

**Notes – Assemblymember Mike Gipson Small Business Insurance Tele Town Hall
Friday, June 19, 2020**

California businesses of all sizes are suffering great losses because of the COVID-19 Pandemic. While we have encountered business interruption questions in the past following wildfires or other disasters, we have seen nothing on this scale – with thousands of businesses closed and drastically reducing payroll. Insurance Commissioner Ricardo Lara in partnership with Assembly member Mike Gipson, joined by two other small business experts hosted the following small business tele-town hall to address issues faced by California's small businesses:

Participants:

- **Mike Gipson**, California Assemblymember, District #64
- **Ricardo Lara**, California Insurance Commissioner and CDI staff
- **Xiomara Peña**, California Program Director National Latino Entrepreneurship Director, Small Business Majority,
- **Ted Hiatt**, Associate Regional Director Los Angeles, Small Business Development Center

Assemblymember Mike Gipson, California Assembly District 64:

Good afternoon everyone, I hope you and your families are remaining safe during this very trying and difficult time. I want to welcome everyone who has called in, especially the small business owners who have suffered during this pandemic and during the protests and rallies, and demonstrations.

We are honored to present this Tele Town Hall with our California Insurance Commissioner, and my good friend, Ricardo Lara. We have partnered with Commissioner Lara to inform you about resources available to small businesses during this difficult time.

We also have experts from the U.S. Small Business Administration and from Small Business Majority joining us. We have the California Program Director and National Latino Entrepreneurship Director from Small Business Majority, Xiomara Peña. Also from the Small Business Development Center Network, we have Associate Regional Director, Ted Hiatt.

Before I introduce Commissioner Lara, I would like to update you on what is happening at the Capitol and District Offices of District 64, which I represent. District 64 covers Watts, Willowbrook, Compton, Wilmington, North Long Beach, Lynwood, Carson, Gardena, and parts of Torrance. As many of you know, since the beginning of the crisis, we and the State Legislature have passed several bills to support and combat this pandemic.

In March, we passed Assembly Bill 89, which included several funding strains for multiple sectors. Included were fifty million dollars in Federal resources to supplement small businesses via loans

and guarantee programs. I also initiated and submitted several letters urging the Governor to enact a statewide Moratorium on evictions for commercial properties that are occupied by small businesses and non-profit organizations. I have also held tele-conferences with elected officials from the cities in my assigned district, as well as with small business owners and chambers of commerce.

Small businesses are important to our call. We rely on small businesses and they are vital to the rebuilding of this country. It is important for us to provide small businesses with the most updated information and resources available. California is currently in a 54 million deficit as the fifth largest and strongest economy in the world. I believe that we will bounce back and recover stronger than before as soon as we get through this trying time.

Having said that, I am so proud and absolutely thrilled, to introduce my good friend Commissioner Ricardo Lara. Raised in East Los Angeles by immigrant parents he earned his bachelor's degree in journalism and Spanish with a minor in Chicano Studies from California State University of San Diego. He previously served in the State Legislature, in the State Assembly, representing the 50th District from 2010 to 2012. Also from 2012 to 2018 in the State Senate representing District 33. He made history in 2018 by becoming the first openly gay person elected into a statewide office in California's history. Please join me in a virtual clap welcoming my good friend California Insurance Commissioner Ricardo Lara.

California Insurance Commissioner Ricardo Lara:

Thank you Assemblymember Gipson. I am glad to hear your family is doing well. Thank you for hosting this important discussion with the small business owners in your district. I am happy to join you once again to give you and your constituents an update on the work we have been doing on their behalf.

I have personally spoken in more than a dozen town halls for small businesses dealing with losses from the COVID-19 crisis – the full list is on our website.

Over the last few weeks, we all have been witnessing our state and nation reckon with another huge challenge – the recurring injustice of police brutality that has caused much pain in the African American community for generations.

To those who are heartbroken about the senseless death of George Floyd and so many others, I am grieving with you.

As angry as I am with the continued violence against people of color through mass incarceration and discriminatory police abuse, I am also inspired to see so many people speaking out for equal protection under our laws, fairness in our criminal justice system, and economic justice.

To see people cleaning up their neighborhoods. We cannot turn away from this moment and pretend it is about somebody else.

I ask all of us to support those fearless advocates who are fighting to change unjust laws and unequal police practices so that we all may live our lives openly, proudly, and unafraid.

One way that the Department of Insurance is supporting our fellow Californians during this time is by ensuring accurate and timely information and services when it comes to the insurance needs of our communities.

My immediate focus is making sure the insurance industry is prepared to handle claims and to help businesses recover as quickly as possible. I expect insurance adjusters to be on the ground as soon as possible to help looted businesses immediately access their insurance benefits.

I have been in contact with our insurance industry and so far I am not hearing about problems with businesses accessing their benefits -- and I will continue to monitor the situation.

Our Community Outreach team and Consumer Services team have already begun reaching out to affected communities lending our support and have prepared a helpful fact sheet about insurance resources following the civil unrest – that is on our website.

As the current situation continues to unfold and as our communities work to forge a new way forward, we will all be called upon to help rebuild – and we will be ready. We have a lot of work to do to assist small businesses and their workers. New data continues to show unprecedented job losses in Los Angeles County.

The Department of Insurance has taken a number of steps to help small businesses:

I ordered insurance companies to return a portion of premiums to businesses and drivers affected by the COVID-19 pandemic for March and April. “Stay at home” orders and reduced losses have now continued – and earlier this month I extended my order to include May as well.

My order covers at least six lines of insurance where the risk of loss has fallen as a result of the pandemic. With many businesses closed due to the pandemic, you need relief from premiums that no longer reflect your present-day risk of loss. By requiring insurance companies to return premiums, it puts money back in your pockets or reduces your future costs when you need it most.

As a business owner, or a consumer, you should not have to do anything to receive the refund, and insurance companies must provide this relief as soon as possible. This builds on an action I took last month to request insurance companies give a 60-day grace period for businesses to pay premiums through at least July 14. Many insurance companies have honored that request by offering flexibility to consumers and businesses during this national emergency.

Because of stay at home orders, we have seen fewer accidents on the roads and fewer insurance losses at businesses. I ordered insurance companies to return a portion of premiums to businesses and drivers affected by the COVID-19 pandemic for March, April and May.

You should not have to do anything to receive the refund, and insurance companies must provide this relief as soon as possible. I also requested insurance companies give consumers a grace period to pay premiums through at least July 14.

RICARDO LARA

INSURANCE COMMISSIONER

California Department of Insurance

Many insurance companies have honored that request by offering flexibility to consumers and businesses during the COVID-19 emergency.

I encourage you to contact the Department at 800-927-4357 or by visiting our website at insurance.ca.gov if you have any questions in regards to these measures or if you want one of our experts to help review your insurance coverage.

My Department has also received a number of complaints regarding business interruption insurance. Many businesses have looked to their insurance policies for possible coverage.

As you know, each policy is a legal contract between the business owner and the insurance company -- and since early March we have seen dozens of lawsuits around the country, including California, which concern the interpretation of these policies and whether these policies cover losses due to COVID-19.

I can tell you we are monitoring these cases as they move through the courts, but I have taken several significant steps to address business interruption. I don't have statutory authority to go in and open a contract up between a business and an insurance company. We are monitoring to make sure that the insurance companies are processing and investigating the claims being filed by the business owners.

We have been learning that some insurance companies are denying business interruption claims without a thorough investigation or even discouraging business owners from even filing a claim. That is simply unacceptable.

In response to numerous complaints from businesses, public officials, and other stakeholders, I required insurance companies to comply with their contracts and California law by fairly investigating every single business interruption claims caused by COVID-19 – just as they would for any disaster such as a fire, earthquake, or flood.

My Department will be watching to make sure they do and ensure everyone is getting a fair claim. While a majority of our staff are teleworking in support of the Governor's "stay at home" directives, we continue to provide essential services for California consumers and we are available via phone at 1-800-927-4357 (HELP) and through our website www.insurance.ca.gov to assist you with your claims.

Insurance can be complicated. We can help you and guide you through this process. We have insurance experts ready to help and answer your questions in multiple languages. You can talk to an actual person – not just a recording.

I look forward to answering your questions.

Assemblymember Mike Gipson, California Assembly District 64

Thank you Commissioner Lara for all that you do. For those that don't know I call Commissioner Lara the problem solver. As the 8th elected Insurance Commissioner he protects consumers and does a wonderful job I thank you for all that you do. I also have the pleasure of introducing Xiomara Pena Program Director of California's National Latino Entrepreneurship of Small Business Majority. Thank you for joining us.

**California Program Director National Latino Entrepreneurship Director, Small Business Majority,
Xiomara Peña:**

Thank you Assemblymember Gipson as well as Insurance Commissioner Lara for all your leadership in supporting not only small businesses but Californians during these challenging times for our communities.

Good afternoon everyone my name is Xiomara Pena I am the Programs Director for Small Business Majority. I also oversee our National Latino Entrepreneurship Program. We are a national small business advocacy organization that is focused on ensuring that as our policy makers are putting forward legislation that it is reflective of the needs of small business owners. That it also takes into consideration the impact on those issues that are top of mind issues for our small business community.

Over the last few months we have working to rapidly respond to the ever changing needs of small business owners. Whether it is about funding, insuring that you have technical assistance, or having the tools at your disposal to make it through the crisis. This was a monumental week, when we think about Federal legislation and our budget being passed on Monday which should have supplements to further legislation coming in the next couple of weeks.

When we think about what is happening local in our local backyard in the district specifically I think it is important to notice that we have also had significant updates from the SBA and the Department of Treasury for federal relief programs that were included in the Terrorist Act. Just to give a quick overview those two programs, the Paycheck Protection Program (PPP) as well as the SBA Economic Injury Disaster Loan (EIDL) Program were two federal programs that small business owners could obtain funding.

As of Monday the EIDL Loan Program is open to all businesses not just agricultural businesses. As funding was allocated in the second round for the EIDL Program. Those applications are being processed for businesses that are not only in agricultural businesses. Businesses also have an opportunity to apply for the SBA-EIDL Loan advances which do not have to be re-paid.

One of the other additional announcements that came up this week is that the SBA in consultation with the Department of Treasury announced a brand new form. The new EZ application for certain PPP borrowers to apply for forgiveness. We recognize that the application and the process for forgiveness in its totality has been one of those things that people were concerned about. I would highly encourage you to get connected with your local Small Business Development Centers as we recognize them as the experts to be able to walk through the process.

As Assemblymember Gipson mentioned the state loan guaranty program in the budget was an additional 15 million allocation which would bring the total funding, if approved, to 100 million dollars. There are a few local (CDFI'S) Community Development Financial Institutions that you can work with to be able to process an application,

With the PPP deadline fast approaching on June 30th, we do want to make a note and let you know that 140 million dollars in funds still remain in that fund. There is still time to apply even if you don't have any banking relationships you can still connect with groups like Lift LA, Lendustry, or Opportunity Fund, there are several different community financial financial institutions

Lastly, I wanted to announce that additional grant programs in Los Angeles are being discussed. Next week there will be a grant announced by Opportunity Fund for minority owned businesses, woman owned businesses, black owned businesses. Those are grants of five thousand dollars that do not have to be repaid. The requirement is that you have to be in business at least a year earning under a million dollars.

We know that our small business communities are very resilient and entrepreneurship have proven that we can rebuild and recover. There are many resources available and I look forward to answering some questions. I will turn it over back to Assemblymember Gipson.

Assemblymember Mike Gipson, California Assembly District 64

Thank you Ms. Pena for giving us that information. Next, we have the Associate Regional Director for the Los Angeles Small Business Development Center, Ted Hiatt.

Associate Regional Director Los Angeles Small Business Development Center, Ted Hiatt

Thank you Assemblymember Gipson, Insurance Commissioner Lara, and Xiomara, I haven't seen you in a while but it is nice to hear your voice.

Once again, my name is Ted Hiatt. I am the Associate Regional Director for the Los Angeles SBDC. For those of you that don't know who we are we are essentially your federal and state tax dollars at work. We provide one on one business consulting as well as webinars at no cost to you. Everything we do is confidential.

Recently we have been doing a lot of work around the PPP loans and the EIDL Loans, There are many nuances to both of those programs. We can walk you through any questions you may have about those two programs. The SBA has done a great job getting these programs out. They have done fourteen years' worth of work lending wise just with the EIDL program alone in this short amount of time.

While there have been some speed bumps with some of the loans our job is to get you the information as quickly and as best as we can. The PPP program, it has changed a lot, specifically for the forgiveness. We are here to help walk you through that. We have PPP webinars every Tuesday, Wednesday, and Thursday at 1pm. You can go to www.smallbizla.org to find out more information.

The EIDL loan has a piece that is forgivable and another piece being more a traditional loan. That has caused some confusion for some and we can help clarify the programs for you. There are numerous lenders and representatives ready to assist you. You may reach us at (800) 794-1402 for assistance in Spanish or at (866) 588- 7232.

RICARDO LARA

INSURANCE COMMISSIONER

California Department of Insurance

The SBA announced today a new disaster loan for businesses that were physically damaged by the civil unrest. That is a new program that the SBA rolled out today. To find out more information on that Non-Covid Program you can call (916) 735-1500 Monday through Friday from 8am to 4pm, over the weekend by calling (800) 859-2955 on their dedicated weekend line, or by visiting www.sba.gov.

There are other sources of funding and resources out there that have had success. One is through the Jewish Free Loan Association (JFLA). These are interest free loans. You need to live in Los Angeles County and have two co-borrowers, who also live in Los Angeles County that are willing to sign on your behalf. These are small business loans that go up to \$18,000. We have had success with JFLA before and currently during Covid.

Regarding the PPP program June 30, 2020 is the deadline and there is still 130 million dollars in funding available in that program. The California EDD has been processing unemployment funding for those that qualify. Please don't hesitate to call us with any questions or assistance. I will now hand it back to Assemblymember Gipson and look forward to the question and answer session.

Assemblymember Mike Gipson, California Assembly District 64

Thank you very much for the information you provided Mr. Hiatt. I want to thank everyone for submitting your questions. We will try to answer as many questions as we can today but if we did not answer your question during the town hall, please know that you can contact my office and we will help get you answers from the appropriate organization. The town hall is being recorded and we will make the recording available on our website and the Department of Insurance's website. We will not get started with the questions. The first question is for Commissioner Ricardo Lara:

Question and Answer Session:

- 1. Many businesses had thought that their business interruption insurance would have covered loss of business due to the COVID19 but we know that hasn't been the case. Has your office received requests for assistance for denied business interruption claims? If so, what has your office done to respond to these requests and tried to assist those individuals who have been denied thus far?**

Commissioner Ricardo Lara: Thank you **that** is a great question. I'll have Tony Cignarale from my team who has been working on this issue, to expand on this. I think what people really need to know that not all policies are the same.

While many commercial policies have terms and exclusions that create a challenge to getting claims paid under your Business Interruption coverage, not all policies are the same.

We would need to look at the specific policy to better understand that coverages and exclusions may exist. If you have Business Interruption coverage, but your insurance company is telling you that these losses are not covered due to exclusions in your policy, we recommend that you

file a formal claim with your insurance company and start a paper trail.

Insurance companies are legally required to fairly investigate your claim and formally respond back to you with their coverage decision and the reason for any denials they may make.

We issued a Notice on April 14 to all agents, brokers, and insurance companies reminding them of their obligations under the law to accept, forward, acknowledge, and fairly investigate all business interruption insurance claims submitted by businesses.

I would like Tony Cignarale, our deputy commissioner from Consumer Services to provide more details on this issue.

Deputy Commissioner Tony Cignarale: While it is more complicated than this, many commercial policies have exclusions for loss due to contamination by virus and similar perils. Many policies also require that your loss be caused by direct physical damage or loss to the insured property that results from a cause covered by the policy. These conditions and exclusions do create hurdles to obtaining coverage. However, as Commissioner Lara mentioned we would need to see the entire policy as well as the circumstances applicable to your loss event to know what conditions or exclusion may or may not exist for a particular business.

If a business has not filed a formal claim, it should do so immediately. If the business has filed a formal claim and that claim has been denied, we recommend you to file a "Request for Assistance" with CDI at 1 (800) 927-4357 or through our website at www.insurance.ca.gov.

We will look at the facts of the claim, the policy provisions, and contact the insurance company if we determine there is an issue with their determination.

While it is true that many commercial policies have provisions that may exclude coverage for business interruption under the circumstances, the CDI will review the claim to ensure that your insurer is properly investigating your claim and following all laws and the provisions in your contract.

2. I tried applying for the Economic Injury Disaster Loan (EIDL) a couple of weeks ago but was denied because I'm not an agriculture business. PPP isn't an option for me, what else is available?

Small Business Majority Program Director Xiomara Peña: You are not alone. We have heard from many small business owners that did attempt to process an EIDL Loan the last few weeks. The applications that were in processing and pending approval created a backlog during the first initial round. When the 2nd round opened the portal was only opened for agricultural businesses to alleviate the backlog. However yesterday the portal was opened and the program is open to businesses regardless of whether the business is an agricultural business or not. The EIDL Loan Program is a 3.75% interest rate loan repayable in thirty years for profit businesses with the rate being a bit lower for non-profit businesses. The cap is for 2 million dollars. When you apply you have the option to apply for a loan advance which is a grant that you may not have to repay. You may visit www.covid19.sba.gov.

3. My business is not considered essential, but I am continuing to employ workers and pay my workers' compensation insurance. Can worker's comp insurance companies exclude COVID-19 from their coverage, whether or not they are considered essential businesses?

Commissioner Ricardo Lara: Workers compensation insurers cannot exclude COVID-19 from their coverage. Workers compensation insurers cannot exclude COVID-19 from their coverage.

All workers affected by COVID-19 on the job are eligible for workers' compensation benefits – whether or not they are considered essential services.

This includes workers engaged in front-line occupations such as health care, emergency services, food production, sales, and delivery, among others.

Workers' compensation also applies to undocumented workers. In 2015, when I was in the California State Senate, I authored SB 623, which was signed by Governor Brown. SB 623 expanded protections for undocumented workers in the event they are injured on the job, even if their employer does not carry workers' compensation insurance as required by law.

I issued a notice to insurance companies on April 6 to remind insurance companies about these existing legal protections for undocumented workers.

It will take some time to see the impact of COVID-19 on our workers' compensation system – and on the premiums businesses pay.

Businesses that are closed or have drastically reduced payrolls due to stay at home orders may see their workers' compensation insurance costs reduced in the short term.

That is why I ordered insurance companies to return a portion of workers' compensation premiums to businesses for March, April and May.

Also -- under the current workers' compensation regulations, payrolls include payments to employees who are furloughed even though they are not working, which means that employers' rates would remain the same as if those employees were still in the workplace performing their regular duties.

Employers that provide workers with the opportunity to transition from regular work duties to lighter, home-based clerical work are still paying rates based upon the higher job classification.

That does not seem fair to me. So, just yesterday I issued emergency workers' compensation regulations to make changes to reflect the lower risk of worker injuries in light of the pandemic.

These new regulations will mandate insurance companies to recompute premium charges for policyholders to reflect reduced risk of loss consistent with my April 13 and May 15, Bulletins, and will result in savings for many policyholders as businesses. I would like Jon Phenix, from my Legal Branch to provide more details on our new regulations.

Jon Phenix:

Under these emergency regulations, employers are permitted to reclassify an employee if the employee's duties have changed to a clerical classification, reflecting that employee's lower risk of injury when compared to the employee's previous classification. This reclassification will reduce the employer's premiums for employees who are a lower risk because they are now working from home even though they may not have previously done so.

This change would be retroactive to March 19, 2020, the first day of the Governor's statewide stay-at-home order and conclude 60 days after the order is lifted. These emergency regulations will also lower premiums for some employers by excluding from premium calculations the payments made to an employee, including sick or family leave, while the employee is not performing duties of any kind for the employer.

This change will lower the employer's rate by reducing the amount of payroll assessed, and the employer will not pay premium for paid workers who are otherwise being furloughed.

This new regulation also excludes claims related to a COVID-19 diagnosis from being included in future rate calculations so that employers are not penalized with higher rates due to COVID-19 claims.

The Commissioner has also adopted rules that will allow us to continue to monitor the overall effect of this pandemic on the workers' compensation market.

- 4. My question is regarding private contractors and freelance workers. Freelance workers are considered business owners, yet no assistance has been afforded to them. Since these individuals are ineligible for unemployment benefits, is there any help available to them during this time? And if so, how and where can they submit documents for assistance?**

Associate Regional Director Los Angeles: Ted Hiatt:

An independent contractor, such as an Uber driver is eligible for unemployment benefits. What we have seen is workers that have multiple income strings when they apply they may be getting their fair amount because during the process the system only accounts one of the income locations. The Pandemic Unemployment Assistance (PUA) is \$600 on top of the regular unemployment benefits.

As a freelance worker, or 10-99, you are also eligible for the PPP program. Even if you were previously denied in the first round because of the agriculture business restriction being lifted. Call us at SBDC and we will walk you through the process. On Wednesday, we will cover this on our webinar.

5. With the current unrest throughout neighboring communities, business want to know if damage to their business property and inventory by riots and looting is covered by insurance? What is the application process to receive aid for vandalism/looting?

Commissioner Ricardo Lara: Standard commercial policies typically include coverage for physical loss or damage to the insured property resulting from looting, vandalism, or riots.

Whether a specific loss will be covered depends on the actual language in the policy and any coverage exclusions that may apply.

It is important to check your specific insurance policy for the following coverages:

- **Vandalism and Malicious Mischief**
- **Riot and Civil Commotion**
- **Business Income Coverage:** This covers your loss of income when you have to suspend operations, and typically is triggered by a direct physical loss from a covered peril in your policy, such as a fire.
- **Civil Authority Coverage:** Business income coverage will typically include civil authority coverage, which protects your loss of income if a civil authority prohibits access to your business, such as a local government order. Businesses that have this coverage and are forced to limit their hours or suspend operations during rioting, vandalism or civil commotion may be covered after an initial waiting period.
- **Glass Coverage:** Many commercial policies cover glass breakage. But we have seen some companies requiring separate glass coverage, that is added to the policy by endorsement for an additional premium.

I also want to mention two other coverages:

- **Auto coverage:** Damage to a personal vehicle because of riot or civil commotion is covered under the comprehensive portion of your policy
- **Homeowners and renters' coverage:** A standard homeowners and renters' policy will cover all the perils I mentioned – riots, civil commotion, vandalism or malicious mischief. If you have a California FAIR Plan policy – the insurer of last resort in California – these

If you are wondering whether to file a claim, I urge you to contact the agent or company who sold you the policy. You should face no consequences for inquiring about a claim – such as losing a claims free discount.

Whether you file a claim is going to be up to you -- if you are not satisfied with the answers you get from your agent or have other questions, please contact us at (800) 927-4357 or through our website at: www.insurance.ca.gov.

6. I'm struggling to find grant opportunities. By the time I hear about them, they are gone. Where do I go?

Small Business Majority Program Director Xiomara Peña: We have our Federal relief programs, our State relief programs, CDFI grants, Non-profit organizations assistance, et cetera. Our organization does have a platform to venturize. Visit www.venturize.org

Otherwise, you might be inundated with notifications from different organizations. Again, the city of Los Angeles is looking at adopting a new grant within the city. Go to venturize.org to see the different resources.

7. We have tried to find a lender that would work with us. However, they all say that it is too risky at this time. Do you have a list of lenders that are willing to work with small businesses during this pandemic?

Associate Regional Director SBDC, Ted Hiatt: The short answer is no. Depending on your collateral, credit history, etc. Two places you can start at are www.jsla.org and www.venturize.org

An actual list though I don't know where it would be posted however we can look for you if you reach out to us.

8. You issued a bulletin requiring insurance companies to refund premiums, will that be for my total monthly payment and when will I get that? Are all carriers ordered to extend premium payments for a period of time and is it mandatory?

Commissioner Ricardo Lara: I ordered premium refunds because for many people the risk of accident or loss is much lower due to the statewide stay-at-home order. We are seeing:

- Fewer accidents or injuries on the road
- Falling business payroll and receipts
- Reductions in liability exposure due to the temporary closures

Premium reductions and refunds should reflect that the risk has not gone away completely – but my Department will be watching to make sure that the amount insurance companies are returning is adequate, and they are not short-changing our businesses and our consumers.

The amount people get back will vary by company and policy. In many cases the credit, reduction or refund will be a percentage of premiums for March, April and May as these stay at home rules continue.

This will not be a 100% refund of their premium; the reductions will be tied to the change in risk during the months Californians are subject to "stay at home" orders. We have already seen a number of insurance companies announce premium refunds, reductions and credits.

My bulletin directed all insurers to make an initial premium refund to all adversely impacted California policyholders as soon as possible, but no later than 120 days from the date of the bulletin (which will be August 11, 2020). This directive applies to the following lines of insurance:

- Private passenger automobile
- Commercial automobile
- Workers' compensation
- Commercial multi-peril
- Commercial liability
- Medical malpractice
- Any other line of coverage where the risk has become substantially overstated as a result of the pandemic.

Recognizing the unique nature of each insurer's policyholder book of business and insurance coverage offered, we directed each insurance company to propose the best way from them to immediately return premium to policyholders.

My Department will validate these rebates to make sure they accurately reflect the reduced risk and you are not being short-changed.

Persons who have not received premium relief in spite of a reduction in the covered risks under a policy are strongly encouraged to contact their insurance company.

If you are not satisfied with the answers, you get or have other questions, please contact us at (800) 927-4357 or through our website at www.insurance.ca.gov.

I also requested an extended grace period to pay premiums. If someone is having trouble paying their premium, they should contact their insurance company and inquire about the grace period notice. I made this request to ensure policies are not cancelled for nonpayment of premium due to the public health emergency.

The request is not mandatory; however, many insurance companies have honored that request by offering flexibility to consumers and businesses during this national emergency.

9. Is it legal for my auto insurance company to increase my rates as they are mandated to give refunds for COVID-19?

Commissioner Ricardo Lara: As previously noted, my bulletin does require auto insurers to provide premium relief for March, April and May. While this premium relief is a separate issue from your recent increase in premium, we will be looking at how each insurance company came up with its relief amounts and how that may impact rates in the future. With regard to your premium increase, we would need to look at the specifics of that situation. An insured's premium may increase for a number of reasons. For example, a recent accident or traffic violation, purchasing a new vehicle, or adding an additional driver, may increase premiums. But even if everything is the same, an insurance company's rates are based upon their past losses.

We would need to look at your specific situation to make sure this insurance company is charging you the rates, which are filed with the Department. So I encourage you to file a request for Assistance so we can review why your premium may have increased.

10. I received a Payroll Protection Program (PPP) loan but am concerned about the forgiveness application and process. How can I prepare myself so that I can receive forgiveness, as I'm afraid I'll be left with a lot of debt?

Small Business Majority Program Director Xiomara Peña: Many business owners recognized the programs made it a point for the businesses to continue to pay their payroll to be forgivable. Although they also made it a point to make some of the expenses forgivable. There has been some changes to the on how to apply for the program's forgivable allowances. It will depend if it is for the full forgiveness application or the new EZ application.

11. Can you speak on your office's efforts in regard to supplier diversity in the insurance industry, specifically for minority-owned, women-owned, and LGBT-owned small business?

Commissioner Ricardo Lara: This health crisis is showing all the gaps that exist in our economy – and falling the hardest on our diverse business owners. That is why our supplier diversity initiative has never been more important.

We have seen contracts between the insurance industry and California's diverse-owned businesses increase 93% over a five-year period, from \$930 million to almost \$2 billion. That includes women-owned, veteran- and disabled veteran-owned, minority-owned, and LGBT-owned businesses, as well as advancing the diversity of insurance company corporate boards.

I want to see those numbers go even higher. Recently I announced new appointees to the Insurance Diversity Task Force – a group of amazing leaders who help provide recommendations to the Department on how we can better serve as resources for our small businesses who need it most.

I appointed our first Hmong-American supplier diversity expert who has worked with underserved communities, including farmers & small business owners from the Central Valley, in addition to the President-Elect of a national organization that represents the voice of over 1.3 million women business owners in California.

On the policy side, last year I sponsored Senate Bill 534 by Senator Steven Bradford, which Governor Newsom signed into law. We now require that over 260 California insurance companies report out their supplier diversity efforts.

For the first time in history, we now include LGBT businesses as part of the categories that we track. We want to know how much money is being spent with businesses that are owned by women, LGBT, and people of color.

So we are committed to keep gaining ground for our diverse business community.

12. What tips can you give us about navigating the PPP and EIDL portal? I have tried to apply as an independent contractor but because I didn't have a business account prior to COVID-19, my bank says I can't apply for PPP?

Associate Regional Director SBDC, Ted Hiatt: The application for the PPP loan has to go through a lender. If your bank is telling you they don't want to take your application you can go to other non-bank lenders who may take your application and they will not require a business account the way a traditional bank might. Reach out to us and we will walk you through the process.

For the EIDL Loan Program you have to go through their portal to apply. Unlike the PPP program that has various lender types to apply through. However after June 30th you will not be able to apply for the PPP funds. Definitely reach out to us to assist you.

Assemblymember Mike Gipson, California Assembly District 64

Ladies and gentlemen, we would invite you to visit their websites and telephone numbers for assistance. On behalf of my office I would like to thank everyone for calling in. My office is available to meet my constituency needs as they arrive. We are available by phone and email. Please visit our website at <https://a64.asmdc.org/>. Also encourage you to call 211 and 311 for resources in the city of LA. We can get through this together. Let's remain safe and healthy. God Bless you and Happy Father's Day to everyone.

Additional Resources

Assembly member Mike Gipson:

District office (310) 324-6408 <https://a64.asmdc.org/>

Request Assistance with the Department of Insurance:

(800) 927-4357 www.insurance.ca.gov

FAQs and complete PPP information can be found here:

<https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

Small Business Administration

www.sba.gov/local

Check Status of my Economic Injury Disaster Loans: (800) 659-2955

Small Business Majority Resources:

<https://venturize.org/> - Enter your zip code and find a local resource counselor to help you with your Paycheck Protection Plan (PPP) and Economic Injury Disaster Loans (EIDL) questions.

<https://venturize.org/resources/payroll-protection-program-lenders> - PPP lenders still taking applications

RICARDO LARA

INSURANCE COMMISSIONER

California Department of Insurance

Research Report released on 4/21 on California Small Businesses impacted by COVID19 <https://smallbusinessmajority.org/our-research/entrepreneurship/ca-small-business-owners-report-devastating-impacts-covid-19-need-immediate-cash-assistance>.

Alternative lenders for COVID-19 Grants

To find alternative lenders CoVid-19 grants and technical assistance providers. Get connected to trusted providers to help your enterprise grow: www.venturize.org

Small Business Majority's Daily Updates for Small Business COVID-19 Resource page: <https://smallbusinessmajority.org/covid-19-daily-updates-for-small-businesses>

Small Business Majority's Policy Agenda: <https://smallbusinessmajority.org/policy-agenda/covid-19>

Small Business Majority's Daily Updates in Spanish: <https://smallbusinessmajority.org/es/espanol>

Sign-on Campaign for business owners to advocate for more aid: <https://go.smallbusinessmajority.org/l/229072/2020-03-19/6z7mt>

One-Stop Hub on Venturize.org RE: federal, state, and local lending sources: <https://venturize.org/resources/covid-19-resources>

California Department of Insurance

300 South Spring Street, South Tower,
Los Angeles, California, 90013

1-800-927-4357 TTY 1-800-482-4833

www.insurance.ca.gov