

# 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 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. In addition, DOI annually receives and processes tens of thousands of referrals regarding suspected fraud against insurers and conducts criminal investigations resulting in thousands of arrests yearly.

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 for 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 March 23, 2022, Commissioner Lara [announced](#) statewide board appointments to advance the Department's consumer protection mission. These appointments include one new member to the California Long Term Care Insurance (LTCI) Task Force, one member to the California Earthquake Authority (CEA) Advisory Panel, three members to the California Insurance Guarantee Association (CIGA) Board of Governors, one member to the California Organized Investment Network (COIN) Advisory Board, five members to the Insurance Diversity Task Force, and one member to the Workers' Compensation Insurance Rating Bureau (WCIRB) Governing Committee.

The Department's Curriculum Board currently has one vacant seat representing consumer groups. The Curriculum Board oversees the development of [pre-licensing and continuing education curriculum](#) for agents and brokers. Applicants must have knowledge of the California Insurance Code and California Code of Regulations and must commit to attending quarterly Board meetings and participate in subcommittee meetings. The seat will remain open until filled.

# HIGHLIGHTS

## **Proposed Bill Would Permit California Department of Insurance to Order Restitution to Victims of Unlicensed Insurance Sellers**

[SB 1040 \(Rubio\)](#), as amended April 4, 2022, would of, and add section 12928.7 to, the Insurance Code to authorize the Insurance Commissioner to order restitution to consumers for illegal actions by unlicensed sellers of insurance. Under current law, the Commissioner can order unlicensed sellers of insurance to cease and desist and pay a fine. However, the Commissioner cannot order unlicensed sellers to pay restitution to consumers for their losses. The amendments to sections 12928.6 and 12976 would add the term ‘restitution’ to the list of available penalties the Commissioner can impose for certain violations. In addition, new section 12928.7 would require the rescission or restitution order to be subject to judicial review and would authorize the Commissioner to issue an order of rescission enforceable on any person subject to the Commissioner’s jurisdiction.

California Insurance Commissioner Ricardo Lara sponsors the proposed law as part of an initiative to help consumers victimized by insurance scams, including illegal robocalls purporting to sell extended automobile warranties. According to the [Federal Communications Commission](#), automobile warranty robocalls were the top unwanted call complaint in 2020, with the trend continuing into 2021.

In a February 15, 2022, [press release](#), Commissioner Lara stated that the changes proposed by SB 1040 would give the Department of Insurance “the ability to order restitution to seniors, consumers, and small businesses who fall prey to unlicensed sellers of insurance, especially during th[e] pandemic.”

The bill was amended on April 4, 2022 to make clear that assessed penalties shall not be paid until after full restitution has been tendered. The bill has been double referred to the Senate Insurance and Judiciary committees. At this writing, a hearing has not yet been set. .

## **Passage of SB 245 Expands Abortion Access for Californians**

[SB 245 \(Gonzalez\)](#), known as the Reproductive Privacy Act, as amended February 14, 2022, and as it relates to the Department of Insurance, adds section 10123.1961 to the Insurance Code to expand access to reproductive health care by eliminating out-of-pocket costs for abortion services covered by health insurance policies. Section 10123.1961 prohibits individual or group policies, certificates of health insurance, and student blanket disability insurance plans that provide coverage for hospital, medical, or surgical expenses that are issued, amended, renewed, or delivered on or after January 1, 2023, from imposing a deductible, coinsurance, copayment, or any other cost-sharing requirement on coverage for all abortion and abortion-related services, including pre-abortion and follow-up services. It also prohibits a health insurer from imposing utilization management or utilization review, including prior authorization and annual lifetime limits on the coverage for outpatient abortion services. According to the author, while California is a leader when it comes to protecting abortion rights, and California is one of six states that require health insurance plans to cover the cost of abortion, deductibles and copays can range from \$40 to thousands of dollars, which are cost-prohibitive for low- and middle-income families. This bill is designed to ensure timely access to care without cost as a barrier.

In October 2021, Governor Newsom [announced](#) the Administration's participation in the California Future of Abortion Council, an advisory group convened by reproductive rights and justice organizations to safeguard and expand reproductive health care access in California. The

Council's recommendations included an endorsement of SB 245, as well as an endorsement of [AB 1356 \(Bauer-Kahan\) \(Chapter 191, Statutes of 2021\)](#), which protects patients and providers from harassment at reproductive health clinics, and [AB 1184 \(Chiu\) \(Chapter 190, Statutes of 2021\)](#), which protects the privacy of people receiving reproductive health care and/or gender-affirming care. Both AB 1356 and AB 1184 were signed into law last fall.

Governor Newsom signed SB 245 on March 22, 2022 (Chapter 11, Statutes of 2022).

## **No Vote on Assembly Floor for California Single-Payer Health Care Bill Despite Strong Support From Insurance Commissioner Ricardo Lara and Others**

[AB 1400 \(Kalra\)](#), known as the California Guaranteed Health Care for All Act, as amended January 24, 2022, would have created CalCare, a state-run universal single-payer health care program enrolling all residents of California. CalCare would have provided a wide range of medical benefits and other services to Californians, incorporating existing federal and state health care programs like Medi-Cal, Knox-Keene, Children's Health Insurance Program (CHIP), and Medicare in addition to extending coverage to residents currently ineligible for those programs. The bill also would have prohibited participating providers from contracting directly with CalCare-covered individuals for covered benefits, but contracting with individuals for health care benefits not covered by CalCare would have been authorized as long as specified criteria were met.

Assemblymember Kalra also introduced [ACA 11](#) on January 5, 2022, to pay for the increased costs of CalCare on the state's budget. This measure would impose an additional excise tax, payroll taxes, and a state personal income tax and funnel those tax revenues into the newly created CalCare Trust Fund in order to fund the health care coverage, cost controls, and fiscal reserves.

According to the bill analysis, proponents of AB 1400, including several California cities and counties, universal healthcare advocates, and labor unions, argued that the measure would provide comprehensive health benefits to the nearly three million Californians with no health insurance, as well as the millions more with insurance they cannot afford, while California is still reeling from the effects of the COVID-19 pandemic. Proponents also pointed to record-breaking profits from private insurance companies while medical bankruptcies were at an all-time high. Opponents of the bill, including several health insurers and provider organizations, hospitals, and chambers of commerce, argued that the bill would upend the existing health care system and transform the practice of medicine in unknowable ways without input from medical practitioners.

In a January 26, 2022, [press release](#), Insurance Commissioner Ricardo Lara voiced strong support for the measure in a [letter](#) to Assemblymember Kalra. Citing how “[t]he COVID-19 pandemic has exposed how grossly flawed and inequitable our multi-payer health system is and how critical it is for all Californians to be guaranteed access to health care,” Commissioner Lara wrote that he looked forward to “working with the author and sponsor [of AB 1400] to ensure that the new system has appropriate consumer and fiscal solvency protections in place to maximize Californians’ access to quality, accessible, and affordable care.”

However, in a January 31, 2022, [press release](#), Assemblymember Kalra stated that he had decided not to put AB 1400 for a vote because it had become “clear that we did not have the votes necessary for passage.” Assemblymember Kalra cited “heavy opposition and substantial misinformation from those that stand to profit from our current healthcare system,” as well as “four democratic vacancies in the Assembly” as reasons for the lack of votes. Still, he made it clear that he would not give up. “Healthcare is a human right, and CalCare has made clear the just path as an alternative to the inequitable system we have in place today.”

On February 1, 2022, the bill died on the third reading without being submitted to the Assembly floor for a vote.

## **Safeco Insurance Company Faces Class-Action Lawsuit over Automobile Insurance Rates During COVID-19 Pandemic**

On November 23, 2021, in *Jimmy Monge v. Safeco Ins. Co. of Am., et al.*, Case No. 2:21-cv-09175-MWF-AFM (C.D. Cal.), plaintiffs filed a class action [complaint](#) in the Central District of California on behalf of the putative class of all persons who paid insurance premiums to Safeco Insurance Company and affiliates, for automobile insurance policies covering any period from March 1, 2020, through the present. Plaintiffs allege that Defendants were unjustly enriched by the collection of, and refusal to refund, excessive auto insurance premiums during the COVID-19 pandemic. Plaintiffs further allege that Defendants violated, and continue to violate, Business and Professions Code §17200 et. seq., by engaging in the unfair business practice of collecting and retaining excessive, unfair premiums.

Plaintiffs cite UC Davis' [Special Report: Impact of Covid19 on California Traffic Accidents](#), showing that Californians' reduced driving as a result of statewide shelter-in-place orders led to fewer accidents, injuries, and fatalities on public highways and roads, and thus fewer automobile insurance claims. As a result of these conditions, Commissioner Lara issued [Bulletin 2020-3](#) on April 13, 2020, ordering automobile insurance companies to refund premiums to affected California policyholders. However, these refunds were generally inconsistent and insufficient to provide consumers fair, actual, and meaningful relief. [see [27:1 CRLR 193–195](#); [25:2 CRLR 135](#)]



On February 22, 2022, Defendants filed a motion to dismiss the complaint on the grounds that California’s Insurance Commissioner has exclusive jurisdiction over Plaintiffs’ claims, and California law forbids courts from modifying insurance premiums that the Insurance Commissioner expressly approved. While Defendants acknowledged in their [memorandum of points and authorities](#) that “a handful of California courts recently allowed similar claims to proceed based on the conclusion that the plaintiffs were not really challenging their approved premiums,” they further argued that “[t]hose decisions were wrong on their facts.” Therefore, any analysis of “what would constitute a reasonable pandemic-era premium . . . belongs exclusively to the DOI.”

On April 12, 2022, both parties [stipulated](#) to the dismissal of the case, without prejudice, and with each party bearing its own attorneys’ fees, costs, and expenses. The Court [granted](#) the dismissal, but the parties may still be negotiating.

## **New Report Released by DOI Shows Insurance Companies Non-Renewed Fewer Homeowners In 2020**

On December 20, 2021, DOI released a new [report](#) analyzing data it collected on the number of new, renewed, and non-renewed policies issued by insurance companies writing \$5 million or more in premium in homeowners and dwelling fire lines of insurance from January 1 to December 31, 2020. The report also contains data from the FAIR Plan, California’s insurer of last resort. The report shows that the number of homeowners non-renewed by insurance companies fell by 10 percent statewide in 2020 compared to the previous year. According to Insurance Commissioner Ricardo Lara’s [press release](#), 80% of the statewide reduction was because of mandatory moratoriums by Commissioner Lara.

The number of non-renewals by insurance companies fell from 235,597 in 2019 to 212,7287 in 2020 and the number of new and renewed homeowners' policies issued by the voluntary market increased by 82,635. Data shows that areas with the greatest risk of wildfires experienced higher rates of non-renewals. The FAIR Plan, an association, made up of insurance companies that serve as California's "insurer of last resort," provides insurance to those who could not find an insurance company willing to write the coverage. This number increased by 49,049 policies in 2020.

Areas in the state under moratoriums saw non-renewals fall by nearly 20 percent, compared to a less than three percent decrease in areas not under moratorium. According to the Commissioner, several major insurance companies, including Allstate, CSAA, and Farmers, have told DOI that they will increase the number of new homeowners' policies written in the state and cease or limit non-renewals. In addition, recent insurance company rate filings approved by DOI have significantly expanded insurer-recognized mitigation efforts made by consumers and grown discount offerings, up to 20 percent for wildfire-hardened homes.

In 2019, Commissioner Lara [ordered](#) the FAIR Plan to raise homeowners' coverage limits to keep pace with increasing home values in California. The FAIR Plan resisted the Commissioner's Order. However, Los Angeles Superior Court Judge Strobel [ruled](#) in *California Fair Plan Association v. Lara*, Case No. 19STCP05434 (Los Angeles Super. Ct.), in July that the Commissioner does have this authority. [[27:1 CRLR 210–211](#)]

## **DOI Sponsors AB 2238 (Rivas) to Establish Heat Wave Ranking System in California**

[AB 2238 \(Rivas\)](#), as amended March 23, 2022, would add Part 5.5 (commencing with section 71410) to Division 34 of the Public Resources Code to establish a publicly accessible

ranking system for heat waves, with clear categories based on heat intensity and health impacts that would provide early warning to communities. The bill also seeks to enable public policymakers to craft prevention strategies and risk reduction measures. Sponsored by DOI, the bill would implement a recommendation from the California Climate Insurance Working Group’s [report on climate insurance](#) released in 2021. *[27:1 CRLR 203]* The bill contains a series of legislative findings and declarations stating that the purpose of this legislation is to create a statewide advance warning and ranking system of extreme heat waves in order to help save lives and protect communities. Citing the most recent Climate Change Assessment, the bill contains a finding that “heat waves and extreme heat are responsible for more deaths than all other extreme weather events and disproportionately impact communities of color, persons with disabilities, seniors, and low-income communities.” In a November 21, 2021, [press release](#), Commissioner Lara stated, “[j]ust as we have air quality alerts, categories for tropical hurricanes, and red flag warnings for wildfires, California needs a way to warn our residents about extreme heat waves which will only grow deadlier in the years ahead.”

The new Public Resources Code section 71410(a)(3) would direct the California Environmental Protection Agency (Cal EPA) to work in coordination with DOI and the Governor’s Office of Planning and Research (OPR) to create and implement a statewide extreme heat ranking system. Heat-wave ranking would include the projected health impact and meteorological data, such as maximum and minimum temperatures, as well as how long a heat wave is anticipated to persist.

Pursuant to section 71410(d)(3) DOI would be required to study the insured and uninsured costs related to past extreme heat waves to identify “insurance gaps” of uncovered costs, and promote more effective risk communication and planning.

The bill passed out of the Assembly Committee on Insurance on March 30, and is currently pending before the Appropriations Committee.

## MAJOR PUBLICATIONS

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

- [2021 Leadership Accountability Report](#), California Department of Finance, December 2021 (pursuant to The State Leadership Accountability Act, provides an in-depth review of the Department's control and monitoring systems for the biennial period ending December 31, 2021; concludes internal control and monitoring systems are adequate to identify and address current and potential risks facing the Department).
- [Connected Cars and the Threat to Your Privacy](#), Consumer Watchdog, March 2022 (A report detailing consumer privacy problems posed by the collection of data from Internet-connected cars by automakers and insurers, as well as potential solutions revolving around rulemaking from the [California Privacy Protection Agency \(CPPA\)](#)). The report also asserts that DOI Commissioner Lara is privately working with auto insurers on a proposal to allow electronic surveillance in California, despite his public opposition to the usage of data collected by cars for insurance rate setting.).
- [Interagency Wildfire Mitigation Partnership Summary Document](#), February 14, 2022, Department of Insurance, Office of Emergency Services, Office of Planning and Research, CALFire, Public Utilities Commission (Provides recommendations from a partnership between DOI and the California Governor's Office of Emergency Services, California Governor's Office of Planning and Research, California Department of Forestry and Fire Protection and California

Public Utilities Commission, to mitigate wildfire risk for individual homes and communities by establishing consistent, statewide home and community hardening actions that are applicable to insurance incentives; Summarizes procedures for establishing the recommendations and provides examples of ways to mitigate wildfire risk including improving roofing, venting, fencing, decks, attached and unattached structures.).

## RULEMAKING

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

- **Mitigation in Rating Plans and Wildfire Risk Models:** On February 25, 2022, DOI published [notice](#) of its proposal to adopt section 2644.9, Title 10 of the CCR to require insurance companies to factor consumers’ and businesses’ wildfire mitigation actions into their pricing of residential or commercial coverage as set forth in the [Proposed Text](#). The new regulations would also provide transparency to consumers about the “wildfire risk score” that insurance companies assign to properties. According to the [Initial Statement of Reasons](#), insurance companies currently charge increased premiums based on their assessment of the risk of wildfire to the property. However, they do not take into account any mitigation measures owners may have taken to reduce the risk to the property when setting the rates. Accordingly, the proposed regulations are designed to ensure that insurance rates and premiums are not excessive, inadequate, or unfairly discriminatory by ensuring that the assignment of wildfire risk scores or classifications and resulting rates or premiums properly consider the effect of wildfire mitigation measures. The Initial Statement of Reasons also asserts that the proposal will result in greater transparency which will send a clear signal to policyholders or applicants about the impact wildfire mitigation may have on their premium, incentivizing mitigation and promoting reduction of risk of loss due to

wildfire. This greater transparency, together with the policyholder or applicant's opportunity to appeal an erroneous wildfire risk score or other risk classification, will improve the accuracy of insurance company ratemaking data and reduce unfair-discriminatory rating practices. The public comment period expired on April 13, 2022, and the Commissioner held a public hearing on the same day. At this writing, no further action has been taken on the proposed rulemaking. [[27:1 CRLR 205](#)]

- **Summary Dental Benefits and Coverage (SDBC) Disclosure Matrix:** On December 2, 2021, DOI published [Notice of Proposed Second Readoption of Emergency Regulation](#), extending the existing emergency regulation for the second time without changing its text. On January 6, 2022, DOI followed up this action by publishing [Notice](#) of its [Amended Text of Regulation](#), inviting public comment on the amended text until January 21, 2022. DOI 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 develop a uniform benefits and coverage disclosure matrix, and to 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. [*see* [26:2 CRLR 176–177](#); [27:1 CRLR 204-205](#)].

## LEGISLATION

- [SB 853 \(Wiener\)](#), as amended February 28 2022, and as it applies to DOI, would amend section 10123.195 and add section 10123.190 to the Insurance Code relating to prescription drug coverage. Existing law prohibits specified health insurance policies from limiting or excluding coverage for a drug because it is prescribed for a use different from the use approved by

the Food and Drug Administration or from limiting or excluding coverage for a drug that was previously approved for coverage. This bill would expand the prohibition to include limiting coverage of a drug dose or dosage form. According to the author, this would ensure that patients receive prompt access to medication and are not forced to go without medication during appeals of insurance denials. *[S. Health]*

- [SB 923 \(Wiener\)](#), as amended March 1, 2022, and as it relates to DOI, would add section 10133.12 to the Insurance Code to require all health insurers that issue, sell, renew, or offer health insurance policies to require staff to complete evidence-based cultural competency training to provide trans-inclusive health care for individuals who identify as transgender, gender non-conforming, or intersex. *[S. Health]*

- [SB 999 \(Cortese\)](#), as amended April 5, 2022, and as it affects DOI, would amend section 10144.52 of the Insurance Code to require the Insurance Commissioner to adopt rules mandating specific requirements for health insurers to use when making medical necessity determinations for mental health and substance use disorder care. The bill would also require health insurers to maintain open telephone access during California business hours for health care providers to request authorization and conduct peer-to-peer discussions regarding specific issues related to treatment. According to the author, this bill would ensure timely and appropriate care for Californians suffering from mental health and substance use disorders. *[S. Health]*.

- [AB 1755 \(Levine\)](#), as amended March 08, 2022, would add sections 675.2 and 2033 to the Insurance Code to require an admitted insurer licensed to issue homeowners' insurance policies to issue a policy to a homeowner who has hardened their home against fire, regardless of the home's location, on and after January 1, 2025. This bill would also create the Wildfire

Protection Grant Program to award grants to help homeowners pay for costs associated with wildfire mitigation improvements. *[A. Ins]*

## LITIGATION

- ***RV Agate Beach LLC v. Hartford Fire Ins. Co., Case No. 21-35946 (9th Cir.).***

On February 11, 2022, appellants RV Agate Beach, LLC, and Riverplace Property, LLC, filed an [opening brief](#) requesting reversal of the district court's dismissal of appellants' class action complaint for breach of contract stemming from the respondent's denial of insurance claims for business interruption due to the COVID-19 pandemic. However, on February 25, 2022, the Court granted the parties' [stipulated motion for voluntary dismissal](#) of the case with prejudice, with all costs and fees to be allocated pursuant to the parties' stipulation.

- ***Nari Suda, LLC, et al v. Oregon Mutual Ins. Co., Case No. 21-35846 (9th Cir.).***

On February 15, 2022, appellant San Francisco restaurants Nari Suda, LLC, and Pakin Corporation, filed an [opening brief](#) requesting reversal of the district court's dismissal of appellants' class action complaint for breach of contract and unfair business practices stemming from the respondent's denial of insurance claims for business interruption due to the COVID-19 pandemic. On March 16, 2022, Oregon Mutual [answered](#) requesting that the dismissal be affirmed because the appellants' business interruption insurance policy only covered direct physical loss of or damage to property, which a growing body of federal decisions have indicated does not apply to pandemic-related interruptions. On April 6, 2022, appellants [replied](#) that none of the federal cases cited by the respondent are controlling authority in the jurisdiction. The case is being considered for an upcoming oral argument calendar.

- ***Williams v. National Western Life Ins. Co., Case No. C090436 (Cal. Ct. App.,***



**2022).** On March 4, 2022, the Third Appellate District of California certified for partial publication an [opinion](#) affirming the judgment finding National Western liable for negligence and financial elder abuse, but reversing punitive damages assessed against National Western and remanding the case for reconsideration of the award in light of the reversal of punitive damages. The Court acted in accordance with an order from the California Supreme Court from September 22, 2021 (*Williams v. National Western Life Ins. Co.*, Case No. S269978 (Cal.)), with directions to vacate an earlier reversal of a jury award against National Western and to reconsider the finding that the insurance agent who fraudulently requested the issue of an annuity using Williams’s signature was an agent for Williams and not National Western.

- ***Ironshore Specialty Ins. Co. v Univ. of Southern California et al*, Case No. 2:21-cv-01272-DDP (C.D. Cal.).** On January 21, 2022, the Court [denied](#) the University of Southern California’s (USC’s) motion to dismiss Count II of the complaint. The Court ruled that Ironshore had sufficiently pled facts that USC knew, or should have known, that the sex abuse allegations against its former gynecologist, Dr. George Tyndall, were material to Ironshore’s issuance of an excess health care professional liability policy. A status conference is set for July 22, 2022.

- ***National Association for Gun Rights, Inc. v. City of San Jose*, Case No. 5: 22-cv-00501 (N.D. Cal.):** On February 14, 2022, a plaintiff National Association for Gun Rights, Inc. filed a [first amended complaint](#) against the City of San Jose, alleging that a newly-passed ordinance requiring gun owners to purchase insurance and pay an annual “gun harm reduction fee” violates constitutional rights. The gun rights group complaint states that the insurance requirements are overly burdensome by creating an indefinite cost on their ability to exercise their basic and fundamental right to possess a gun. On April 8, 2022, defendants filed a motion to dismiss the first

amended complaint. The Court issued a briefing schedule, and the motion is set to be heard on August 4, 2022.

- ***BBBB Bonding Corporation v. Caldwell*, Case No. A162453, 73 Cal. App. 5th 349 (Cal. Ct. App.)**. On December 29, 2021, the California Court of Appeal, First Appellate District [held](#) that under Civil Code section 1799.91, the notice requirement that must be afforded to cosigners of consumer credit contracts would also apply to bail bond premium financing agreements. The Court found that bail bond premium financing qualifies as a consumer credit contract, and for these types of contracts to not be held to the same standard would deprive cosigners who never received statutory warning of the risks of cosigning a bail bond financing agreement of the protections the consumer credit laws were designed to address.

- ***State Farm General Ins. Co. v. Lara (Consumer Watchdog)*, Docket No. S272151 (Feb 9, 2022, Cal. Sup. Ct.)**. On February 9, 2022, the California Supreme Court [denied](#) appeals by California's insurance commissioner and Consumer Watchdog, who claimed customers had been overcharged and were owed refunds for premium rates. State Farm has been litigating the matter since 2018. The Fourth District Court of Appeal in San Diego (Docket No.: D077731) found that an insurer is legally entitled to charge rates the Commissioner has approved until the state sets new rates and cannot be ordered to pay refunds on these previously authorized rates. The ruling is now final due to the denial of the appeal by the state Supreme Court; State Farm will not have to pay \$100 million in refunds to consumers. [[27:1 CRLR 212–213](#)]

- ***Mille Fleurs v. Nationwide Mutual Insurance Company*, Case No. 21cv1096-LAB-AGS, (S.D. Cal.)**. On March 21, 2022, the district court [granted](#) defendant Nationwide's motion to dismiss the plaintiff Mille Fleurs, owner of Bertrand at Mister A's, San Diego County restaurant, a [complaint](#) that defendant had wrongfully denied claims for losses due to the COVID-

19 stay at home order in March 2020. Nationwide denied the claims, and plaintiffs filed an action in federal district court asserting breach of contract of the implied covenant of good faith and fair dealing. The contract between Mille Fleur and Nationwide contained a “Virus Exclusion,” which plaintiffs argued did not apply as there was never a reported case of COVID-19 on the premises. However, the Court ruled that the “Virus Exclusion” in the contract applies here, and therefore there has been no breach.

At this writing, there has been no appeal filed.