, including both price and utilization. The bill would require the Department, beginning in 2022, to annually present the information required by the bill at the meeting regarding large group rates and at a public meeting of the board of Covered California. *[A. Health]*

## LITIGATION

- *Consumer Watchdog v. Ricardo Lara*, Case No. 20STCP00664 (Super. Ct. Los Angeles County). On February 18, 2020, Consumer Watchdog filed a [writ of mandate and complaint for declaratory relief](#) against Insurance Commissioner in Los Angeles Superior Court challenging the Commissioner's and the Department's refusal to release certain documents in response to a Public Records Act request made by Consumer Watchdog. On March 30, 2020, Respondent Ricardo Lara, [responded](#) to the writ. No decision has yet been made on the writ, but Commissioner Lara has been under scrutiny for his campaign contributions since he was elected. *[see [25:1 CRLR 187–188](#)]*