

**CALIFORNIA DEPARTMENT OF INSURANCE
CURRICULUM BOARD**

**Revised
Meeting Minutes
Sacramento, California
October 15, 2020**

Board Members in Attendance:

Neil Granger, Chairperson, Neil Granger Insurance and Annuity Consulting; Neil Bordenave, RiskPro Insurance Services, Inc.; Jesse Dogillo, Bay Area Financial & Insurance Services; Steve Hinds, Nationwide Insurance; Monique Howard, Allied World Insurance Company; Cerrina Jensen, Verus Insurance; Richard Kern, Schiffrin, Gagnon & Dickey, Inc.; Shawna Reeves, Institute on Aging; Rene Swan, United Valley Insurance Services; and Sandra Watts, United Policyholders.

Board Members Absent:

Mimie Yoon-Lee, Lincoln Financial Network.

California Department of Insurance (CDI) Staff:

Charlene Ferguson, Chief, Licensing Services Division; Holly Kinney, Chief, Curriculum and Officer Review Bureau; Dawn Ward, Manager, Curriculum Review Section; Stephanie Bellotti, Ammy Dang, and Ben Loi, Education Analysts; Jennifer Mariona, Curriculum Compliance Analyst; Amanda Bastidas, CDI Boards Officer; and Katey Piciucco, Attorney III, Legal Enforcement Bureau.

PSI Services, LLC:

Jason McCartney, Director of Client Services.

Opening Remarks:

Chairman Neil Granger called the Curriculum Board (Board) meeting to order at 12:30 p.m. Chairman Granger thanked everyone for calling into the Board's teleconference call. Chairman Granger noted Microsoft Teams (Teams) did not accommodate the requirements for this Board meeting; however, with the uncertainty of where the next Board meeting will be held, Teams will be the method used for the Board's next meeting. The Teams link will also have a telephone number for those who do not have the Teams application.

Chairman Granger reviewed the procedures to check-in and comment during this teleconference meeting. Chairman Granger announced introductions would be conducted differently at this meeting. Instead of asking Board members to introduce themselves, Chairman Granger asked Dawn Ward to conduct a roll call.

Chairman Granger then provided the formal introduction of the Board's newest member, Rene Swan. Rene Swan was appointed to the Curriculum Board on October 2, 2020. Ms. Swan joined United Valley Insurance Services, Inc. in 2011 as a Marketing Manager. She was elected Vice President in 2013 and assumed the role of President in August 2016. In December 2019, Rene became the managing co-owner of United Valley, along with majority owner, The Leavitt Group. Rene leads a property and casualty insurance agency network of over 85 preferred independent agencies in California and Arizona, representing over \$1 billion in total written premium. Rene's passion is to grow and develop the next generation of insurance professionals, with an emphasis on providing support, encouragement, and sponsorship/mentorship to young women in the industry.

Chairman Granger asked CDI's staff to introduce themselves.

Charlene Ferguson, Chief, Licensing Services Division; Holly Kinney, Chief, Curriculum and Officer Review Bureau/ CDI, Dawn Ward, Manager, Curriculum Review Section; Stephanie Bellotti, Education Analyst; Ammy Dang, Education Analyst; Ben Loi, Education Analyst; Jennifer Mariona, Curriculum Compliance Analyst; Katey Piciucco, Attorney in CDI's Legal Enforcement Bureau; and Amanda Bastidas, CDI's Boards Officer.

Motion:

Chairman Granger asked for a motion to approve the minutes from the July 16, 2020, meeting. Board member Neal Bordenave made a motion to approve the meeting minutes from July 16, 2020. Board Member Richard Kern seconded the motion.

Action:

Chairman Granger asked for a vote to approve the July 16, 2020, meeting minutes and with all Board members voting in favor. He declared the meeting minutes as approved.

Licensing Update:

Charlene Ferguson informed the Board that the 2020 Legislation Update is in the meeting packet and contains a summary of six bills: Assembly Bill (AB) 2367 (Gonzalez and Limón); AB 2453 (Nazarian); AB 2756 (Limón and Bloom); AB 3012 (Wood); Senate Bill (SB) 872 (Dodd); and SB 1255 (Committee on Insurance).

Charlene explained this is the 2019-2020 Legislative Session, which means we are at the end of this Legislative Session. She continued to explain the 2020 Legislative Update provides links to each bill listed and any relevant California Insurance Code section for Board members and guests to review the legislation listed on the Update. Additional legislative information and information on California laws are available at the following website: <http://leginfo.legislature.ca.gov/>.

Charlene reviewed the following legislation:

California Wildfires:

AB 2367 (Gonzalez and Limón) Residential Property Insurance: Wildfire Resilience. This bill was in the Assembly Insurance Committee and it died in Committee. As reported at the July 16, 2020, Curriculum Board meeting, this bill would have created the Wildfire Resilience Task Force, which would have included the Insurance Commissioner, the Director of the Office of Emergency Services, and the State Fire Marshal. The Task Force would have established minimum standards for fire-hardened homes and communities and authorized the Commissioner to promulgate regulations to implement exceptions to the established standards.

AB 2756 (Limón and Bloom, Chapter 263 Statutes of 2020) Residential Property Insurance. This bill was signed into law and will take effect on July 1, 2021. This law requires an insurer to obtain a signed acknowledgment from an applicant or insured if the insurer issues or renews a residential property insurance policy that does not provide coverage for the peril of fire for applicants or reduces or eliminates coverage for previously covered peril of fire at renewal.

This law also requires the acknowledgment and the declarations page of such policy to prominently disclose a statement that the policy does not cover the peril of fire and information on the California FAIR Plan (FAIR Plan) and CDI's California Home Insurance Finder. In addition, a notice of nonrenewal for a residential property insurance policy expiring on or after July 1, 2021, is required to include the notice stated in the amended California Insurance Code Section 678(e) to provide information on the FAIR Plan and CDI's California Home Insurance Finder. If the applicant or insured does not sign the required acknowledgment on or before the issuance of the policy, the insurer is required to obtain the signed acknowledgment from the applicant or insured within 60 days of the date of issuance of the policy.

This law also requires policies that provide building code upgrade coverage or replacement cost coverage to include building code update coverage of at least 10% of the dwelling policy limits. In addition, a policy of residential property insurance that does not provide building code upgrade coverage must include a declarations page statement stating building code upgrade coverage is not included in the policy. This law amends the description of actual cash value coverage in the California Residential Insurance Disclosure to conform to the existing statutory requirements of an open policy that requires payment of actual cash value.

AB 3012 (Wood, Chapter 258, Statutes of 2020) Residential Property Insurance: This bill was signed into law and will take effect on January 1, 2021, unless another effective date is specified. This law provides the following:

- 1) Clarifies that the measure of damage for a policyholder who chooses to

purchase or rebuild at a different location is the full amount that would have been recoverable if the home were to be rebuilt at the original location and prohibits a deduction of the new land value from the recoverable amount.

- 2) Requires additional living expense (ALE) coverage to include periods where the home is undamaged, but remains uninhabitable due to some problem caused by a covered peril or when the property remains inaccessible due to an order of a civil authority in response to an emergency. Provides that this coverage may exclude a utility public safety power shut off event designed to reduce the risk of wildfire and limits benefits arising from an order of civil authority to two weeks, or possibly four weeks for good cause. Also, authorizes an insurer to cure a habitability problem in lieu of making ALE payments.
- 3) Requires, if the loss resulted from an event declared to be a state of emergency and the insured files a claim for lost or damaged contents of a home (appliances, furniture, clothing, etc.), the insurer to pay at least 30% of the dwelling structure coverage, up to \$250,000, without inventory or actual replacement of the items. Allows a policyholder to fully itemize and comply with other policy provisions in order to claim property losses that exceed that amount.
- 4) Revise rules that apply to claims against policies issued by insolvent insurers that are covered by the California Insurance Guarantee Association.
- 5) After July 1, 2021, this law requires a notice of nonrenewal of a homeowners' insurance policy to include a notice that contains the following:
 - a) An explanation of how to access and use CDI's California Home Insurance Finder to assist homeowners to find insurance;
 - b) Information about the FAIR Plan, including how to contact the FAIR Plan and an agent or broker who can provide assistance; and
 - c) Information about the FAIR Plan policy, including how the policy offers less coverage than standard policies, as well as the availability of a "Differences in Conditions" policy, which provides supplemental coverage, when purchased with a FAIR Plan policy or other fire policy, provides coverage that is equivalent to a standard homeowners' policy.
- 6) Directs the FAIR Plan to implement a clearinghouse program whereby property insurers will be provided information about FAIR Plan policies for the purpose of matching insurers with available coverage to FAIR Plan policyholders. Authorizes non-admitted insurers to participate if admitted insurers have the first option to place policies. Require participating insurers to sign an agreement with the plan that shall set out the terms and conditions for the

- 7) insurer to offer homeowners' insurance through a policy's listed agent or broker of record.

This law incorporates additional changes to Section 678 of the Insurance Code as stated in AB 2756.

SB 872 (Dodd, Chapter 261, Statutes of 2020) Residential property insurance: State of emergency was signed into law on September 29, 2020, and will take effect on January 1, 2021, unless another effective date is specified. This law provides the following:

- 1) For losses related to a declared state of emergency and for which an insured makes a claim, this law requires the insurer to provide an advance payment for ALE and to accept an inventory of contents in any reasonable form.
- 2) Requires an insurer to offer a 60-day grace period for payments of premiums for policies on property located within an area defined in a declared state of emergency for a period of 60 days after the emergency.
- 3) Requires the measure of damages available to a policyholder to use to rebuild or replace the insured home at another location to be the amount that would have been recoverable had the insured dwelling been rebuilt at its original location, without deduction for the value of land at the new location.
- 4) On and after July 1, 2021, for a covered loss relating to a state of emergency, this law prohibits a policy that provides coverage for additional living expenses from limiting the policyholder's right to recovery if the insured home is rendered uninhabitable by a covered peril, but would authorize an insurer to provide a reasonable alternative remedy that addresses the property condition that precludes reasonable habitation of the insured premises.
- 5) Requires ALE coverage to be provided for at least two weeks, with additional two-week extensions, in the event of a state of emergency and an order of civil authority restricting access to the home.

Long Term Care

AB 2453 (Nazarian) Long Term Care Insurance and Accelerated Death Benefit.

This bill is in the Assembly Insurance Committee and it died in Committee. As reported during the July 16, 2020, Curriculum Board meeting, AB 2453 removes a specified exclusion for life insurance policies that accelerates benefits for long term care and would have required the procedures for those policies to take into consideration the applicant's goals or needs and the advantages and disadvantages of the proposed

insurance coverage compared to those of a stand-alone long-term care insurance policy.

CDI Omnibus Bill [SB 1255](#) (Committee on Insurance, Chapter 184, Statutes of 2020) Insurance was signed into law on September 26, 2020, and will take effect on January 1, 2021. This bill is CDI's Omnibus Bill that will provide the following:

- a) Authorizes a hearing to suspend or revoke a license, registration, or certificate of authority for alleged misconduct perpetrated against a person age 65 or over to be set on the earliest available date if the Office of Administrative Hearings cannot accommodate the hearing within 90 days.
- b) Authorizes future access to cash withdrawals to be limited to the remaining cash value of the policy.
- c) Creates the Equal Insurance HIV Act. This Act prohibits life and disability income insurers from denying an application based solely on HIV status. In addition, the Act heightens the civil and criminal penalties for negligent, willful, or malicious disclosure of HIV test results.
- d) Makes various technical, non-substantive changes to the California Insurance Code. For Licensing, several sections of the California Insurance Code were amended to relabel the following license qualifications:
 - 1) "Life-Only" to "Life"
 - 2) "Accident and Health" to "Accident and Health or Sickness"
 - 3) "Variable Contracts" to "Variable Life and Variable Annuity"
 - 4) "Rental Car" to "Car Rental"

With these amendments, CDI's license qualifications will be uniform with the National Association of Insurance Commissioners Producer Licensing Model Act's six major lines of authority.

PSI Examination Review:

Jason McCartney reported PSI launched remote proctored examinations in California on August 24, 2020.

From August 24, 2020 through October 10, 2020, there was a total of 10,564 license examinations of which 3,694 or 35 percent were remote proctored examinations.

Jason also reported how the first-time pass rates in states offering remote proctored license examinations, during the same time period, are similar in

California for the following license examinations:

Remote Examinations First-Time Pass Rates:

Accident and Health – 82%
Life and Health – 65%
Life Only – 65%
Personal Lines – 47%
Property and Casualty – 36%

Overall First-Time Pass Rates:

Accident and Health – 80%
Life and Health – 65%
Life Only – 62%
Personal Lines – 64%
Property and Casualty – 36%

Jason reported PSI is aware of the telephone wait times in addition to the delay in responding to candidate inquiries. He reported PSI added 30 additional staff to work on resolving their back log and other issues during the COVID-19 pandemic.

Charlene reminded education providers to stress to their students the importance of having the correct email address, social security number, and birth date on their PSI registration. Without the correct email address, social security number and birth date, candidates will not receive their examination results, and there will be delays in uploading of their license examination results in their license application record and the issuance of their license. Charlene encouraged education providers to remind their students to ensure, check and double-check, that their registration information is accurate before submitting their PSI registration and scheduling a license examination.

Charlene also asked education providers to emphasize the importance for their students to read CDI's Candidate Information Bulletin (CIB), specifically pages 10-13, the Taking the Examination by Computer, Educational Objectives, Required Identification at the Examination Site, and the Security Procedures. The CIB provides detailed information about the examination process, including the procedures and the rules of the examination for both in-person testing as well as remote testing rules because there are specific rules that must be followed for online remote proctored license examinations.

Chairman Granger ask whether or not remotely proctored and in-person examinations have similar pass rates.

Jason stated that other PSI mobile test centers have used both of these programs and it has proven to be successful. If the pass rate had shown a significant

difference, then PSI would have verified the reason and they would have discussed this difference with the state regulator to determine next steps.

Board Member Rene Swan inquired what CDI considers a reasonable first-time pass rate if there is a large differential between remotely proctored examinations versus overall examinations.

Charlene informed Member Swan that approximately 60 to 65 percent is a reasonable first-time pass rate and is the current average for CDI's major license qualifications. The pass rates are monitored closely and as of the date of this Board meeting, remote testing and test centers' first-time pass are very similar.

Examination Statistics Update:

Jennifer Mariona reported from January 1, 2020 through September 30, 2020, there were 41,418 examinations administered, of which 30,322 were first-time pass examinations and 11,096 were repeat examinations.

Out of the total license examinations administered for the same time period, 1,305 were Spanish language examinations.

Jennifer reported the Spanish language examinations statistics for the first-time pass rates for the same time period were as follows:

Spanish Examination	Number of Total Examinees	First-Time Pass Rate
Accident and Health	10	89%
Life-Limited to Funeral and Burial Expense	78	13%
Life, Accident and Health	207	37%
Life-Only	1010	38%
Total	1,305	44%

Jennifer noted the License Examination Scores Report statistics are available in the meeting packets, which provide the Number of First-Time Examinations, Number of First-Time Passed, First-Time Percentage, Number of Repeat Examinations, Number of Repeat Passed, and the Repeat Passed Percentage. Specifically, this report provides the percentage scores for all agents, brokers, adjusters, and bail license examinations in English and the life-only; life, accident and health; accident and

health; and life-limited to the payment of funeral and burial expenses license examinations in Spanish.

Property Broker-Agent, Casualty Broker-Agent Educational Objectives (EOs) Update, which includes the Personal Lines Broker-Agent, Limited Lines Automobile Agent, and Commercial EOs and Long-Term Care Outline Subcommittee Report:

Stephanie Bellotti provided the status updates for the Property and Casualty Subcommittee and the Long-Term Care Subcommittee.

For the Property and Casualty EOs, The Property and Casualty Subcommittee completed their review of the EOs. CDI's Curriculum Board Liaison, Katey Piciucco, and others in CDI's Legal Enforcement Bureau reviewed the Board's edits and CDI approved those edits.

Charlene Ferguson reported that the wildfire legislation AB 2756, AB 3012, and SB 872 will be reviewed with Katey Piciucco to determine if this legislation will require additional edits to the Property and Casualty EOs.

Stephanie reported CDI is in the process of reviewing the current bank of questions to determine if they align with the Subcommittee's updates made to the EOs. For example, some questions may need to be removed and some questions will need to be added for the property and casualty license examination to include questions on the topics listed in the revised Property and Casualty EOs.

After the questions are aligned, the Property and Casualty EOs will be used to also update the Personal Lines Broker-Agent, the Limited Lines Automobile Agents, and the Commercial EOs. These license qualifications are a subset of the property and casualty broker-agent license qualifications. After the EOs are updated, a Notice will be distributed to the Board and education providers announcing the new, updated outline is available on CDI's Prelicensing Educational and Examination Objectives webpage. The Notice will announce the timeline for education providers to update their property and casualty prelicensing courses.

The second Board appointed subcommittee is the Long-Term Care (LTC) Subcommittee. The LTC Subcommittee meets every three weeks, unless there is a conflict, via teleconference call. As of the date of this Board meeting, the Subcommittee had completed approximately 40 percent of the proposed edits to the outline and to the outline's attachments. As previously stated, the LTC outline was not updated since 2013. Therefore, extensive edits are being made to the LTC Outline.

Once the revisions are complete, the revisions will be submitted to the Curriculum Board for approval. With the Board's approval, the updated LTC Outline and the attachments will be reviewed by Katey Piciucco and Tyler McKinney. Tyler is a CDI participant in the LTC Subcommittee and an attorney in CDI's Legal Enforcement Bureau. Soon after receiving Legal's approval on the

updated LTC outline and its attachments, a Notice will be distributed to the Board and education providers

announcing the new, updated Eight-Hour Long-Term Care Outline and attachments are available on CDI's Resident-Provider Continuing Education Courses webpage. The Notice will announce the timeline for education providers to update their eight-hour long-term care courses.

As stated in the July 16, 2020, meeting minutes, after CDI approves the updated Eight-Hour Long-Term Care Outline, the Curriculum Review Section will ask Chairman Granger to request the LTC subcommittee appointed members to continue to participate on the subcommittee to develop four-hour, topic-specific, long-term care outlines.

Board Member Neil Bordenave stated he has been participating on the LTC Subcommittee along with a few other Board members, but the real catalysts for the changes are Subcommittee members Bonnie Burns and Don Griffith make valuable contributions and make quite a difference in the review of the LTC outline. Member Bordenave give a "shout out" to Bonnie and Don for which Chairman Granger concurred.

Curriculum Review Schedule:

Holly Kinney introduced the new Education Analyst in the Curriculum Review Section, Ben Loi, as well as the new Curriculum Compliance Analyst, Jennifer Mariona.

Holly asked the Board members to refer to the Curriculum Review Schedule, which was included in their meeting packets. For the newest member, Rene Swan, Holly explained the Curriculum Review Schedule lists the course outlines and guidelines stated in the California Insurance Code for the Board to develop, review, and update. During each Board meeting, the Curriculum Review Section provides a detailed Curriculum Review Schedule list of the curriculum to be reviewed by the Board. The spreadsheet states when the outline or guideline was developed, the dates reviewed, and the three-year review timeline for the Board to consider if reviews should be scheduled to update the curriculum to ensure the course or guideline meets current laws and regulations.

As reported at July's meeting, CDI recognized that the current 12-Hour Ethics and California Insurance Code prelicensing training will need a subcommittee to

be appointed to review the content of that outline. In addition, the Ethics Continuing Education Course Development and Review Guidelines for the three-hour ethics continuing education training will also need the contents of the Guidelines to be reviewed.

Holly asked Chairman Granger for the Board to appoint the 12-Hour Ethics and California Insurance Code and Ethics Continuing Education Course Development and Review Guidelines Subcommittee, and to proceed with this subcommittee appointment.

Chairman Granger approved the appointment of the Ethics Subcommittee and asked the Board members and then the guests who would like to be appointed to this Subcommittee.

Ethics Subcommittee members will be:

Neil Granger
Neil Bordenave
Jesse Dogillo
Don Griffith
Cindy Davidson

The lead analysts for the 12-Hour Ethics and California Insurance Code and Ethics Continuing Education Course Development and Review Guidelines Subcommittee will be Jennifer Mariona and Ben Loi. Jennifer and Ben will be contacting the members of the Ethics Subcommittee to set-up the schedule for the Ethics Subcommittee teleconference call reviews.

In addition, as shown on the Curriculum Review Schedule, Holly reported the following curricula are scheduled for possible subcommittee appointment consideration in 2021:

- Life Limited to the Payment of Funeral and Burial Expenses
- Annuity Eight-Hour and Four-Hour training courses
- 15-Hour Life Settlement Broker Outline
- 24-Hour Coverage Course Guidelines and General Concepts
- Business Management Practices Course Development Guidelines
- Commercial Earthquake and Risk Management

Holly reported the Board members will receive copies of these concepts, guidelines, and outlines in early January to prepare for the February 18, 2021, meeting.

Specifically, the email will ask the Board to review the current curriculum for each course and if the course concept, guideline, or outline has substantial updates or revisions that would require the Board to appoint a subcommittee or if the current curriculum has not changed. If the Board determines the curricula has not changed, the concepts, guidelines, and outlines will be rescheduled for review in three years.

Please also note, in early January, the Curriculum Review Section will send the 15-hour Life Settlement Broker Outline to CDI's attorney, Jennifer Chambers, to

determine if updates or revisions will need to be made to this curriculum. Jennifer's report and the Board's review of the courses will be reported to the Board at the February 18, 2021, meeting. The Board's review of these concepts, guidelines, and outlines in early January will allow the Board to determine their curriculum review schedule for 2021. Cindy Davidson, ExamFX, commented that when the Board reviews the annuities outline in January, several states have adopted the NAIC "Suitability in Annuity Transactions Model Regulation (Model #275)," which includes a new "Best Interest Standard." Cindy recommended that the Board keep this as an open suggestion as other states are starting to implement the new Best Interest Standard.

Education Status Report:

Ammy Dang reported for the period of January 1, 2020 through September 30, 2020, the Education Unit received: 1,194 new course applications compared to 1,270 in 2019. In 2020, 1,194 or 92 percent of the new course applications were received online through Sircon. This is compared to 944 or 74 percent new course applications that were received online in 2019. There were 2,147 course renewals compared to 2,087 in 2019.

In 2020, 1,371 or 64 percent of the course renewals were received online through Sircon. This is compared to 1,206 or 56 percent course renewals received online in 2019.

Additionally, 220 education provider applications and renewals were received by mail in 2020. This is compared to 221 education provide applications and renewals received in 2019.

Additionally, all hard copy and Sircon applications received within the last 10 days were assigned to an education analyst. This includes continuing education and prelicensing course applications and renewals, NAIC applications, education provider applications and renewals, and paper prelicensing and continuing education rosters.

Roundtable:

Chairman Granger asked the Board and guests if they had any items for the

Roundtable session and if so, he asked the individual(s) to state their name and question or comment. No questions or comments were recorded.

Action:

Chairperson Granger reminded the Board and guests that the next meeting will be held on Thursday, February 18, 2021. The meeting will begin at 12:30 p.m. and the location is to be determined. The Curriculum Review Section staff will notify Board members and guests on the next meetings location and agenda approximately 30 days before the February 18, 2021, meeting.

Motion:

With no further Roundtable items for discussion, Chairman Granger asked for a motion to adjourn the meeting. Board member Rene Swan motioned and Board Member Steve Hinds seconded the motion. With all members voting in favor, Chairman Granger adjourned the October 15, 2020, Board meeting at 1:50 p.m.