

DEPARTMENT OF INSURANCE

Commissioner: Ricardo Lara ♦ Toll-Free Consumer Hotline: (800) 927-4357 ♦ Licensing Hotline: (800) 967-9331 ♦ Internet: 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 or the Department), 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 California DOI is the nation's largest state consumer protection agency. 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 collecting 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 October 13, 2021, Commissioner Lara [announced](#) the appointment of three new members to DOI Curriculum Board, one member to the California Insurance Guarantee Association (CIGA) Board of Governors, and five new members to the Insurance Diversity Task Force.

CDI Curriculum Board [appointments](#) include Mariette Lasley, Anne Lintz, and Peter Schifrin. In addition, Tony Borrego was [appointed](#) to the CIGA Board of Governors, and Rebecca Aguilera-Gardiner, Milton Dellossier, Mark Morales, Maria Salina, and Tommy Smith were [appointed](#) to the Insurance Diversity Task Force.

HIGHLIGHTS

Court Issues Order on Consumer Watchdog’s Motion to Compel Commissioner Ricardo Lara to Respond to Discovery Requests

Consumer Watchdog v. Ricardo Lara, Case No. 20STCP00664 (Super. Ct. Los Angeles County). On May 12, 2021, the Court issued an [order](#) granting in part and denying in part Petitioner Consumer Watchdog’s [motion to compel](#) specific documents associated with two Public Records Act (PRA) requests made in 2019 to DOI Commissioner Ricardo Lara. The writ of mandate and complaint for declaratory relief, filed on February 18, 2020, alleged that the Commissioner failed to comply with the PRA by declining to respond to Consumer Watchdog’s requests. [*see* [25:2 CRLR 153](#); *see* [25:1 CRLR 187–188](#)] The issue before the Court on these discovery motions was whether the discovery sought by Consumer Watchdog would aid in determining whether the Commissioner legitimately redacted and/or withheld records from disclosure under the PRA.

Consumer Watchdog filed the original PRA request in mid-2019 in response to news of a potential campaign funding scandal involving the Commissioner. The alleged scandal concerned his contacts with representatives of workers’ compensation insurer Applied Underwriters (“Applied”), which, according to news sources, donated approximately \$54,000 to the Commissioner’s reelection campaign. Consumer Watchdog’s [original PRA](#) request asked for meetings and communications involving certain named individuals and others representing Applied, including the Commissioner’s former boss and political mentor, Fabian Nunez.

Pursuant to the interim order, the Commissioner identified approximately 400 internal emails, 34 internal documents, and records of 21 meetings between the Commissioner and his top

political and legal advisors discussing how to respond to the PRA requests. In [further response](#) to the discovery requests, the Commissioner produced a list of meetings with various officials, including the Chief Deputy and Deputy Commissioner. The Commissioner also filed [objections to requests for admissions](#) about meetings and communications between the Department and lobbyists for Applied, asserting that the “determination of whether the Commissioner met with Nunez [was] not necessary to determine whether the Department had properly redacted or withheld records.”

According to the privilege log, the Commissioner still refuses to disclose at least 102 communications that occurred over a five-month period in early 2019. Ninety-nine of the 102 withheld records are communications between two individuals involved with the alleged scandal involving Applied, including Applied’s president and now owner, Steven Menzies, and lawyer, Jeffrey Silver. The Commissioner refused to disclose records of meetings and communications with individuals who are now known to have represented Applied, including Nunez.

A Trial Readiness Conference is scheduled for December 10, 2021.

Passage of SB 11 Expands California FAIR Plan Coverage

[SB 11 \(Rubio\)](#), as amended June 28, 2021, expands sections 10091 and 10094 of the California Insurance Code covering the California FAIR Plan. The amendments remove exclusions for “farm risks” from the definition of “basic property insurance.” The new version of the code narrows the exclusion to “*commercial* agricultural commodities or livestock, or equipment used to cultivate or transport agricultural *commodities or livestock*.” (emphasis added) Though the bill continues to exclude “commercial agricultural commodities” (such as crops and livestock), it now covers basic property insurance for *permanent structures* on farms.

Established by statute (California Insurance Code sections 10091 et seq.) in 1968, the [California FAIR Plan](#) was originally designed to offer coverage to California’s high-risk homeowners and renters who had trouble obtaining coverage through other insurers. However, with California wildfires growing [longer and more intense](#), the number of non-renewals on residential properties has [grown every year](#) from 2015 to 2019. Under the previous versions of sections 10091 and 10094, only residential properties were afforded protection under the FAIR plan, subjecting farms, agriculture structures, and wineries to increasing non-renewal of commercial insurance.

In a July 23, 2021 [press release](#), Commissioner Lara stated that the mandates under SB 11 will help “close the commercial insurance coverage gaps that are leaving many of [California’s] agribusinesses exposed to major losses.” However, note that the exclusion appears to remain for those property owners with perhaps even minor commercial agricultural enterprises. It is unclear how many are now protected with that broad remaining allowance for insurance cut-offs.

Governor Newsom signed SB 11 on July 23, 2021 (Chapter 128, Statutes of 2021).

Passage of SB 655 Expands Diversity Reporting Requirements

[SB 655 \(Bradford\)](#), as amended April 26, 2021, amends sections 926, 926.1, 927, 927.2, and 927.3 of the Insurance Code. SB 655 encourages insurers to consider making investments with diverse investment managers to the extent possible. The bill defines “diverse investment managers” as California organizations whose investment managers are composed of at least 51% women, veterans, minorities, or lesbian, gay, bisexual, transgender, or queer persons, or a combination of persons in those groups. Under the old version of section 927.2, only admitted insurers with premiums equal to or in excess of \$100,000,000 were required to provide information

to the Insurance Commissioner every two years on their minority, women, LGBT, veteran, and disabled veteran-owned business procurement efforts, as well as their governing board and board diversity efforts during the previous two years. The new version lowers the California premium “reporting threshold” value for governing board and supplier diversity data from premium totals of \$100 million down to totals of \$75 million, expanding the number of insurers affected.

The new law, which goes into effect on January 1, 2022, builds on [SB 534 \(Bradford\) \(Chapter 249, Statutes of 2019\)](#), which required the Commissioner to establish and appoint an [Insurance Diversity Task Force](#) (Task Force) to advise the Department on the best methods to increase procurement with diverse suppliers and to increase diversity on governing boards within the insurance industry.

The law was championed by the Task Force and Commissioner Lara as part of a renewed focus on the [Department’s Insurance Diversity Initiative](#). The initiative, which was established in 2011, and codified by [AB 53 \(Solorio\) \(Chapter 414, Statutes of 2012\)](#), identifies insurance companies with premiums in excess of \$100 million to participate in a baseline survey to assess insurer diversity practices.

Prior to its passage, the bill was discussed at the March 11th Insurance Diversity Task Force [meeting](#), where Chief Deputy Legislative Director Melissa Gear clarified that by lowering the reporting threshold to \$75 million, reporting requirements would be extended to approximately 50 more companies.

The [California Insurance Diversity Survey](#) is administered biennially on July 1 of each even-numbered year. The next survey will be administered in 2022 and will include data from 2020–2021.

Governor Newsom signed SB 655 on September 28, 2021 (Chapter 390, Statutes of 2021).

DOI-Sponsored Legislation Cracking Down on Inhumane Conditions in Private Prisons Signed by Governor Newsom

[SB 334 \(Durazo\)](#), known as the Private Detention Accountability Act, as amended September 2, 2021, adds section 679.75 to the Insurance Code and section 9506 to the Penal Code to require private detention facilities to maintain general liability, umbrella liability, automobile, and workers' compensation insurance coverage. The bill also authorizes insurers providing such insurance to consider whether the private detention facility has complied with prescribed health and safety standards before providing coverage.

In a February 9, 2021, [press release](#), Commissioner Lara announced the introduction of SB 334 by Senator Durazo and DOI's co-sponsorship with the Coalition for Humane Immigrant Rights. Senator Durazo stated that private prisons "should be held accountable to the same health and safety standards that we've set as our baselines for operation in public facilities in California." The press release cited a 2018 [study](#) by Human Rights Watch finding that at least fifteen immigrants had died in the custody of for-profit prisons.

In a June 24, 2021 [press release](#) that marked SB 334's passage by the Assembly Insurance Committee, Insurance Commissioner Ricardo Lara thanked the Insurance Committee Chair Tom Daly for working closely with the Department on the measure. In particular, Commissioner Lara expressed hope that the bill would hold for-profit prisons accountable for their "long and well-documented history of violating immigrants' human rights" by "creating clear consequences if they fail to protect refugees and asylum seekers."

During the passage of the bill, the author pointed to several reports of unlawful treatment of detainees, including a 2019 USA Today investigation of numerous facilities revealing more

than 400 allegations of sexual assault or abuse, inadequate medical care, and the frequent use of solitary confinement; 800 accounts of physical force against detainees; nearly 20,000 grievances filed by detainees; and at least 29 fatalities, including seven suicides. Additionally, the author pointed to concerns raised by private lawyers and advocacy organizations that for-profit, private facilities are not ensuring that high-risk individuals are protected from the COVID-19 virus. Opponents of the bill argue that this change in law effectively forces insurers to act as regulators for private prisons by forcing insurers to confirm private prisons' compliance with various laws and standards of care.

Governor Newsom signed SB 334 on September 24, 2021 (Chapter 298, Statutes of 2021).

Auto Insurers Ordered to “Close the Gap” on Refunds Owed to California Drivers for Excess Premiums Charged during COVID-19 Pandemic

In an October 6, 2021, [press release](#), Insurance Commissioner Ricardo Lara announced that DOI had ordered three auto insurance companies, covering approximately 20% of California drivers, to reimburse excess premiums charged during the COVID-19 pandemic. The three insurers targeted by the Commissioner's order were Allstate Northbrook Indemnity Company, Mercury Insurance Company, and CSAA Insurance Exchange.

Analysis of data received by DOI directly from auto insurance companies showed that these three companies had the largest gap between what they had initially refunded drivers in 2020 and what they should have refunded based on previous DOI orders. “On behalf of consumers, I am out of patience,” stated Commissioner Lara. “These insurance companies have 30 days to tell us once and for all how they are going to make it right before we take further action.”

Emails sent by DOI to [Allstate](#), [Mercury](#), and [CSAA](#) on October 5, 2021, ordered the

companies to provide additional information about planned premium refunds, the methodology used to determine refund amounts, and actions taken to determine policyholders' annual miles driven from March 2020 through March 2021. The emails stated that this information was required "in order to determine whether a full examination or other administrative action is necessary."

On March 19, 2020, Governor Gavin Newsom issued [Executive Order N-33-20](#), directing all Californians to stay at home in an effort to slow the spread of COVID-19 in the state. On April 13, 2020, Commissioner Lara released [Bulletin 2020-3](#), which recognized that "the severely curtailed activities of policyholders" had caused the projected loss exposures of many insurance policies to become overstated, especially "for policies where premiums are based partly on measures of risk such as number of miles driven." The bulletin ordered all insurers to make initial partial premium adjustments for the months of March and April 2020 in all lines of insurance "where the measures of risk have become substantially overstated as a result of the pandemic," including private passenger and commercial automobile insurance. Insurance companies had to notify each affected policyholder of the amount of their partial refund and provide a check, premium credit, reduction, return of premium, or other appropriate premium adjustments within 120 days. The bulletin also ordered insurers to report to DOI all actions taken and all future actions contemplated to adjust premiums. [[26:1 CRLR 162](#)]

On May 15, 2020, [Bulletin 2020-4](#) extended the relevant time period for insurers to adjust premiums through to the end of May, and on December 3, 2020, [Bulletin 2020-8](#) again extended the time period through the month of June and all subsequent months "as conditions warrant" due to the continuing effects of the COVID-19 pandemic.

On March 11, 2021, [Bulletin 2021-3](#) revealed that data collected from insurers by DOI from March through September 2020 showed that "on average, insurance companies over-

collected premium due to the lower loss exposures during the pandemic and did not return enough premiums to drivers.” The bulletin stated that insurance companies needed to do more to return overstated premiums to private passenger automobile policyholders, “and continue to do so as long as the pandemic results in reduced risk of loss.” [[26:2 CRLR 182–83](#)]

On November 5, 2021, DOI issued a [press release](#) containing Commissioner Lara’s statement after Allstate, Mercury, and CSAA complied with his order to submit the requested data. “Allstate, Mercury, and CSAA have responded to my order by turning over data on the premium refunds they provided to policyholders and their claims experience during the pandemic period. My Department will evaluate the data and determine how much in additional premiums each insurance company owes their policyholders.”

Ninth Circuit Holds that Even Comprehensive Commercial Property Insurance Policies Do Not Cover Business Income Losses from the Pandemic

On October 1, 2021, the Ninth Circuit decided *Mudpie, Inc. v. Travelers Casualty Insurance Company of America*, Case No. 20-16858 (9th Cir.). The [opinion](#) affirmed the district court’s order dismissing Petitioner Mudpie, Inc.’s claims against its insurer, Travelers Casualty Insurance Company of America. Mudpie sought to recover—under its comprehensive business insurance coverage policy—losses suffered during the COVID-19 pandemic due to state and local emergency orders. The Court held that the phrase “physical loss of or damage to” would require the insured to allege a “physical alteration of its property” in order to recover under the policy, and the policy’s “Virus Exclusion” terminology barred coverage for Mudpie’s claimed losses. *Mudpie, Inc. v. Travelers Cas. Ins. Co. of Am.*, 15 F.4th 885 (9th Cir. 2021).

On March 4, 2020, Governor Newsom [proclaimed](#) a state of emergency in California,

ordering all residents of California to “heed any orders and guidance of state and local public health officials, including, but not limited to, the imposition of social distancing measures, to control the spread of COVID-19.” On March 16, 2020, the City and County of San Francisco issued an [order](#) requiring all non-essential businesses “to cease all activities at facilities located within the County except Minimum Basic Operations.”

On May 11, 2020, Mudpie filed a class action [complaint](#) on behalf of itself and a putative class of all retailers in California that purchased comprehensive business insurance coverage from Travelers and were subsequently denied coverage for claims of lost business income following the state and local emergency orders. On June 3, 2020, Travelers filed a [Motion to Dismiss](#) the complaint on the grounds that the policy contained (as noted above) a Virus Exclusion that excepted coverage for any “loss or damage caused by or resulting from any virus, bacterium or other microorganisms that induces or is capable of inducing physical distress, illness, or disease,” and that Mudpie did not allege facts demonstrating a “direct physical loss of or damage to” the insured property.

On September 14, 2020, the District Court for the Northern District of California filed an [order](#) granting the motion to dismiss without prejudice, ruling that Mudpie failed “to allege any intervening physical force beyond the government closure orders.” The district court declined to consider Travelers’ argument that the Virus Exclusion categorically barred recovery. Mudpie filed notice that no amended complaint would be filed, and a Notice of Appeal to the Ninth Circuit Court of Appeals was filed on September 23, 2020, following the district court’s dismissal with prejudice.

The Ninth Circuit affirmed the district court’s dismissal, holding that “Mudpie’s claimed losses are not covered by the Policy,” and that the district court “did not err by dismissing Mudpie’s

claims.” *Mudpie*, 15 F.4th. at 893. The Court also ruled on the issue of the Virus Exclusion, holding that “the Policy’s Virus Exclusion bars coverage for Mudpie’s claims” because Mudpie did not dispute that “the Stay at Home Orders that impacted Mudpie’s business were issued in response to the COVID-19 pandemic, and the point is not debatable.” *Id.* at 894.

On October 29, 2021, Mudpie filed a petition for rehearing *en banc*.

After Declaration of Emergency—Mandatory Moratorium on Cancellations and Non-Renewals of Residential Property Insurance

On November 10, 2021, DOI Commissioner Ricardo Lara issued a “bulletin” to announce the mandatory moratorium on cancellations and non-renewals of policies of residential property insurance. On October 1, 2021, he issued a similar [bulletin](#) (focused specifically on Shasta County), and on September 20, 2021, Commissioner Lara issued a similar [bulletin](#) focused on Northern California wildfire survivors. His announcements follow another year of record-breaking wildfires in California. Officials said the increased activity is being driven by hot, dry conditions, as well as by shifting jet streams.

The wildfires in California have caused obstacles for homeowners and renters to find and keep dwelling insurance. Lara has repeatedly invoked the law imposing a one-year moratorium on policy cancellations for property in or next to major fire sites. The newest bulletin release extends the moratorium to numerous zip codes to respond to some recent fires in new geographic areas—including the enormous Dixie fire and the Caldor fire in the South Lake Tahoe area.

Lara’s bulletin states that “due to the Governor’s September 7, 2021 emergency declaration, no insurer shall cancel or fail to renew a policy based on wildfire risk for one year after this date (until September 7, 2022). However, the implications for long-run home insurance

coverage are unclear, particularly given the continuing wildfire danger. For the Department, questions may also center on the legal status of a “bulletin” without the rulemaking required by the California Administrative Procedure Act.

Climate Insurance Working Group Releases Draft Report with Recommendations to Save Costs related to Climate-Fueled Heat Waves, Wildfires, and Flooding

The Climate Insurance Working Group was enacted by legislation ([SB 30 \(Lara\) \(Chapter 614, Statutes of 2018\)](#)). The new Working Group is to examine issues related to climate change, resilience, and insurance. The mission of this [working group](#) is to identify, assess, and recommend risk transfer approaches to reduce the risks of climate change impacts, including, but not limited to, insurance incentives that promote nature-based solutions.

The group focused on climate impacts from wildfire, extreme heat, and flooding. Drought was discussed but was not one of the top three. The working group met publicly eight times from 2019 to 2021 to develop the report and the recommendations contained therein. The group focused on exploring the role of “risk transfer tools” in managing these dangers to health and to property. Also considered was the financial stability of local governments and businesses.

On July 16, 2021, the Climate Insurance Working Group released a [draft report](#) with recommendations on how to help protect against extreme weather and excessive costs associated with climate change in California. Climate-fueled costs and losses have the potential to cause substantial losses that burden communities and individuals and increase the protection gap between those with and without insurance coverage. Insurance can support rapid recovery from climate disasters and can provide incentives for reducing risk in communities. It can also promote

climate adaptation. Investing in reducing future losses through risk reduction leads to more affordable insurance in the future since insurance costs are exacerbated by increasing claims paid.

DOI has worked with its Climate Insurance Working Group to develop solutions to address these climate concerns. This report identifies four key elements of resilience-risk assessment and support for community preparation and risk reduction to reduce future losses. The recommendations include nature-based solutions and early recognition of danger, including:

- Development of early warning systems that better address heat threats, including their ranking by severity;
- Creation of statewide hazard maps to communicate future risk from climate-worsened wildfires and flooding;
- Identification of risk mitigation opportunities to promote affordable and available insurance;
- Development of robust communication plans to improve preparations and response as well as to reduce harmful impacts to public health;
- Coordination of statewide mitigation and resilience strategy, which makes incentives for risk reduction widely available;
- Improvement of local land-use decisions by investing in nature for risk reduction, rather than building;
- Increase in funding for the retrofitting of homes;
- Establishment of a pilot program for a basic level of disaster insurance to ensure underlying coverage;
- Making nature-based insurance solutions a priority in local and state planning, as well as the focus of scientific study to include in models;
- Exploration of nature-based insurance solutions, such as investments in wetlands and floodplains, to reduce flood risk and also to manage open space buffers to provide protection from wildfires;
- Establishment of pilot projects offering insurance to address extreme heat impacts;
- For all perils, consideration of parametric insurance policies, including coverage for entire communities to guarantee that all residents have some degree of coverage.

Community-level insurance pools the shared risks of the community and can provide financial incentives for community-wide investments in risk reduction.

The report ends with a timeline for the prioritization of its recommendations. As of this writing, the specifics of the next steps have not been determined.

Bail Reform Bill AB 1347 Signed Into Law Three Years after Related Recommendations by the Department of Insurance

[AB 1347 \(Jones-Sawyer\)](#), as amended on June 16, 2021, is sponsored by DOI and adds section 1276.1 to the Penal Code, relating to bail. The bill amends existing law that provides for the procedure of approving bail and issuing an order for the appearance and release of an arrested person. Existing law regulates the undertaking of bail and the licensing of bail agents and bail solicitors by the Insurance Commissioner. The bill will eliminate the bail bond and immigration bond industry’s practice of charging add-on premiums through “renewal fees.” It also protects against predatory tactics used to inflate costs that burden families with potentially thousands of dollars in additional allegedly unfair and unnecessary add-on costs.

Pursuant to the Bail Bond Regulatory Act, sections 1830, et seq., of the Insurance Code, DOI regulates bail bonds, which are underwritten and issued by licensed bail agents who act as the appointed representatives of licensed surety insurance companies. [\[26:1 CRLR 156\]](#)

AB 1347 amends existing state law by 1) prohibiting excessive bail; 2) requiring a person to be released on bail except when charged with certain capital and felony charges; 3) requiring a court to take into consideration the protection of the public, the safety of the victim, the seriousness of the offense charged, previous criminal record; 4) requiring the superior court judges in each county to prepare, adopt, and annually revise a uniform countywide bail schedule; 5) allowing a

defendant to ask the judge for release on bail lower than that provided in the schedule of bail; 6) specifying conditions for a defendants' release on their own recognizance; 7) providing that bail is forfeited if an on-bail defendant fails to appear for any scheduled court appearance; 8) regulating and licensing surety companies that write immigration bonds; and 9) regulating and licensing agents that execute bail bonds.

In February of 2018, then DOI Commissioner Dave Jones released a [report](#) with recommendations applicable to California's Bail System. The report contains recommendations to reform the bail system in many ways, including changing the way the bail system has a disparate impact on lower-income people who cannot afford California's high bail costs. The purpose of the bail reform effort is to beneficially reduce jail overcrowding and improve pretrial release decision-making. The Jones Report contends that California's current bail system unnecessarily compromises victim and public safety because it bases a person's liberty on financial resources rather than on the likelihood of future criminal behavior. It also allegedly exacerbates socioeconomic disparities and racial bias.

According to the author, AB 1347 is intended to address these issues. He notes that this bill is about racial and economic justice. The immigration bonds system, in particular, is an area of concern for its critics. Allegedly, the system has been prone to abuse by taking advantage of Spanish-speaking immigrants in detention and their families—who are more likely to be misled and suffer a lack of understanding of the system. [[26:1 CRLR 155](#)] The bill is intended to render more equitable the alleged socioeconomic imbalance in the current bail system.

Governor Newsom signed AB 1347 on October 1, 2021 (Chapter 444, Statutes of 2021).

MAJOR PUBLICATIONS

The following reports/studies/guidelines have been conducted by or about DOI during this reporting period:

[Bulletin 2021-06](#) – *Mandatory Moratorium on Cancellations and Non-Renewals of Policies of Residential Property Insurance After the Declaration of a State of Emergency*, September 20, 2021 (Bulletin from Commissioner Lara to all admitted and non-admitted insurers writing residential property insurance in California ordering them to comply with a mandatory one-year moratorium on cancellation or non-renewal of residential insurance policies in certain areas within or adjacent to a fire perimeter after a declared state of emergency is issued by the Governor. A [press release](#) accompanying the bulletin, provided a list of ZIP codes included in the moratorium and directed policyholders within the included ZIP codes to file a [request for assistance](#) if they received notice of cancellation or non-renewal for wildfire risk.).

- **[Bulletin 2021-9](#)** – *Mandatory Moratorium on Cancellations and Non-Renewals of Policies of Residential Property Insurance after the Declaration of a State of Emergency*, November 10, 2021 (This mandatory one-year moratorium prevents homeowner cancellations and non-renewals to preserve 209,881 residential property insurance policies. The Order includes the River Complex, French, Washington, Windy, KNP Complex, and Hopkins wildfires.).

- **[Bulletin 2021-07](#)** – *Mandatory Moratorium on Cancellations and Non-Renewals of Policies of Residential Property Insurance after the Declaration of a State of Emergency*, October 1, 2021 (This mandatory one-year moratorium prevents homeowner insurance cancellations and non-renewals following the Fawn Fire emergency declaration, bringing the statewide total to 408,000 homes protected. This moratorium protects homeowners from insurance

company-initiated non-renewals for one year for residential property insurance policies in 17 ZIP codes within or adjacent to the fire perimeter.).

- [*Bulletin 2021-06 – Mandatory Moratorium on Cancellations and Non-Renewals of Policies of Residential Property Insurance After the Declaration of a State of Emergency*](#), September 20, 2021 (This mandatory one-year moratorium prevents homeowner cancellations and non-renewals for 325,000 Northern California wildfire survivors. The Order protects those living within the perimeter or adjoining zip code surrounding the Dixie, Caldor, River, Tamarack, Antelope, McFarland, Monument, Fly, and Cache fires.).

- [*CA DOI Fiscal Year 2020–21 Seismic Safety Commission Assessment Informational Report*](#), 2020–2021 (Calculated annually August 1, the annual assessment shall be based upon the number of earned property exposures from both commercial and residential insurance policies, the amount required for the support of the SSC, the actual collection and administrative costs of DOI, and the maintenance of an adequate reserve, but shall not exceed fifteen cents per earned property exposure. The total resources were \$1,722,321 expenditures were -\$1,347,000, and the reserve balance is \$375,321.).

- [*Draft Report of the Climate Change Insurance Working Group*](#), July 16, 2021 (the report shares recommendations on how to use climate change insurance to close the protection gap for communities and populations who are being threatened by rising costs due to climate change risks (see HIGHLIGHTS)).

RULEMAKING

The following is a status update on recent rulemaking proceedings that DOI has initiated:

- **Student Blanket Health Insurance:** On August 2, 2021, DOI published a [Cancellation of Prenotice Public Discussions](#) regarding the Department’s proposed addition of section 2236.8, Title 10 of the CCR regarding [Student Blanket Health Insurance](#). The [Prenotice Public Discussion](#) was initially scheduled for August 26, 2021. The Prenotice Public Discussions may be rescheduled at a later date and time. A new notice will be issued when that occurs. At this writing, the Department has not formally commenced the rulemaking process on the proposed regulation.

- **Summary Dental Benefits and Coverage (SDBC) Disclosure Matrix:** On July 30, 2021, DOI published [Notice of Proposed Action](#) to adopt section 2239.10, Title 10 of the CCR to establish the form, content, and delivery requirements for the SDBC Disclosure Matrix, as set forth in the proposed [Regulation Text](#). [see [26:2 CRLR 176–177](#)]. According to the [Initial Statement of Reasons](#), the Department is proposing this regulation to implement [SB 1008 \(Skinner\) \(Chapter 933, Statutes of 2018\)](#), which added section 10603.04 to the Insurance Code to require the Department to adopt regulations and develop a uniform benefits and coverage disclosure matrix, and require health insurers that issue, sell, renew, or offer a policy that covers dental services in this state to use the uniform benefits and coverage disclosure matrix and make it available to an insured or prospective insured for each policy examined or sold. On September 8, 2021, DOI published [Notice of Proposed Readoption of Emergency Regulation](#) to readopt the emergency implementation of the SDBC Disclosure Matrix approved by OAL on January 28, 2021, without any change to the text of the regulation. The Department held a public hearing for September 22, 2021. On October 21, 2021, DOI published a [Second Notice of Proposed Action](#) to provide notice of the same text of regulation published on July 30, along with a second public hearing scheduled for December 6, 2021. The Department advised that the notice was published

“for technical reasons only, related to ensuring strict compliance with the notice provisions of the Administrative Procedure Act.”

- **Mitigation in Rating Plans and Wildfire Risk Models (REG-2020-00015):** On November 10, 2021, the Department held a [prenotice public discussion](#) to discuss the [revised workshop draft text](#) of its proposal to adopt section 2644.9, Title 10 of the CCR regarding mitigation in rating plans and wildfire risk models. The draft regulation would state that an insurer shall not use a rate that is developed with, determined by, or relies upon, a rating plan or wildfire risk model that does not comply with this section. This section would require insurance companies to provide a consumer with their property’s wildfire risk score, which must recognize a consumer’s mitigation actions that could improve their rating, such as creating defensible space and fire-hardening and allow time for the consumer to reduce their score. At this writing, the Department has not yet formally published notice of its intent to adopt this regulation with the Office of Administrative Law (OAL).

LEGISLATION

- [SB 283 \(Gonzalez\)](#), as amended June 8, 2021, amends sections 799.03, 799.05, and 799.10, and repeals section 799.08 of the Insurance Code to, after January 1, 2023, prohibit a life or disability income insurer from considering an applicant’s occupation in determining whether to require an HIV test. The bill also prohibits insurers from limiting benefits payable for a loss caused by or contributed to by HIV or AIDS. It would clarify the length of time that one may be imprisoned for a misdemeanor conviction for willful, negligent, or malicious disclosure of HIV test results to a third party. Governor Newsom signed SB 283 on July 23, 2021 (Chapter 134, Statutes of 2021).

- [SB 655 \(Bradford\)](#), as amended April 26, 2021, amends sections 926, 926.1, 927, 927.2, and 927.3 of the Insurance Code to encourage insurers to consider making investments with diverse investment managers to the extent possible. The new version lowers the California premium “reporting threshold” value for board and supplier diversity data from \$100 million to \$75 million. Governor Newsom signed SB 655 on September 28, 2021 (Chapter 390, Statutes of 2021) (see HIGHLIGHTS).

- [SB 11 \(Rubio\)](#), as amended June 28, 2021, amends sections 10091 and 10094 to and adds section 10094.5 of the Insurance Code to remove exclusions for “farm risks” from the definition of “basic property insurance” as part of the California FAIR plan. The new version of the code narrows the exclusion to “*commercial* agricultural commodities or livestock, or equipment used to cultivate or transport agricultural *commodities or livestock*.” (emphasis added). Governor Newsom signed SB 11 on July 23, 2021 (Chapter 128, Statutes of 2021) (see HIGHLIGHTS).

- [AB 1184 \(Chiu\)](#), as amended on August 31, 2021, and as it relates to DOI, amends section 791.02 and amends, repeals, and adds section 791.29 of the Insurance Code to accommodate requests for confidential communication of medical information regardless of whether there is a situation involving sensitive services or situation in which disclosure would endanger the individual. It also prohibits health insurers from requiring that certain protected individuals obtain authorization from the policyholder to receive sensitive services if the protected individual has the right to consent to care and requires health insurers to direct all communications regarding receipt of sensitive services directly to the protected individual without disclosure to the policyholder. According to the author, when a patient accesses care for a sensitive service, including sexual and reproductive health care, enrollees such as children or people on their

spouse's plan may not feel safe or comfortable having their health information shared with the policyholder through communications related to their insurance. Prior to the enactment of this bill, patients with confidentiality concerns could request confidentiality, but the process has been confusing and inconsistent among insurers. By clearly and automatically establishing confidentiality, the bill guarantees that patients can safely access care without confusion or fear. Governor Newsom signed AB 1184 on September 22, 2021 (Chapter 190, Statutes of 2021).

- [AB 1578 \(Committee on Judiciary\)](#), as amended on September 3, 2021, and as it relates to DOI, amends section 10139 of the Insurance Code to eliminate the requirement for transferees of payment rights under a structured settlement agreement to file specified documents with the Attorney General, and instead only require the transferee to retain those documents for three years after the date of the last payment under the agreement, or for five years after the date of the transfer, whichever is later. Governor Newsom signed AB 1578 on September 30, 2021 (Chapter 401, Statutes of 2021).

- [SB 280 \(Limón\)](#), as introduced on February 1, 2021, is a DOI-sponsored bill that adds sections 10112.281 and 10112.282 to the Insurance Code, to require large group health insurance policies to cover medically necessary basic health care services, and to prohibit large group health insurers from discouraging the enrollment of individuals with significant health needs or discriminating based on race, color, national origin, disability, age, sex, gender identify, sexual orientation, or health conditions. It also authorizes the Commissioner to adopt regulations and administrative penalties for insurer violations. According to the author, DOI sponsored this legislation to correct a disparity in coverage requirements between policies regulated by DOI and the Department of Managed Health Care (DMHC), which regulates health care service plans. Prior to the enactment of this bill, insurers selling large group policies were permitted to limit or exclude

coverage for essential care while large service plans regulated by DMHC were not. This bill gives DOI the authority to enforce the prohibition of discriminatory practices in the large group market. Governor Newsom signed SB 280 on October 7, 2021 (Chapter 636, Statutes of 2021).

- [SB 334 \(Durazo\)](#), as amended on September 2, 2021, and as it relates to DOI, is a Department-sponsored bill that adds section 679.75 to the Insurance Code to allow insurers that provide coverage to private detention facilities to consider whether the facilities comply with the requirements of section 9506 of the Penal Code as part of the insurer's loss control program. Governor Newsom signed SB 334 on September 24, 2021 (Chapter 298, Statutes of 2021) (see HIGHLIGHTS).

- [AB 494 \(Mayes\)](#), as amended April 5, 2021, amends sections 1215, 1215.4, and 1215.8 of the Insurance Code to amend the Insurance Holding Company System Regulatory Act and model regulation provisions to assist in the evaluation of insurance group risk and liquidity stress to help California retain accreditation from the National Association of Insurance Commissioners. Governor Newsom signed AB 494 on October 04, 2021. (Chapter 464, Statutes of 2021).

- [AB 1511 \(Committee on Insurance\)](#), as amended June 28, 2021, is an omnibus bill that amends multiple sections of the Insurance Code to align mailing requirements for notices of renewal and non-renewal; makes changes to the leeway law to incentivize insurer investment in renewable energy and community development; clarifies penalties for fraud; clarifies the California Insurance Commissioner's authority to suspend or revoke a license; and revises surety bond requirements. Governor Newsom signed AB 1511 on October 7, 2021. (Chapter 627, Statutes of 2021).

- [AB 1158 \(Petrie-Norris\)](#), as amended September 3, 2021, as it relates to DOI, amends section 10087 of the Insurance Code to require licensed alcoholism or drug abuse recovery or treatment facilities and recovery residences that serve more than six residents to maintain commercial liability and other insurance coverages. The bill also requires government entities that contract with recovery residences that serve more than six residences to require those entities to maintain similar insurance coverages required of treatment facilities. For facilities and residences that serve fewer than six residents, it requires maintenance of simple general liability insurance coverage. Governor Newsom signed AB 1158 on October 1, 2021. (Chapter 443, Statutes of 2021).
- [AB 474 \(Chau\)](#), as amended August 16, 2021, makes various conforming and technical changes related to another bill, [AB 473 \(Chau\) \(Chapter 614, Statutes of 2021\)](#) of the current legislative session that recodifies and reorganizes the California Public Records Act (CPRA). Includes a yielding clause, providing that any section of any act enacted by the legislature during the 2021 calendar year shall prevail over this bill, whether that bill is chaptered before or after this bill. This does not impose any new limitation on the public’s right of access, which would require findings demonstrating the interest protected by the new limitation and the need for protecting that interest. Governor Newsom signed AB 474 on October 07, 2021. (Chapter 615, Statutes of 2021).

The following bills, reported in [Volume 26, No. 2 \(Spring 2021\)](#), died in committee or otherwise failed to be enacted during the 2020–2021 legislative session: [AB 454 \(Rodriguez\)](#), relating to payments and support to providers during and after a declared state of emergency; [AB 32 \(Aguiar-Curry\)](#), relating to the provision of telehealth services under Medi-Cal; [AB 97 \(Nazarian\)](#), relating to a proposed prohibition on health care service plans from imposing deductibles on prescription insulin; [AB 493 \(Wood\)](#), relating to the conditional operation of certain

provisions of the Insurance Code based on the continued operation of specified sections of the federal Patient Protection and Affordable Care Act; [AB 752 \(Nazarian\)](#), relating to requests for specified information about a prescription drug made to health insurers from plan enrollees; [AB 935 \(Maienschein\)](#), regarding access to telehealth consultation programs for providers who treat children and pregnant and certain postpartum persons; [AB 1162 \(Villapudua\)](#), regarding access to medically necessary health care services to plan enrollees who are displaced or otherwise affected by a state of emergency; [AB 1468 \(Cunningham\)](#), relating to health insurers that implement an automated prior authorization system; [AB 1520 \(Levine\)](#), relating to a proposed prohibition on health insurance policies from applying a deductible, copayment, or coinsurance to specified screening services for prostate cancer; [SB 72 \(Rubio\)](#), relating to wildfire risk information reporting by the FAIR Plan; [SB 245 \(Gonzalez\)](#), relating to cost-sharing requirement prohibition for disability insurance; [SB 250 \(Pan\)](#), relating to authorization of Commissioner to review an insurer's clinical criteria; [SB 523 \(Leyva\)](#), relating to prohibition of a religious employer from discriminating or retaliating against an employee for obtaining contraceptives outside employer's policy; [SB 562 \(Portantino\)](#), relating to the definition of behavioral health treatment to require evidence-based models; [SB 568 \(Pan\)](#), relating to prohibition of imposed deductibles for covered prescription drugs and supplies used to treat chronic disease.

LITIGATION

- *California Fair Plan Association v. Ricardo Lara*, Case No. 19STCP05434 (Super. Ct., Los Angeles County). On July 12, 2021, the Los Angeles Superior Court issued a [ruling](#) that DOI exceeded its legal authority in 2019 when it [ordered](#) the FAIR plan to provide comprehensive homeowners insurance. The ruling simultaneously upheld the California Insurance

Commissioner's authority to order the California FAIR Plan to offer broader coverage options to consumers. On October 14, 2021, the California FAIR Plan Association filed a notice of appeal challenging portions of the ruling that would compel the FAIR plan to provide new coverages that are already available to consumers from other insurance providers in the voluntary market.

- ***Consumer Watchdog v. Ricardo Lara, Case No. 20STCP00664 (Super. Ct., Los Angeles County)***. On May 12, 2021, the Court issued an [order](#) granting in part and denying in part Petitioner Consumer Watchdog's [motion to compel](#) specific documents associated with two Public Records Act (PRA) requests made in 2019 to Department of Insurance Commissioner Ricardo Lara. The Commissioner still refuses to disclose at least 102 communications that occurred over a five-month period in early 2019. At the time of this writing, the hearing for Petitioner's Writ of Mandate was vacated by the Court on November 12, 2021 (see HIGHLIGHTS).

- ***Gray v. Dignity Health, Case No. A158648 (Cal Ct. App., October 13, 2021)***. On October 13, 2021, the First District Court of Appeal [upheld](#) the dismissal of a class action that alleged Dignity Health failed to disclose to patients emergency room fees not covered by their insurer and sought to impose a duty on hospitals to disclose emergency room fees. The Court of Appeal rejected the disclosure duty, holding that it was directly contrary to federal and state laws prohibiting hospitals from discussing costs with patients in the emergency room prior to treating them. The opinion not only ends litigation against Dignity Health but also should end identical litigation that is pending against multiple other hospitals in California. On November 8, 2021, the Court denied a petition for rehearing.

- ***California v. Texas, 141 S. Ct. 2104, 2112 (2021)***. On June 17, 2021, the Supreme Court [reversed](#) a Fifth Circuit decision finding that the plaintiffs, including Texas, over a dozen other states, and two individuals, had standing to bring suit against federal

officials claiming that the minimum essential coverage requirement of the Patient Protection and Affordable Care Act was unconstitutional. The Court held that the plaintiffs did not have standing to challenge the constitutionality of the act because they did not show a past or future injury fairly traceable to the enforcement of that specific statutory provision.

- ***Mudpie, Inc. v. Travelers Casualty Insurance Company of America*, Case No. 20-16858 (9th Cir.)**. On October 1, 2021, the Ninth Circuit [affirmed](#) the district court’s order dismissing Petitioner Mudpie, Inc.’s claims against its insurer, Travelers Casualty Insurance Company of America, for recovery of losses suffered during the COVID-19 pandemic under its comprehensive business insurance coverage policy (see HIGHLIGHTS).

- ***People of the State of California v. Kaiser Foundation Health Plan, Inc.*, Case No. 37-2021-00027298-CU-BT-CTL (Super. Ct., San Diego County); *People of the State of California v. Molina Healthcare of California*, Case No. 37-2021-00027295-CU-BT-CTL (Super. Ct., San Diego County); and *People of the State of California v. Health Net LLC*, Case No. 37-2021-00027383-CU-BT-CTL (Super. Ct., San Diego County)**. On June 24, 2021, San Diego City Attorney Mara Elliot filed complaints in Superior Court in San Diego County against [Kaiser Health Plan](#), [Molina Healthcare](#), and [Health Net LLC](#), alleging that the health insurers published and advertised highly inaccurate provider directories, or “ghost networks,” in violation of state law that requires health insurers to provide “up-to-date, accurate, and complete provider directories.” The complaints allege overall directory inaccuracy rates ranging from 18 percent to over 50 percent. All three insurers filed answers to the complaints on September 7, 2021, and the Court scheduled summary judgment hearings for all three cases on March 21, 2022.

- ***State Farm General Ins. Co. v. Lara*, 71 Cal. App. 5th 148, 158 (2021)**. On

October 29, 2021, the California Fourth District Court of Appeal [affirmed](#) a trial court decision in favor of State Farm finding that Insurance Commissioner Lara had erred in using the income of State Farm's parent company and affiliates to calculate the projected yield of the proposed rate hikes for homeowner's insurance. The Appellate Court directed the Superior Court to vacate Commissioner Lara's Rate Order instructing State Farm to decrease its rate hike retroactively and issue refunds, rather than remanding the issue back to the Commissioner as the trial court's original writ of mandate had provided.

- ***State Farm General Ins. Co. v. Lara, Case No. D077731 (Cal. Ct. App. 2021).***

On October 29, 2021, the California Court of Appeal [affirmed](#) a Superior court order awarding attorney fees to intervenor Consumer Watchdog, which had successfully opposed State Farm's petition for writ of relief in superior Court regarding a motion to seal that had been denied during State Farm's rate hearing. The appellate Court rejected State Farm's arguments that Consumer Watchdog's fee motion was untimely and the fee award inconsistent with statutory requirements.

- ***Blakely McHugh et al., v. Protective Life Insurance, Case No. S259215, 12 Cal. 5th 213 (2021).*** On August 30, 2021, the Supreme Court of California [held](#) that Insurance Code sections 10113.71 and 10113.72 apply to all life insurance policies in force when these two sections went into effect, regardless of when the policies were originally issued. These statutes are intended to shield consumers from losing life insurance because of a missed payment. These protections went into effect on January 1, 2013.

Soon thereafter, the defendant terminated one of the life insurance policies at issue in this case because the policy owner had failed to make a payment. Plaintiffs claim that the defendant had no right to terminate these policies without complying with the newly codified statutory

protections against termination. The Court of Appeal reasoned that sections 10113.71 and 10113.72 did not apply because they appeared to affect only policies issued or delivered after the sections' January 1, 2013, effective date.

This interpretation fits the provisions' language, legislative history, and uniform notice scheme. It protects policy owners—including elderly, hospitalized, or incapacitated ones who may be particularly vulnerable to missing a premium payment—from losing coverage, consistent with the provisions' purpose. The California Supreme Court reversed the judgment of the Court of Appeal and remanded for proceedings consistent with its opinion.

- ***The Inns by the Sea v. California Mutual Ins. Co.*, Case No. D079036, 71 Cal. App. 5th 688 (2021).** On November 15, 2021, the California Court of Appeal, Fourth Appellate District, [held](#) that Inns by the Sea cannot recover from California Mutual for its lost business income resulting from the COVID-19 pandemic. This appeal presented an issue of first impression for a California appellate court: does a commercial property insurance policy provide coverage for a business's lost income due to the COVID-19 pandemic? Although no California appellate court had addressed the issue, numerous federal courts and courts in other states have done so. The overwhelming majority of federal district court cases find no possibility of coverage under commercial property insurance policies for a business's pandemic-related loss of income. Accordingly, the Court of Appeal affirmed the trial court's order sustaining California Mutual's demurrer without leave to amend.

- ***United States v. Kaiser Permanente*, Case No. 3:13-cv-03891 (N.D. Cal.).** On October 25, 2021, the Department of Justice filed a [complaint-in-intervention](#) alleging that Kaiser defrauded Medicare out of \$1 billion by altering patient medical records to add diagnoses after the fact that did not exist or were unrelated to patient visits. DOJ states that the motivation was to get

payments from CMS when the improper diagnoses were submitted. The complaint stems from six whistleblower lawsuits that the DOJ decided to join in July. The hearing on the first-to-file motion is set for May 5, 2022.

Fraud Enforcement

- ***Department Orders Consumer Refunds From Illegal Sales of Extended Vehicle Warranties*** (According to a June 11, 2021, Department-issued [press release](#), a DOI investigation found that Elite Integrity LLC (Elite) of Garden Grove was illegally selling vehicle service contracts, or “extended warranties.” On May 26, 2021, DOI issued an [order](#) requiring Elite to pay back a total of \$3,146 to five consumers and to immediately stop selling new contracts or face a fine of nearly \$3.5 million.)

- ***Fremont Insurance Agent’s License Revoked for Illegally Borrowing Money From Insurance Client*** (On June 8, 2021, the Department issued an [accusation](#) against insurance agent Jung Ok Kim, aka Angie Kim, 46, of Fremont, for illegally borrowing \$25,000 from her insurance client. According to a Department-issued [press release](#), Kim’s actions fall under a type of affinity fraud-where perpetrators prey on members of their own ethnic community and rely on victims not to reach out for help for various reasons, including embarrassment or distrust of governmental authorities. On June 23, 2021, the Department issued an [order of revocation](#) after Kim failed to respond to the Department’s accusation.)

- ***Title Company to Pay \$1 Million Penalty After Department of Insurance Alleges Employees Broke Law Protecting Real Estate Consumers*** (According to a Department-issued [press release](#), on July 7, 2021, First American Title Company [agreed](#) to pay a penalty of \$1 million after a DOI investigation alleged that one of its title marketing representatives violated state law

protecting consumers from conflicts of interest that can inflate the cost of real estate transactions.)

- ***Health Plan Intermediaries Holdings, LLC to Pay \$2 Million After Allegedly Misleading Customers About Health Insurance Coverage*** (On August 19, 2021, a Department-issued [press release](#) announced that Health Plan Intermediaries Holdings, LLC (HPIH) agreed to pay \$2 million as part of a [settlement agreement](#) to resolve allegations that HPIH and its third-party agents knowingly marketed and sold insurance policies that were being misrepresented as Affordable Care Act compliant policies.)

- ***Cease and Desist Orders Issued to Four Companies Allegedly Selling Home Warranties Without a License*** (On September 7, 2021, a Department-issued [press release](#) announced that it issued cease and desist orders to [Complete Care Home Warranty](#), [Global Home Protection](#), [Priority Home Warranty](#), and [First Premier Home Warranty](#), who allegedly engaged in selling home warranty contracts in California without proper authorization.)

- ***Additional Felony Charges Filed Against Orange County Insurance Agents in \$10 Million Securities Fraud Scheme*** (On September 13, 2021, a Department-issued [press release](#) announced additional charges were filed against Orange County Insurance Agents Robert Andrew Lotter, 64, of Newport Beach, and Charles Albert Major, 72, of Irvine. Lotter and Major were initially arrested in [November 2020](#) on charges of securities fraud and burglary after allegedly defrauding more than 20 victims out of over \$4 million. On September 13, 2021, additional charges were filed after a total of 64 victims were uncovered, with a collective loss of more than \$10 million.)