

**Notes – California Legislative Black Caucus on
Small Business Insurance Tele Town Hall
Wednesday, July 29, 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 the California Legislative Black Caucus hosted the following small business experts to address issues faced by California's small businesses:

Participants:

- Legislative Black Caucus Chair, California Assemblymember **Shirley Weber**, PHD, District #79
- Legislative Black Caucus Vice Chair, California Senator, **Steven Bradford**, District #35
- California Insurance Commissioner **Ricardo Lara** and CDI staff
- California Senator, **Holly Mitchell**, District #30
- California Assemblymember, **Sydney Kamlager**, District #54
- California Assemblymember **Reginald Jones Sawyer**, District #59
- Central California Outreach Manager **Joi Eubanks**, Small Business Majority
- Deputy Associate Administrator and SBA District Director Los Angeles District Office, **Victor Parker**

Assemblymember Shirley Weber, PHD, California Assembly District 79:

Well thank you much and welcome to all of you. I know it is hard with everything you have to do in working to run your business but we thought this was important enough to interrupt your day. The California Black Caucus would like to offer this information and discussion to small businesses and the climate that we are in right now.

I want to thank the California Insurance Commissioner, Ricardo Lara, who offered this opportunity to talk to our small businesses. I think I have on the line and I would like to introduce a member of the California Black Legislative Caucus Sydney Kamlager and to give her an opportunity to say welcome.

Asm. Sydney Kamlager (54th District): Thank you to and to everyone for joining this Town Hall. I want to echo your statements and give a shout out to our Commissioner Ricardo Lara. He has always been at the forefront of making sure that justice is part of conversation around insurance, around healthcare, and about how we see our communities of color safe and protected from government. I also want to acknowledge the Vice chair of the California Black Legislative Caucus Senator Steve Bradford. I actually am a member of the assembly committee

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on insurance and we would normally be having discussions on numerous legislature but because of the Covid and the stay at home order the assembly committee on insurance will only be voting on four bills at our one and hearing. We will be looking for ways to protect our black communities and all of our constituents.

California State Senator, Steven Bradford, District 35:

Thank you Dr. Weber for your amazing leadership and I also want to thank Assemblymember Sydney Kamlager for being on the call as well. I also want to again thank Dr. Weber as my former instructor at Cal State San Diego who helped me get here today. I'm Steve Bradford, Senator for the 35th district, and also the Vice Chair of the California Legislative Black Caucus. I want to thank the Department of Insurance and my former legislative colleague Commissioner Lara for putting this town hall together.

As we all know this pandemic has had a devastating effect to small businesses throughout the state and in particular those that are in disadvantaged communities. We know that this crisis has hit small businesses the hardest especially those minority owned, woman owned, disabled veterans owned, or LGBT owned businesses. There is still much work that needs to be done to insure that our businesses do not close their doors for ever.

I would like to introduce our first speaker, my former colleague in the legislature, my good friend, fellow Aztec, Commissioner Ricardo Lara. As leader of the nation's largest state consumer protection agency he is charged with protecting California consumers. During the COVID-19 pandemic he has been busier than ever. Also during our wildfire issues as well. The Commissioner has taken action to protect consumers, workers, and businesses. While businesses have encountered problems in the past following wildfires or other disasters, we have seen nothing on this scale – with thousands of businesses closed and drastically reducing payroll. Commissioner Lara is here today to provide resources and answer your questions.

California Insurance Commissioner Ricardo Lara:

Thank you Dr. Weber, Assemblymember Kamlager, Senator Bradford, and members of the Legislative Black Caucus for joining us today. Prior to my election in 2018 as Insurance Commissioner I was fortunate to call you my colleagues, serving alongside you in the Legislature. Since the pandemic started I have joined more than 30 virtual town halls like this one -- and reached more than 7,000 businesses and consumers. We all have witnessed our state and nation reckon with another huge challenge – the recurring injustice of police brutality that has caused much pain in the Black community for generations.

For those of us 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. During my last two years in the Legislature, I worked with many of you on the Equity and Justice package that I authored with Senator Holly Mitchell – ten bills

that Governor Brown signed into law. Together we passed Miranda Rights for youth and addressed disparities in sentencing of black and brown youth.

Today I announced my support for Legislative Black Caucus sponsored legislation, including Dr. Weber's bill that will give voters the opportunity to repeal the ban on affirmative action.

As a graduate of San Diego State – where Dr. Weber taught for many years – I can tell you that the opportunity to go to a California public university was life-changing for me and I believe could only have been possible with affirmative action. I am supporting Dr. Weber's bill that will set up a task force on reparations.

My Department has collected historical data from insurance companies on slavery era insurance policies that will help inform the task force's important discussions and recommendations regarding reparations. 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.

Together, we all have a lot of work to do to assist businesses and their workers as we continue to try to cope with this pandemic and the future of our economy and the state. I have taken a number of steps to help businesses and consumers, including ordering insurance companies to return a portion of premiums to businesses and drivers affected by the pandemic.

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.

To date, as a direct result of my directive, 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 drivers for the first three months at the start of the pandemic.
- And an additional \$180 million in savings on future rate increases that insurance companies had to reduce in response to my orders.

My action goes farther than any other state by including businesses where the risk of loss has fallen as a result of the pandemic. 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.

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My Department is currently reviewing all the reports we received from insurance companies about how much premium they are returning from commercial policies – to verify that these amounts are sufficient.

As a business owner, you should not have to do anything to receive the refund or credit, and insurance companies must provide this relief as soon as possible. I expect these savings for consumers will continue to grow.

A few weeks ago, I extended my order for premium relief to include the month of June and beyond for as long as the risk of accident and loss remains lower due to the pandemic. We encourage businesses to contact our Department at 1-800-927-4357 or by visiting our website at insurance.ca.gov. In addition to getting premium money back to businesses, there are a few other major issues we are monitoring, including business interruption insurance.

My Department has received a number of complaints regarding claims for business interruption insurance related to COVID-19 closures. 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 the pandemic. I don't have the authority to be able to reopen these legal contracts.

I can tell you we are monitoring these cases as they move through the courts. Meanwhile I have taken several significant steps to address business interruption. For example, 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 all business interruption claims caused by COVID-19 – just as they would for any disaster. My Department will be watching to make sure they do and ensure everyone is getting a fair claim. In addition to COVID-19, we face an ongoing threat from wildfires.

The reality is that wildfires are a statewide problem – and the fires that we have seen this year are a reminder that the wildfire season is already here, whether we are ready for it or not. CAL FIRE and other agencies have responded to thousands of incidents already this year.

Earlier this month we held a town hall with CAL FIRE, the Governor's Office of Emergency Services, and the consumer group United Policyholders to talk about preparation – and you can find the link to listen to that on our website, insurance.ca.gov. If we have another wildfire season that damages and destroys homes and businesses, my Department will be there to help you recover.

For the 2017 and 2018 wildfires and the 2018 fire-related Montecito mudslide, the dedicated staff at the Department was able to recover more than 240 million dollars for wildfire claimants. Before my election as Insurance Commissioner in 2018, I proudly authored Senate Bill 824, which gives protection against insurance non-renewals to everyone living in or near the

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perimeter of a declared wildfire emergency. Last year, I put that new law into effect for the first time. More than 1 million homes in 180 zip codes are now protected until December 2020 from a nonrenewal. You can find the whole list of zip codes on our website: insurance.ca.gov.

If we have another state-declared disaster this year and beyond, the new law will protect those from non-renewals for a year as well.

The Department is committed to protecting consumers while working with the Legislature to promote home-hardening and other strategies to make insurance available and affordable for all. I want to urge all businesses to be on the lookout for fraud and insurance scams – unfortunately during these times is when you see businesses targeted for fraud. If you see any red flags or suspicious activity, please report it to the Department of Insurance.

We have 300 sworn investigators and enforcement personnel, with 9 regional offices across the state. I would also tell businesses to 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. Again, you can report any issues to my Department at 800-927-4357.

Like many of you, our team is working from home to stay safe, but we have not skipped a beat, we continue to provide essential services for California consumers and we are available via phone at 1-800-927-4357 and through our website – insurance.ca.gov -- to assist you with your claims. Insurance can be complicated. We know our business owners primary concern is keeping doors open and keeping employees and customers safe. 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.

California State Senator Steve Bradford, California District 35

Thank you Commissioner Lara for all that information. Before I introduce our next speaker I want to recognize that we have been joined by another California Legislative Black Caucus Member, Assemblymember Reginald Jones Sawyer from Los Angeles. He will provide some brief remarks.

California Assemblymember Reginald Jones Sawyer, Assembly District 59

I will be very brief because I just stepped out from the Labor Committee. I just wanted to make sure you knew how important this is to my constituents and to African Americans in general. This is vitally important to our community to know what the Commissioner can offer in assistance. What you don't know, you don't know and can't really help your constituents. I appreciate the Commissioner extending his assistance to form a partnership where we can provide more resources to our community.

California State Senator Steve Bradford, California District 35

Thank you. Our next speaker is Joi Eubanks who is the central California Outreach Manager for Small Business Majority. Ms. Eubanks develops relationships with small business partners, small business owners, and community leaders to promote economic change in California.

Central California Outreach Manager Joi Eubanks, Small Business Majority

Thank you so very much and good evening. Thank you to the Black Caucus and to Commissioner Lara for hosting this Tele Town Hall, to support small businesses and connecting them to resources they need in a such critical moment right now.

As mentioned I am the central California outreach manager for small business majority- a national non-profit organization focused on research, advocacy, and education, to really support small businesses and policy makers in insuring that proper legislature is passed that supports small businesses. To ensure an economy that is inclusive and diverse.

We are starting to see a rise in legal issues, accessing business development, and technical issues surrounding black capital. Since March, our organization has held a series of webinars and partnerships with Small Business Development Centers, Chambers of Commerce, Economic Development Agencies, and other business service organizations. As we are here to be a resource for business owners that are looking to navigate the space.

I am going to be covering a lot in the few minutes and we will be providing the links to all of these resources. Although the PPP program was intended to support small businesses not enough of it has made it to support the Latino and Black owned businesses. Data also shows that some funds went to high profile companies, white owned, who took advantage of a stimulus program intended to save mainstream. Seventy five percent of PPP funds went to the top 15% of borrowers. Additionally we tallied up the smallest loans made and found that with as many as 21,000 businesses, many with multiple employees nationwide received less than one thousand dollars. Of those businesses twelve hundred received loans of less than \$100. In California a little over twenty five hundred businesses received loans under \$1000. At least 290 businesses received loans of less than one hundred dollars. In contrast to the 87,000 businesses that received loans over 150k.

For some minority owners PPP was the first time they saw a loan to support their enterprises. Earlier this month we conducted our own survey and it echoed much of the SBA data. Many small business owners are not receiving the full amount of the PPP requested amounts. They have not provided a reason for why they have been underfunded but some lenders have been unwilling to correct errors in applications and borrowers were told to receive less than what they were approved for to move the process along more quickly. Of those that were underfunded sixty nine percent say they are struggling with their rent. Our survey also shows that thirty-seven percent say they are very likely to lay off staff, which will result in financial hardship for decades to come.

This information along with other resources are available on our website www.venturize.org and with that, I will send it back to Senator Bradford.

California State Senator Steve Bradford, California District 35

Thank you Ms. Eubanks for all that information and we are going to ask you to stand by for additional questions once we get to that segment. Next speaker we have is Victor Parker. I want to thank our last speaker today Mr. Parker serves as a Deputy Associate Administrator for the Office of Field Operations and District Director for the Los Angeles District Office for the SBA. Mr. Parker thank you for joining us.

Deputy Associate Administrator and SBA District Director Los Angeles District Office, Victor Parker:

Good evening everyone and thank you Senator Bradford for that kind introduction. I especially want to thank the California Legislative Black Caucus and Commissioner Lara for having this Tele Town Hall this evening. It is truly an honor to be on the call with all of you, as we all know the Covid-19 Pandemic has had a tremendous impact to small businesses throughout the state of California particularly in our underserved communities. A lot of that is based on some of our business owners in our underserved communities are self-employed.

What I wanted to do this evening briefly before we get to questions is to give everyone an update on the various programs that the SBA is continuing to offer. Give you some deadlines and talk about additional resources that we have available within the state so that your business can again begin to move into the recovery mode of the pandemic and continue to have some sense of a lifetime as we move forward through this process.

As everyone has been referencing the Paycheck Protection Program (PPP) is still available and those applications are still being accepted by participating lenders. That deadline has been extended to August 8th. It is absolutely critical that those businesses that are still seeking the PPP get those applications in as soon as possible. One of the things I want to flag for everybody is that the August 8th deadline is the deadline for the lenders to get the application to SBA. We really need to make sure that we are meeting with our constituents and making sure they are meeting with these lenders and getting their applications submitted this week s by August 4th or 5th those applications should be on their way to SBA.

Just a few key points I want to remind folks as it relates to the PPP that it is a fully forgivable loan in the event that the small business uses it as payroll costs, interest and mortgages, rent, and utilities. The payroll expenditure has been dropped from 75% to 60%. We want to make sure that borrowers are documenting how they are using those funds and showing a good effort to bring their employees back when it comes to their 60% for their payroll costs. We realize that some will not be able to bring back the employees back or may not be able to reopen their

business so as long as we have proper documentation that as much of that as possible is still forgivable. The unforgivable portion the interest rate is at 1% and the loan payments will be deferred for 6 months. The other important point is that there is no collateral required for the PPP loan and neither the government or the lenders will be charging any fees for the PPP. California is still leading the nation in terms of the total PPP programs with nearly six hundred thousand loans funded so far worth 67 billion dollars.

The other loan is the Economic Injury Disaster Loan commonly referred to as the EIDL loan. That is directly through the SBA and may be applied through the SBA website. Those loans are for our businesses that are experiencing a loss of revenue and proceeds can be used for a variety of working capital and normal operating expenses. The deadline to apply for the EIDL program is December 16th. California is also leading in EIDL loans. As of July 15th four hundred thousand loans have been approved with a value of 27.5 billion dollars.

There is funding and opportunities available. Far too often, what I hear in the community is that if someone is self-employed that they are not eligible for these programs and that could not be further from the truth. As much as you possibly can please, continue to encourage these small business owners to apply. There are six SBA district offices with Sacramento, San Francisco, Fresno, Los Angeles, Orange County/Inland Empire, and San Diego.

There are two other loans that people not be made aware of that I would like to touch up on briefly. There was a separate disaster declaration for the civil unrest. Two separate programs for the civil unrest that began on May 26th. Businesses that have been impacted that are interested can reach out to our virtual disaster loan outreach center by calling 916-735-1500. The deadline to apply for property damage is August 17th and for economic injury due to the civil unrest it is March 27th.

Businesses of all sizes can apply for these loans. A new program that just launched this week is a program designed to provide funds for small businesses that require assistance in helping to upgrade or modify their businesses. These loans done through approved through community advantage lenders. There are many of these lenders available throughout the state and the SBA district offices can assist you in locating these in your area. These loans can be approved through September 22nd as long as those funds are dispersed no later than October 1st.

I encourage you to reach out to the district offices mentioned above for guidance and assistance. With that I will turn it back over to Senator Bradford.

California State Senator Steve Bradford, California District 35

Thank you Mr. Parker for giving us that information. Now we are moving on to the questions and answers. The first question is for Commissioner Lara

Question and Answer Session:

Question 1: I paid my insurance and understood it included business interruption coverage, why isn't loss of business due to the COVID 19 pandemic covered?

California Insurance Commissioner Ricardo Lara: Great question, the first thing people need to know is that not all policies are the same. We would need to look at the specific policy to better understand what coverages and exclusions a policyholder has.

If a business has Business Interruption coverage, but their insurance company is telling them that these losses are not covered due to exclusions in their policy, we recommend that you file a formal claim with their insurance company and start creating that paper trail. Insurance companies are legally required to fairly investigate a claim and formally respond back with their coverage decision and the reason for any denials they may make.

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 a 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, we would need to see the entire policy as well as the circumstances applicable to the 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 they file a "Request for Assistance" with my Department by calling us at (800) 927-4357 or through our website at: www.insurance.ca.gov.

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

California State Senator Steve Bradford, California District 35

Thank you for that answer. Before we move to our second question and due to the fact that we are running ahead of time I am being notified that our esteem budget chair from the Senate has joined us. Senator Holly Mitchell would you like bring remarks.

California State Senator Holly Mitchell, Senate District 30

Senator Bradford thank you so much. I wanted to acknowledge our former colleague, the Insurance Commissioner, for all his real innovations and aggressive acts on behalf of consumers. We thank you Commissioner and also thank the other panelists for bringing this really critical information to our communities. Communities of color, under-represented communities, often times we are the last to receive this information. I am proud to be a member of this Caucus that works everyday on your behalf. Thank you Vice-Chair Bradford.

Question 2: Governor Newsom announced assistance for small businesses and workers displaced by COVID-19 -- what resources are available at the state level?

Central California Outreach Manager Small Business Majority Joi Eubanks: Thank you great question. Newsom introduced a one year reprieve that will allow small businesses 50k in otherwise they would owe the state in income tax. In essence it is a bridge loan. The money you have already collected you will get to keep. You will not have to pay the state for 12 months,

The governor initially allocated 50 million in funds to I-Ban, our infrastructure bank, and the small business disaster relief loan guaranty program. This state loan program currently has over 120 million dollars. On April 28th the state rolled out a new program to help unemployed or partially unemployed. It is a federally backed program called the Pandemic Unemployment Assistance Program (PUA). These benefits will be issued within 24 to 48 hours.

The governor also announced a public private partnership www.onward.org which helps Californians find jobs. Again all of these are posted on our www.venturize.com website.

Question 3: Can worker's comp insurance companies exclude COVID-19 from their coverage, whether or not they are considered essential businesses?

California Insurance Commissioner Ricardo Lara: 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, that 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.

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. The order applies to all workers, whether or not they are deemed "essential."

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. 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. 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 Bulletins, and will result in savings for many policyholders as businesses. 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 also will 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. Typically, these payments would be used as a basis for the employer's workers' compensation premium. 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.

I have also adopted rules that will permit my statistical agent to collect COVID-19 related claims data so that I can continue to monitor the overall effect of this pandemic on the workers' compensation market.

Question #4: I understand that the \$349 billion small business rescue package has reached its limit. Can I still apply for loans through my lender or SBA.gov?

Deputy Associate Administrator and SBA District Director Los Angeles District Office, Victor Parker: Thank you that is a good question. The short answer is absolutely yes. You can apply for all the programs in particular the PPP and the EIDL. The PPP again is August 8th. If you have any concerns with the lender please reach out to the local SBA district office. You want to be sure you are not being wheeled in by a predatory lender. Predatory lenders stalk our communities and we want to make sure you do not fall victim to that. If they are charging you

money that is a red flag. Please contact your local district office and we can verify that lender for you.

Question 5: With the current unrest throughout neighboring communities, business want to know if damage to their business property and inventory is covered by insurance?

California Insurance Commissioner Ricardo Lara: Standard commercial policies typically include coverage for damage to the insured premises and other business property resulting from civil unrest.

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:** These both involve willful destruction of property, and are closely related.
- **Riot and Civil Commotion:** These both involve a revolt by a group of people in a public place – a civil commotion is similar to a riot but involves a greater number of people. Insurance policies often list these together.
- **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 civil unrest 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 be added to the policy for an additional premium.

I also want to mention two other coverages.

- **Auto coverage:** Damage to a personal vehicle because of civil unrest is covered under the comprehensive portion of your policy. This is optional, separate from the liability coverage that is required under California law.

- **Homeowners and renters' coverage:** A standard homeowners and renters' policy will cover all the perils I mentioned. If you have a California FAIR Plan policy – the insurer of last resort in California – these coverages are optional, so you need to verify that you purchased them.

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. You need to make the decision that is best for you.

If you are not satisfied with the answers you get or have other questions, please contact us at 1 (800) 927-4357 or through our website at: www.insurance.ca.gov.

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

Central California Outreach Manager Small Business Majority Joi Eubanks: At the Small Business Majority we compile all the programs that we are involved with and we share it on our website at www.venturize.org and through online presentations. We post daily updates on ways that small businesses can prepare for the impact on Covid-19.

Question #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?

Deputy Associate Administrator and SBA District Director Los Angeles District Office, Victor Parker: It is an evolving list. On the SBA website we have a list of all the approved PPP lenders that folks can use however to mitigate as lender fatigue you can contact your local district office and we are actively maintaining a list of those lenders that are still accepting applications.

Question #8- We also received a lot of questions from Small Business owners about liability due to COVID-19 exposure. How can businesses deal with these liability issues?

California Insurance Commissioner Ricardo Lara: I have held 30 town halls, and I am extremely sympathetic to our businesses. Even when you reopen, businesses are going to need time to recover. And, I know liability due to COVID exposure is a legitimate concern.

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. 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. 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.

As businesses reopen, they should have a conversation with their agent or insurance company to get guidance regarding how to safely return to business and also 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're not satisfied with the answers you're getting from your agent/broker, please contact our Department at 800-927-4357. As I discussed earlier, workers are specifically covered if they contract COVID-19 while on the job.

Question #9- I received a Payroll Protection Program (PPP) 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?

Central California Outreach Manager Small Business Majority Joi Eubanks: That is an important one. The rules surrounding the PPP are complex. The guidance is always changing. To ensure that your PPP will be forgiven, follow those guidelines. Make sure you are tracking the use of funds. Tracking the use of the PPP funds is paramount. Some steps you may want to include are number one document, document, document. You cannot have enough paperwork on this one. Retaining documentation to support all payments made with PPP funds. Setting up separate accounts to track these funds. Many attorneys are recommending to set up a separate banking account to use on the PPP funds.

Work closely with your banker. A good banker will know what you qualify for and what qualifies for being forgivable. Go on our website and SBA websites for further.

Question #10- You issued a bulletin requiring insurance companies to refund premiums. Will that be for my total monthly payment and when will I get that?

California Insurance 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. 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). Recognizing the unique nature of each insurer’s policyholder book of business and insurance coverage offered, I 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.

Question #11- Can you apply for multiple programs? Are Small Businesses eligible for various programs?

Deputy Associate Administrator and SBA District Director Los Angeles District Office, Victor Parker: Yes the quick answer is absolutely. You can certainly apply for both programs. You can apply for the PPP and the EIDL programs. I want to reiterate however to document everything spent. If you have the PPP and the EIDL program use all the PPP funds for your payroll and use the EIDL to navigate your rent and other fixed expenses.

Please reach out to all your resources especially your local SBA district office for assistance and guidance.

Question #12- 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?

California Insurance Commissioner Ricardo Lara: This COVID-19 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

RICARDO LARA

INSURANCE COMMISSIONER

California Department of Insurance

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.

The Department's Insurance Diversity Task Force is comprised of 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. This year 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.

Additional 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

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

www.venturize.com

Government-backed loan programs are available, including special disaster assistance at the state and federal levels:

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

- **SBA Paycheck Protection Program (PPP)** –During this time, 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 can answer your questions and provide guidance.
- **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.

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

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>.

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>

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INSURANCE COMMISSIONER

California Department of Insurance

Western Regional Minority Supplier Development Council

Cecil Plummer | President & CEO | [WRMSDC](#)

www.wrmsdc.org | 510.686.2555

Advocating for Minority Businesses in Northern California, Nevada & Hawaii since 1977