

# RICARDO LARA

## INSURANCE COMMISSIONER

### California Department of Insurance

Armenian Community Tele-Town Hall with Assemblymember Nazarian  
Insurance & Resources for Small Business  
Friday, August 21, 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 Assemblymember Nazarian hosted the following small business experts to address issues faced by California’s small businesses:

#### Participants:

- Assemblymember Adrin Nazarian, District 46
- California Insurance Commissioner Ricardo Lara
- Ben Raju, U.S. Small Business Administration
- Rafael Carbajal, L.A. County Department of Consumer & Business Affairs

#### Partners:

- Armenian Bar Association
- Armenian Engineers & Scientists of America
- Armenian Professional Society

#### California Assemblymember Adrin Nazarian

- Early this year, the Assemblymembers’ small business constituents contacted him with concerns they had about business interruption insurance during the pandemic. He reached out to Commissioner Lara to address this issue and together they are working on legislation. He also wanted more outreach to smaller diverse communities to let them know about resources available from county, state, and federal governments.

#### California Insurance Commissioner Ricardo Lara

- One way that the Department of Insurance is supporting Californians during the pandemic is by ensuring accurate and timely information, as well as services when it comes to the insurance needs of our communities.

#### **The Department of Insurance has taken a number of steps to help small businesses dealing with the COVID-19 crisis:**

- Commissioner Lara ordered insurance companies to return a portion of premiums to businesses and drivers affected by the COVID-19 pandemic.
- The order covers at least six lines of insurance where the risk of loss has fallen as a result of the pandemic.
- Because of the Commissioner’s order, California automobile insurance companies have provided \$1.2 billion in savings to drivers.
- That \$1.2 billion includes:
  - More than \$1 billion in premium relief for more than 18 million policyholders while Californians struggled during the start of the COVID-19 pandemic

**insurance.ca.gov 800.927.4357**

- Savings from an additional \$180 million in future rate increases that insurance companies reduced in response to the orders that the Commissioner issued since the beginning of this health crisis.
- If you want to know what relief your insurance company is providing, you can go on our website and see reports that they submitted at [insurance.ca.gov](https://insurance.ca.gov).
- As a business owner, 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 Commissioner Lara 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.

#### **Business Interruption Insurance:**

- Many businesses have looked to their insurance policies for possible coverage.
- Each insurance 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 such policies cover losses due to COVID-19.
- Some insurance companies are denying business interruption claims without a thorough investigation or discouraging you from even filing a claim. That is simply unacceptable.
- In response to numerous complaints from businesses, public officials, and other stakeholders, Commissioner Lara required insurance companies to comply with their contracts and California law by fairly investigating all business interruption claims caused by COVID-19 – just as they would for any disaster.

#### **Fraud:**

- Be on the lookout for fraud and insurance scams – and report any suspicious activity to the Department of Insurance.
- We have 300 sworn investigators and enforcement personnel, with 9 regional offices across the state, including one in Orange.
- Be on the alert for those offering bogus workers' compensation policies. Verify the legitimacy of the selling agent and the policy offered. Verify the agent's license on our website and contact their insurance company directly to verify the policy.
- Contact the Department of Insurance via phone at 1-800-927-4357 and through the website – [insurance.ca.gov](https://insurance.ca.gov) – for assistance with claims

#### **Ben Raju, U.S. Small Business Administration**

- The SBA developed and implemented two programs EIDL and PPP.
- EIDL provided loans and financial assistance to several small businesses. This program is directly with the SBA and there are still funds available in this program. Funds are expected to last until December 16, 2020.
- Any small business in need of capital should apply for the EIDL program. The maximum is \$2 million it is a loan of 3.75% up to 30 years and your first payment is deferred for an entire year.
- PPP was created to help businesses keep employees on payroll. PPP ended on August 8<sup>th</sup>, 2020.
- The SBA has extended \$68 billion in the PPP, saving thousands of jobs in the state of California.
- Small business are still facing challenges. SBA is available with a wide array of programs.
- All services are free.
- Any business owner or home owner/renter with damages/losses or impacted as a result of civil unrest is encouraged to apply for the federal assistance.
- Virtual Disaster Center - Call 916-735-1500 8am-4:30pm Monday-Friday. Deadline to apply is September 16, 2020.
- If you detect any fraud, waste or misuse of federal funds/resources call 800-767-0385.

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- Reports can be made anonymously.
- SBDC, Veteran's Center, SCORE mentors are available to assist business owners to help navigate during this difficult time. Visit <https://www.sba.gov/local-assistance> to find the nearest center.

### **Rafael Carbajal, L.A. County Department of Consumer & Business Affairs**

- Priority for the Department of Consumer and Business Affairs to help business owners access critical resources and capital that will bridge them through this emergency.
- County opened a Business and Worker Disaster Help Center, which consists of a strike team of staff specializing in small business and worker support, public health and immigration issues, and social services who can rapidly assist business owners, workers, and consumers during this difficult time.
- The Disaster Help Center is staffed with real people that can assist business owners with any questions related to COVID-19 – whether you are looking for a loan or grant, have questions about how to comply with public health orders, or need to be connected with pro bono legal assistance, our staff can assist.
- **Call us at Disaster Help Center (833) 238-4450 or visit [www.lacountyhelpcenter.org](http://www.lacountyhelpcenter.org)**
- The County Board of Supervisors adopted a motion by Supervisor Mark-Ridley Thomas to establish a small business relief fund with a special emphasis on immigrant owned businesses.
- **RELIEF FUND:** There are \$3 million in grants available right now to small businesses. Mayor Garcetti pledged an additional \$10 million, and the County Board earlier today allocated over \$150 million in funding for small business assistance, of which \$60 million will roll into the relief fund.
- **Visit [www.lacovidfund.org](http://www.lacovidfund.org) for more info or call the Disaster Help Center at (833) 238-4450.**
- There are eviction protections for small business owners in effect throughout the County. Generally, if your business is experiencing a COVID-19 related hardship, you should not be evicted for failing to pay rent.
- You can call the Disaster Help Center for information about the eviction protections that apply to your small business.
- Counselors are bi-lingual and can assist with: loans, grants, price gouging, family leave, unemployment, public health orders, evictions, immigration issues, and understanding federal and state assistance programs. Call us at (833) 238-4450 Monday through Fridays from 8am-5:30pm.

### **Gerard Kassabian, Armenian Bar Association**

- Formed in 1989 and helps address legal concerns in the Armenian Community.
- International organization with board members throughout the United States and Canada.
- Public service includes pro-bono legal services and legal education seminars.
- Online seminars currently include; business interruption insurance, PPP, Disaster loans available.
- Recently joined LA Represents, task force created to provide pro-bono legal services to residents.
- Prior to the pandemic, they were at Glendale public library weekly, providing free clinics. Currently, they are offering virtual assistance through phone and email.
- If you need help contact: <https://armenianbar.org/> or Facebook page.
- Current issues include; landlord tenant issues, COVID-19 insurance issues, family estate planning.
- Anyone is welcome to contact us for help.

### **Richard Ohanian, Armenian Engineers & Scientists of America**

- AESA formed in 1983 in Glendale, CA as a non-partisan, non-profit organization. Worldwide.
- Mission is to enable and empower the STEM community to reach their fullest potential.
- Programs available STEM, Entrepreneurial, Leadership Academies.
- Current seminar topics include SBA's EIDL & PPP programs.

- Have a vast network of professionals, scientists, engineers, small business owners to network and share resources.

## **Constituent and Small Business Owners Questions**

1. **If restaurants can open their business, meet all the sanitation requirements, are able to set their tables outside their restaurants, then someone gets COVID, how does a company protect themselves from any frivolous lawsuit. Is there insurance for COVID lawsuits? If yes, how costly is it? Where can they get it?**

**Commissioner Lara** - Insurance against lawsuits is part of the liability portion of your policy. And I know liability due to COVID exposure is a legitimate concern.

I understand the burdens being placed on businesses as they attempt to reopen while still keeping their employees and customers safe. It is not an understatement to say that lives are at stake here.

As you reopen, the Department of Insurance is going to be watching closely to make sure that insurance companies are giving you as much flexibility as possible and that they are fully abiding by their contracts.

Businesses should follow the Governor's Resiliency Roadmap, as well as local guidelines, for what processes the business must follow, and that will go a long way towards helping California lead the way through this pandemic.

You should also have a conversation with their agent or insurance company to get guidance regarding how to safely return to business and to make sure businesses have the right coverage in place.

If you need an expert from the department to help you decipher your coverage or you are not satisfied with the answers you are getting from your agent/broker, please contact our Department at 800-927-4357.

2. **The extension date of Sept 16<sup>th</sup>, is it for both PPP and EIDL?**

**Ben Raju, SBA** – The date is for Civil Unrest EDIL declaration. But I want you to think the deadline is here. PPP deadline has already passed. Apply now for EDIL and Civil Unrest. Do not wait. Apply as soon as possible.

3. **Can I still receive this LA Regional Covid grant if I have received an SBA PPP loan, SBA EIDL loans, or any other grants, including grants from LISC or any other partners?**

**Rafael Carbajal, DCBA** – Applicants are currently disqualified to receive the COVID Relief Grant if they already received a PPP loan, EIDL loan or a LISC grant. However, the next round of funding will be available to everyone as long as they did not receive any other grant so if you received PPP or EIDL, you may be available. Contact us with questions and how to navigate this process.

4. **As for our insurance... I think we won't see the effects on that till later when insurance companies start to figure out how to manage all the changes happening that affect us and them. We have heard from State Officials that COVID can be claimed on Workers Comp. As a small business owner, it's very frustrating to hear that this would be allowed. What is the DOI position on this issue? We think it's wrong for employees to use COVID as a Work Comp injury because that will definitely increase costs each year. It should just stay under their medical insurance since that plan is supposed to be paid at 100% by the carriers.**

**Commissioner Lara –**

I share your concern about the cost of workers' compensation – which is why I issued emergency workers' compensation regulations to reflect the lower risk of worker injuries in light of the pandemic.

These new regulations will mandate insurance companies to recompute premium charges, and will result in savings for many policyholders as businesses.

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

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

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

Governor Gavin Newsom signed an executive order creating a presumption that a worker contracted COVID-19 while on the job if the worker is diagnosed with COVID-19 or tests positive within 14 days of performing a labor or service at a place of work.

That executive order covered the period from March 19 to July 5.

But I have to say for our business owners, this is a rebuttable presumption, meaning that employers will have a chance to prove that the illness is not work-related.

The new regulations I mentioned earlier do several things. First, premiums will be reduced because employers can now reclassify employees, whose duties have changed to a clerical classification, reflecting that employee's lower risk of injury when working from home.

Next, the regulations lower workers' compensation premiums by excluding sick leave and family leave payments made to furloughed employees from premium calculations.

This change will thus lower the employer's rate by reducing the amount of payroll assessed.

5. **I am a self-employed hair stylist and have had to supplement my income to get by so far. Can I still apply for EIDL loan or is it too late?**

**Ben Raju, SBA –** If you are self-employed, independently contracted, or a business owner with W-2 employees, if you suffered losses as a result of COVID, reduced income or suffered physical damages as a result of Civil Unrest, apply, apply, apply.

6. **COVID has affected the hotel business greatly. For Small businesses in the event planning industry, they have converted their backyards to do weddings and host parties since they are unable to do it at a hotel, restaurant or any indoor facilities. Do these small businesses have to buy any type of insurance?**

**Commissioner Lara-** If the business is now operating from their home, instead of previous venues, they should make sure they comply with any zoning and other laws that may impact or restrict doing business in residential areas.

Every small business should have some type of liability coverage in place to protect against injury or damage.

As businesses reopen, and especially if they are changing how they operate to accommodate social distancing and other protections, they should have a conversation with their agent or insurance company to get guidance regarding how to safely return to business and to make sure they have the right coverage in place.

We can help you with that. We can help you with what questions to ask your agent to safely reopen.

**Assemblymember Nazarian –** If you live in the LA area and are hosting too many parties you can have your utilities cut off if you are causing a nuisance or disturbance.

7. **What programs can help small business owners with their rent/lease of the store? We still can't open and I am not sure how much longer we can pay our rent?**

**Rafael Carbajal, DCBA –** If you are a recipient of the LA Regional COVID Recovery Grant, you can absolutely use that money to pay back rent or bring your rent current. If you are facing this type of problem, I encourage you to call our Disaster Center because every situation is unique and there are different protections/moratoriums for each area. We can assist you.



## **Additional Resources**

### **Assemblymember Adrin Nazarian's Office:**

- **District Office:**
- 6150 Van Nuys Blvd, Suite 300
- Van Nuys, CA 91401
- Tel: (818) 376-4246
- Fax: (818) 376-4252
- <https://a46.asmdc.org/>

### **CA Insurance Commissioner Ricardo Lara and the Department of Insurance:**

- Phone: 800-927-4357
- Website: [www.insurance.ca.gov](http://www.insurance.ca.gov)
- Link: <http://www.insurance.ca.gov/01-consumers/140-catastrophes/Coronavirus.cfm>
- Audio and Summary of Tele-Town Hall: <http://www.insurance.ca.gov/01-consumers/105-type/95-guides/09-comm/Assemblymember-Adrin-Nazarian.cfm>

### **U.S. Small Business Administration:**

- LA Office Phone: 213-634-3855
- Website: [www.sba.gov](http://www.sba.gov)
- Email: [lado@sba.gov](mailto:lado@sba.gov)
- Twitter: @sba\_losangeles

### **County of Los Angeles Department of Consumer & Business Affairs:**

- Disaster Help Center Phone: 833-238-4450
- Website: [www.lacountyhelpcenter.org](http://www.lacountyhelpcenter.org)

### **Federal resources through U.S. Small Business Administration (SBA)**

- SBA Paycheck Protection Program (PPP) – The SBA is currently unable to accept new applications for the Paycheck Protection Program based on available appropriations funding. During this time, in preparation of the event that additional appropriations are made to the PPP, contact a lender to discuss your options, and/or work with a small business center to get ready.
- SBA Economic Injury Disaster Loans (EIDL) and EIDL Advance – the SBA is unable to accept new applications at this time for the Economic Injury Disaster Loan (EIDL)- COVID-19 related assistance program (including EIDL Advances) based on available appropriations funding. Applicants who have already submitted their applications will continue to be processed on a first-come, first-served basis.
- SBA Small Business Debt Relief - if you are a current borrower under SBA 7(a) not through PPP, 504-loan program or a microloan, you are eligible for debt relief and SBA will cover all loan payments for 6 months. Contact your lender directly to confirm if funds are still available.