

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
300 Capitol Mall, 17th Floor
Sacramento, CA 95814**

February 18, 2021

REG-2019-00015

**INVITATION TO SECOND WORKSHOP ON
GROUP INSURANCE PLANS UNDER INSURANCE CODE SECTION 1861.12
(PRIVATE PASSENGER AUTO)**

Insurance Commissioner Ricardo Lara will hold a second prenotice workshop regarding contemplated amendments to California Code of Regulations, Title 10, Chapter 5, Subchapter 4.7, Article 3, Sections 2632.5, 2632.7, and 2632.9; and the contemplated addition of California Code of Regulations, Title 10, Chapter 5, Subchapter 4.7, Article 4, Section 2644.27.5.

You are invited to participate in the prenotice public discussion. The purpose of these discussions is to provide interested and affected persons an opportunity to present statements or comments regarding the contemplated regulations.

Although the Department ordinarily prefers in-person participation, due to unique circumstances during this pandemic, the Department will use a virtual web conferencing format for this workshop.

Exempt Rulemaking

Pursuant to Government Code section 11340.9(g), this proceeding is exempt from the rulemaking provisions of the Administrative Procedure Act.

Date, Time and Location

Date: March 23, 2021

Time: 1:00 p.m. The virtual workshop shall continue until all in attendance wishing to provide comments have commented, or 5:00 p.m., whichever is earlier.

Location: Link to Register for the Web-based Virtual Format:
<http://bit.ly/Virtual2ndWorkshopGroupInsPlans>

Attendance. To increase public participation and improve the quality of regulations, interested parties are invited to attend the virtual meeting and offer comment, if they so choose.

The moderated call-in line to be used for the public hearing is accessible to persons with mobility impairment. Persons with sight or hearing impairments are requested to notify one of the contact persons for these discussions (listed below) in order to review available accommodations, if necessary.

Please direct all inquiries regarding these workshops to the contact persons named below.

Regulation Text. For purposes of promoting discussion, a draft of the revised text of the proposed regulatory changes is attached. Participants should be prepared to present specific comments on the attached revised draft regulation text during the public discussions. Participants are also invited to submit written statements and are encouraged to provide supporting documents and materials as well.

Public Input regarding Alternatives. The Department hereby seeks public input regarding alternatives to the contemplated regulations, in connection with these prenotice public discussions. Please provide written or oral comments outlining any alternatives that would secure the same benefits as the contemplated regulations. In particular, please provide any practicable alternatives to the contemplated regulations that would provide the same benefits but without reference to ZIP Codes. The benefits of the contemplated regulations are stated below.

The anticipated benefits of the contemplated regulations include the following:

- To promote wider access to private passenger automobile (PPA) group plan rates by ensuring that all members of groups offered group discounts have access to these group discounts, without regard to individual group members' education and/or occupation;
- To ensure rates are more closely related to risk of loss and reduce arbitrariness in PPA rating;
- To incentivize insurers writing PPA insurance to offer group plans to segments of the population that are characterized by socioeconomic diversity and below-average per capita income;
- To enhance transparency in PPA insurance rating by providing the Commissioner with mechanisms to monitor the PPA group insurance market; and,
- To reduce unfair discrimination in PPA insurance rating.

Please provide in your comments analysis and supporting information detailing the economic impact on entities that would be subject to or affected by the contemplated regulations, for each suggested alternative. Please provide this input regarding alternatives to Daniel Wade, using the contact information below, on the day of or prior to the workshop.

This is Not a Formal Public Hearing on Proposed Regulations. Please be advised that participation in these prenotice public discussions will be in addition to, and not in substitution for, any participation in any formal rulemaking process that may follow. This invitation to the prenotice public discussions does not constitute a Notice of Proposed Action. Consequently, comments (oral or written) received in connection with these prenotice public discussions will not be included in any record of rulemaking that may follow. Similarly, the Department is not required to respond to comments received in connection with the prenotice public discussions. For this reason, if you wish to have comments included in any rulemaking file that may follow, or if you wish to have the California Department of Insurance respond to your comments as part of the process by which it adopts this regulation, you must present your comments during the public comment period according to the procedures outlined in any Notice of Proposed Action issued in the future. Again, comments submitted in connection with these prenotice public discussions will not be considered in any subsequent rulemaking proceeding unless they are

resubmitted after the Notice of Proposed Action is issued. However, the Commissioner will consider public comments received in these prenotice public discussions as he contemplates any additional regulatory changes that may be proposed in a Notice of Proposed Action.

Contact Persons. All substantive questions and concerns regarding the contemplated regulations and/or these public discussions should be directed to Daniel Wade, using the contact information below. If possible, due to unique circumstances, please submit any written comments via electronic mail to Daniel.Wade@insurance.ca.gov by March 23, 2021.

Logistical Inquiries

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Substantive Inquiries

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