

RICARDO LARA

INSURANCE COMMISSIONER

California Department of Insurance

Korean Language Small Business Insurance Town Hall with Assembly Member Santiago Tuesday, July 21st

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 Santiago hosted the following small business experts to address issues faced by California's small businesses in the Korean community.

Participants:

- Miguel Santiago – Assembly Member
- Ricardo Lara – California Insurance Commissioner
- Ben Raju – Deputy District Director, U. S. Small Business Administration
- Joseph Nicchitta – Director, County of Los Angeles, Department of Consumer & Business Affairs
- Janet Burt – Korean Translator, Vice President of Los Angeles Affordable Housing Commission

Partners:

- Peter Kang – President, Korean American Chamber of Commerce Los Angeles
- James An – Board Member, Korean American Federation Los Angeles
- Hye Won Baek – Economic Development Specialist, Koreatown Youth & Community Center

California Assembly Member Miguel Santiago

- As the Assembly Member from the 53rd District, I represent the largest number of Korean residents outside of Seoul, South Korea.
- There are almost 20,000 Korean-owned businesses in the City of LA. Small business owners like all of you are truly the backbone of our community. It is incredibly important for us to be on the same page about available resources & services.
- Don't forget to fill out the Census 2020.

Peter Kang – President, Korean American Chamber of Commerce of Los Angeles

Thank you for joining us and thank you Assembly Member Santiago and Commissioner Lara for hosting this town hall for the Korean Community. We hope to participate and host more Zoom meetings like this to provide information and resources to our community.

California Insurance Commissioner Ricardo Lara

- Along with COVID-19 and Stay at Home orders, we all have been witnessing our state and nation reckon with another huge challenge in recent weeks – the recurring injustice of police brutality that has caused much pain in the African American community for generations. We are all heartbroken with what is going on.
- One way that the Department of Insurance is supporting Californians during this time is by ensuring accurate and timely information and services when it comes to the insurance needs of our communities.
- The Department's Community Outreach and Consumer Services teams have already begun reaching out to affected communities lending support and have prepared a helpful fact sheet about insurance resources following the civil unrest. Link to fact sheet: <http://www.insurance.ca.gov/01-consumers/140-catastrophes/CivilUnrest.cfm>

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

insurance.ca.gov 800.927.4357

Ordering insurance companies to return a portion of premiums to businesses and drivers affected by the COVID-19 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.

Insurance Fraud:

- Be on the lookout for fraud and insurance scams – and report any suspicious activity to the Department of Insurance.
- 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 their website – www.insurance.ca.gov for assistance with claims

Ben Raju, Deputy District Director Los Angeles Office, U. S. Small Business Administration

Small businesses are the backbone of the American economy. We are honored and proud to assist small businesses recover during this difficult time.

SBA has resources available to small business owners:

Payment Protection Program (PPP): SBA continues to accept PPP applications from their lenders. Apply through your lender. PPP can be a forgivable loan.

To date, the program has approved over \$49 million dollars in loans in emergency loans. Average loan is \$100,000 per borrower. Helped over 500,000 California business owners access over \$68 billion dollars in financing. For more information visit www.sba.gov/coronavirus

Anyone who had challenges after applying for PPP can contact our office via email lado@sba.gov

Another loan available to business owners impacted by the disaster is:

The Economic Injury Disaster Loan (EIDL) has the ability to relieve and provide loan funds for any temporary loss of revenue as a direct result of the pandemic. These loan funds (up to \$2 million low interest loan with terms up to 30 years) are available directly through the SBA at www.sba.gov/coronavirus

Additionally, those impacted by civil unrest are also eligible to apply for the EIDL as well. SBA's virtual center is available to help those affected by civil unrest fill out applications and answer questions by calling 916-735-1500.

SBA's Resource Partners available to assist you: Small Business Development Centers, Women's Business Centers, SCORE Mentors, Veterans Business Outreach Centers (VBOC)

Find your local assistance center at www.sba.gov/local-assistance

Any questions about the programs or the status of your application, please contact our Los Angeles office:

Email: Lado@sba.gov

Phone: 213-634-3855

insurance.ca.gov 800.927.4357

Joseph Nicchitta – Director, County of Los Angeles, Department of Consumer & Business Affairs

The Korean-American business community is resilient. We know this because between 2007 and 2012 the number of Korean-American owned businesses in the County of Los Angeles grew 18% and added a billion dollars in sales receipts. All that despite the economic challenges of the Great Recession.

The Korean-American business community is also close-knit. Owners live in and support the very same communities their businesses serve.

That's why it is a 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. By helping these businesses, we also help our communities thrive.

In March, the 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.

We have Korean-language speakers who can take calls in Korean – we have helped over 500 Korean-speaking business owners already.

Call us at Disaster Help Center (833) 238-4450 or visit 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 last week, and the County Board earlier today allocated over \$150 million in funding for small business assistance, some of which we expect to roll into the relief fund.

We have community partners such as the Asian Pacific Islander Small Business Program and the Pacific Asian Consortium in Employment who can assist you in Korean to apply for a grant.

Visit 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.

James An – Board Member, Korean American Federation of Los Angeles

Korean American Federation of Los Angeles: Call: 323-732-0700 Text: 213-999-4932 YouTube: KAFLA TV
Our doors have been opened to help our community connect with resources available from the state, county, federal, and city benefits. You can watch our You Tube channel to help you fill our applications in Korean. If you do not have computer access, please call or text me to make an appointment. I will sit down with you to help fill out applications and access the resources available.

Hye Won Baek – Economic Development Specialist, Koreatown Youth & Community Center

- KYCC's programs and services are directed toward recently immigrated, economically disadvantaged youth and families, and promote community socioeconomic empowerment.

- Our Small Business Assistance programs help Spanish and Korean speaking clients and technologically challenged community members access SBA relief programs.
- KYCC's Small Business Development program offers workshops and one-on-one counseling for Korean American and Koreatown businesses. We provide technical supports such as filing application or required documents preparation, available loan or grant information, and post-COVID workshop for new regulations and related operational skills.
- For more information or assistance with EDD or SBA related needs in Korean, Spanish and English, please visit www.KYCCLA.org or call 213-365-7400.

Constituent and Small Business Owners Questions

1. Commissioner Lara: What rebates or refunds are available to consumers related to COVID19 (auto, homeowners)?

The steps I mentioned earlier have helped businesses and consumers keep more of their hard-earned money by returning a portion of premiums.

To date, 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
- Savings from an additional \$180 million in future rate increases that insurance companies reduced in response to the orders that I issued since the beginning of this health crisis.

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

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.

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.

If you have not received a refund or credit from your insurance company, please call my office at 800-927-4357.

2. **Director Raju (SBA): Regarding EIDL** and its usage, the SBA's website currently reads: "EIDL proceeds can be used to cover a wide array of working capital and normal operating expenses, such as continuation to health care benefits, rent, utilities, and fixed debt payments."
 - a. **Question: What are the consequences someone can face if they use the EIDL loan money to pay for personal expenses, such as personal automobile payments, personal home mortgage, daily living expenses?**

The EIDL use of proceeds are outlined in the loan authorization and agreement. And it should be used solely for those purposes only. If the borrower wants to use the funds for other uses outside of the loan authorization agreement, you should contact the SBA to request alternate use of the loan agreement.

3. Commissioner Lara: Can you tell us about the resources available to business owners related to COVID19? How does it affect workers compensation and liability insurance?

The premium relief I mentioned earlier includes commercial liability, and business owners should be seeing a reduction in their premiums as a result of my order.

Many businesses have seen their payrolls fall, and workers sent home or laid off. You should see your worker's compensation insurance costs decrease as well.

You should contact your insurance company if they have not already provided you a reduction – and contact my Department if you are not satisfied with the response at 800-927-4357.

With regard to liability insurance issues, 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.

With regard to Workers' Compensation issues, as to the second part of this question – there have been changes to workers' compensation regulations.

Under the previous workers' compensation regulations, employers that provided workers with the opportunity to transition from regular work duties to lighter, home-based clerical work were still paying rates based upon the higher job classification.

That did not seem fair to me. So, 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 re-compute premium charges for policyholders to reflect reduced risk of loss consistent with my earlier Bulletins, and will result in savings for many policyholders as businesses.

At the same time, 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.

4. **Director Nicchitta (DCBA): How many micro-entrepreneurs/small business owners applied for the LA Regional COVID Fund grant in round 1 of the application? How many of those applicants received the funding?**

Round 1 received over 33,000 applications and of those we were able to fund around 65. That is why they approved more funding \$150 million from Board of Supervisors and \$10 million by the City of LA.

Round 2 application is open now through Friday. There are a total of six rounds.

5. **Director Raju (SBA): Regarding EIDL, many who applied for EIDL/EIDG have received emails regarding loan eligibility but some of these applicants are interested only in the EIDG. Now that the EIDG option has been officially removed from the EIDL application, are these EIDG's still being processed? What is the timeframe in which they can expect these deposits? Is there any way they can check the status on the EIDG?**

Grant portion of the EIDL funds have already been obligated but still being processed. The advance portion of the EIDL has been discontinued even though you can still apply for the EIDL loan.

You can ask for a reconsideration by emailing pdc.reconsideration@sba.gov

To check the status of your EIDL/EIDG application call 800-659-2955 customer service center or email disastercustomerservice@sba.gov

6. **Commissioner Lara: Has your office received requests for assistance for denied business interruption claims? If so, what has your office done in response to those requests for assistance?**

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 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.

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.

Additional Resources

Assembly Member Miguel Santiago's Office:

- **District Office:**
- 320 West 4th Street
- Room 1050
- Los Angeles, CA 90013
- Phone: (213) 620-4646
- Fax: (213) 620-6319
- <https://a53.asmdc.org/>

CA Insurance Commissioner Ricardo Lara and the Department of Insurance:

- Phone: 800-927-4357
- Website: www.insurance.ca.gov
- Link: <http://www.insurance.ca.gov/01-consumers/140-catastrophes/Coronavirus.cfm>
- Video/Audio and Summary: <http://www.insurance.ca.gov/01-consumers/105-type/95-guides/09-comm/Korean-Language-Virtual-Town-Hall.cfm>

U.S. Small Business Administration:

- LA Office Phone: 213-634-3855
- Website: www.sba.gov
- Email: 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

Korean American Chamber of Commerce of Los Angeles:

- Phone: 213-480-1115
- Website: <http://www.lakacc.com/>

Korean American Federation of Los Angeles:

- Call: 323-732-0700
- Text: 213-999-4932
- YouTube: KAFLA TV
- Website: <http://www.kafila.org/ko/>

Koreatown Youth & Community Center:

- Phone: 213-365-7400
- Website: <https://www.kyccla.org/>