

RICARDO LARA

INSURANCE COMMISSIONER

California Department of Insurance

Notes Senator Pro Tem Atkins Small Business Insurance Tele Town Hall Thursday, May 7th

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, along with Senate President Pro Tempore Toni Atkins, hosted the following small business experts to address issues faced by California's small businesses:

- Senate President Pro Tempore Toni Atkins (moderator)
- California Insurance Commissioner Ricardo Lara
- Mark Herbert, Vice President, Small Business Majority
- Michael Sovacool, Deputy District Director, U.S. Small Business Administration, San Diego
- Jerry Sanders, CEO, San Diego Regional Chamber of Commerce

Senate President Pro Tempore Toni Atkins

- San Diego Small Businesses are in desperate need of assistance
- For 7 weeks the CA Senate has been in recess and we will return on May 11th
- The Senate has had a Budget Hearing and a Pandemic Response Hearing
- These are challenging times and we have to find new ways to work
- Senate Pro Tem Atkins' Office is working daily to assist constituents and help them through their unemployment
- Please call her office if you have specific questions, especially on EDD issues
- Today, you will receive resources for our small businesses from Federal, County and City
- If you need individual assistance, please contact her office at (619) 645-3133 or <https://sd39.senate.ca.gov/>
- The State Legislature is also looking at the issue of child care
- Senate Pro Tem has weekly calls with Governor Newsom to discuss all these challenges and look forward to working with her colleagues on it

CA Insurance Commissioner Ricardo Lara

- Thank you Senate ProTem Atkins for your leadership, both at the state level and in your district, advocating for small businesses and leveraging state resources to address the unprecedented challenge we're facing. Senate Pro Tem and Commissioner Lara have been partners on behalf

of Californians, both in the Senate and as Insurance Commissioner. They will continue to work together during this COVID-19 emergency.

- The Department of Insurance has been working hard to protect consumers.
- In San Diego County, leaders are taking a proactive and thoughtful approach to adopt a Business Safety Framework to ensure that businesses can reopen safely, once they are allowed to do so.
- We know you need help immediately, and the Department of Insurance has taken a number of steps to help small businesses: On April 13, Commissioner Lara ordered insurance companies to return a portion of premiums to businesses and drivers affected by the COVID-19 pandemic. This order covers at least six lines of insurance where the risk of loss has fallen as a result of the pandemic:

1. **Private Passenger Automobile Insurance** – protects individuals from the financial risks you could incur by hurting someone or damaging their property with your car. It can also cover damage to your own vehicle, either from an at-fault accident or from other perils, like fire, falling objects, animals or theft. Your own individual auto policy.
2. **Commercial Automobile Insurance** - covers the cost of accidents involving business-owned vehicles. It also covers vehicle theft, vandalism, and certain types of vehicle damage. Any business that has a commercial fleet of vehicles, such as companies that deliver goods and products to other businesses or directly to customers.
3. **Workers' Compensation Insurance** – This covers medical expenses and a portion of lost wages for employees who become injured or ill on the job. Coverage also includes employee rehabilitation and death benefits. Any business with employees, such as supermarkets, warehouses, restaurants, etc. All businesses must have this coverage.
4. **Commercial Multi-Peril Insurance** - A commercial insurance policy that offers at least two forms of coverage. Commercial multiple peril policies offer coverage for a variety of losses, such as business crime, business auto, boiler and machinery, marine and farm, as well as general liability. Most every business needs this coverage, especially if they have their own building, or premises, and conduct their business on the premises.
5. **Commercial Liability Insurance** - A Commercial General Liability (CGL) policy protects your business from financial loss should you be liable for property damage or personal and advertising injury caused by your services, business operations or your employees. It covers non-professional negligent acts. For example, companies that sell products need coverage against product defect claims.
6. **Medical Malpractice Insurance** - Medical malpractice coverage is for legal claims arising from allegations of medical negligence and malpractice. This insurance helps to cover defense fees, expert witness costs, legal fees and settlement costs. If such a decision results in a lawsuit, malpractice coverage will protect you up to the policy limit. Examples of medical professionals whose services could result in a liability claim against them are dentists, orthodontists, chiropractors, optometrists, psychiatrists, psychologists, podiatrists, and elective surgery situations such as plastic or cosmetic surgeons.
7. And any other line of coverage where the measures of risk have fallen as a result of the pandemic.

Relief

insurance.ca.gov 800.927.4357

- The relief will come in the form of a premium credit, reduction or if you paid in full, a return of a portion of your premium, or other adjustment that gets funds back to you or reduces what you owe in the future.
- The amount you get back will vary by company and policy. In many cases, it will be a percentage of your premiums for March and April -- and May if these stay at home rules continue.
- You can also contact your insurance company to provide your actual or estimated change in payroll or business receipts, and possibly qualify for a larger discount.
- This builds on an action the Commissioner took last month to request insurance companies give, at minimum, a 60-day grace period for businesses to pay premiums. Many insurance companies have honored that request by offering flexibility to consumers and businesses during this national emergency.
- In response to numerous complaints from businesses, public officials, and other stakeholders, I required 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.
- Insurance companies are to provide data about the number and type of small businesses with business interruption coverage and the scale of both covered and uninsured business losses.
- Although we are keeping with the Stay at Home orders from the Governor, the Department of Insurance continues to provide assistance [online](#) at www.insurance.ca.gov and by phone with live insurance experts who will speak with you in your language: 1-800-927-4357

Mark Herbert, Vice President, Small Business Majority

- 90% of small business have had some form of impact from COVID 19
- 41% of small business have lost half of their income
- 44% of small businesses are closed or plan to close
- In the last 8 weeks the Small Business Majority has participated in 80 informational webinar/townhalls
- Top two questions are 1. How do I get cash and where do I get the resources? 2. How do I take care of my employees?
- Payment Protection Program (PPP) loan is a good program and you have to spend 75% of the loan on payroll in order to qualify for loan forgiveness.
- Small Business Disaster Loan- EIDL can be used as business capital
- Also if you are self-employed, like the 3 million people in CA are, you can apply for unemployment through EDD
- IBank also has \$50 million to help small businesses. You can find information at <https://www.ibank.ca.gov/> You can also receive help from your local Small Business Development Centers.
- Small Business Development Centers are there to help businesses enter Reopen CA Phase 2.
- Businesses need help immediately.
- Small Business Majority supports small and micro businesses

- 4 million Small Businesses have been interrupted

Michael Sovacool, Deputy District Director, U.S. Small Business Administration

- There are many partners in San Diego to give small businesses resources assistance. You can find information at: <https://www.sba.gov/local->
- Small Business Development Centers
- SCORE Mentors
- Veterans Business Outreach Centers (VBOC)
- Women's Business Centers
- SBA Debt Relief is available for SBA 504 loans which are designed to foster economic development and job creation and/or retention. These loan will be given a 6 month grace period without increasing principle or interest.
- Economic Injury Disaster Loan is up to \$2 million and 7.5% interest rate on the loan. Nonprofits can apply for the loan also at 2.75% interest rate. So far five million businesses, small and agriculture, have applied.
- San Diego has a robust agricultural economy.
- PPP loans are up to \$10 million at 1% interest for 2 years. 75% of the loan amount must be used for payroll and the small business needs to keep all employees in order for the loan to be forgiven.
- There are 5,000 lenders in California.
- California businesses are leading the nations in loan dollar amounts and applications.

Jerry Sanders, CEO, San Diego Regional Chamber of Commerce

- Focus is to open businesses swiftly and safely
- San Diego Recovery Task Force is working on how to open tourism, what are employers' obligations, possible solutions to child care.
- For updates please go to <https://sdchamber.org/coronavirus/>

Constituent/ Business Owners Questions

- **For existing SBA 7(a) loans, will the SBA consider a lower collateral to loan ratio during these difficult economic times.**

Michael Sovacool, U.S. Small Business Administration: 7(a) program offers loan amounts up to \$5,000,000 and is an all-inclusive loan program deployed by lending partners for eligible small businesses within the U.S. States and its territories. The uses of proceeds include: working capital; expansion/renovation; new construction; purchase of land or buildings; purchase of equipment, fixtures; lease-hold improvements; refinancing debt for compelling reasons; seasonal line of credit; inventory; or starting a business.

At the moment the Federal Government is providing all existing small businesses with a loan debt relief by giving them 6 months of no payments and interest. Other than that there

are no current direct changes, but the lending community is inclined to help as much as they can.

- **Also regarding Paycheck Protection Program (PPP) is there flexibility in meeting the full-time equivalent (FTE) requirement for forgiveness if your business is ordered to close? *Mark Herbert, Small Business Majority:***

The challenging aspect of the PPP loan is that it's being built as it's being flown. But the great thing about the PPP loan is that it is designed to be forgiven. Businesses can still pay employees even if they are closed in order to receive maximum forgiveness of the loan.

- **Is there a strict set of metrics that the lender and government use to dictate level of forgiveness on the PPP loan?**

- a. Michael Sovacool, U.S. Small Business Administration: 75% of loan should be used on payroll even while the business is closed, and the goal is to retain the same number of employees as in the initial application. We expect more guidance from the U.S. Department of Treasury.
- b. Mark Herbert, Small Business Majority: We have seen scenarios of businesses trying to hire their employees back after the loan was approved, and the employee refusing to retain their job for a variety of reason one being safety. We encourage all businesses to keep records and document it for the loan forgiveness process later.

- **I own a passenger transportation company and carry commercial insurance but as you may know, our business has come to a full stop due to COVID 19. Despite the request of the Insurance commissioner, my insurance got cancelled for not paying the premium on March 20th. I filed a complaint with Ca Dept of Insurance a couple days ago. Under current circumstances, what are the response times? Is there a way that I can expedite my claim because we cannot serve our clients due to this cancellation?**

Tony Cignarale, Deputy Commissioner Consumer Services and Market Conduct:

The California Department of Insurance is here to help and I encourage people to contact our hotline at **1-800-927-4357** so that we can look into your insurance response time. Short answer, it depends on your insurance company but call us and we will work to get you answers.

- **Reductions in driving due to COVID-19 have clearly caused a short-term dip in auto claims frequency; what trends are you seeing in homeowners' and business insurance policies as more and more workers are absent from the workplace and present at home more?**

CA Insurance Commissioner Lara: Yes we have seen the trends in auto insurance claims. Essential workers that are driving have seen less traffic and accidents have declined. We are also looking at homeowner and business insurance trend, and we are still gathering more information:

<http://www.insurance.ca.gov/0400-news/0100-press-releases/2020/release038-2020.cfm>

- **I feel we have lost the 3 branch form of government in CA and we have ceded all power to the executive branch. How long does that continue? When does the legislature start becoming more of the decision making process in the state?**

Senate ProTem Atkins: I speak to Governor Newsom twice a week and we are looking at a \$52 million deficit, and maybe two budgets. Fear not, we are all working on behalf of our constituents. We need to open slowly so that we won't surge into another wave. I am optimistic California is all about innovation and we will again have a vibrant economy.

Additional Resources

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>

The Governor's Office of Business and Economic Development (GO-Biz):

<https://business.ca.gov/coronavirus-2019/>

Capital Assistance Program- \$50 million in funding

<https://cacapital.org/business-assistance/business-information-center/>

California Small Business Centers

(833) 275-7232

www.business.ca.gov/centers

www.business.ca.gov/ETF

Capital programs through IBank and Treasurer's Office:

On April 2, Governor Newsom announced that the State of California is allocating \$50 million to the Small Business Finance Center at California's IBank to mitigate barriers to capital for small businesses and nonprofits that may not qualify for federal funds (businesses in low-wealth and immigrant communities). The \$50 million allocation will be used to recapitalize the IBank Small Business Disaster Loan Guarantee Program.

Disaster Relief Loan Guarantee Program: Loans of up to \$50,000 will be available through the Financial Development Corporations (FDCs) and their partner CDFI nonprofit lenders.

To access the program, visit above link to find a local FDC or contact IBank at COVID19loan@ibank.ca.gov

California Treasurer's Office has a small business loan program with special disaster assistance that is used by CDFIs, banks and other lenders. CalCAP's Covid-19 considerations are here. To apply, find a lender at: <https://www.treasurer.ca.gov/cpcfca/calcap/sb/institutions.pdf>

Labor/Workforce for Employers, Employees, and Self-Employed:

Work sharing program for employers facing reduced production, services, or other conditions causing them to seek an alternative to layoffs:

https://www.edd.ca.gov/Unemployment/Work_Sharing_Program.htm

- Benefits for workers impacted by COVID-19:
<https://www.labor.ca.gov/coronavirus2019/#chart>
- Resources for employers and workers, Labor and Workforce Agency website:
<https://www.labor.ca.gov/coronavirus2019/>

Unemployment Insurance (UI) Claims:

- The Pandemic Unemployment Assistance (PUA) and the CARES Act Pandemic Additional Compensation Program: On April 28, the application for these benefits will be available to those who are self-employed, independent contractors, and those employees whose wage data or work history is not sufficient to qualify for unemployment insurance, and to others who have exhausted their unemployment insurance benefits. Check here for current information: https://www.edd.ca.gov/about_edd/coronavirus-2019/pandemic-unemployment-assistance.htm#Eligibility

Step-by-Step guidance to UI claims.

- The EDD will mail you information regarding your claim and award determination within 10 days. If corrections need to be made: call EDD.
- File an appeal within 30 calendar days from the date on the notice. Visit the EDD UI Website for further information on how to file your appeal.

- Direct Deposit Transfers: You may choose to transfer some or all of your benefits to your checking or savings account by performing a direct deposit transfer. Call Bank of America Debit Card Customer Service at the phone number on the back of your card, or visit Bank of America EDD Debit Card.

Financial Relief

- Citigroup, JP Morgan Chase, US Bank, Wells Fargo, and nearly 200 state-chartered banks, credit unions, and servicers - relief for eligible consumers and homeowners mortgage-payment forbearances, up to 90 days: <https://dbo.ca.gov/2020/03/25/covid19/>
- Residential eviction protections are covered here: <https://covid19.ca.gov/get-financial-help/>. California issued a statewide moratorium on residential evictions for renters who cannot pay their rent, from March 27 and through May 31, 2020.
- Commercial eviction protections: On March 16, Governor Newsom authorized local governments to halt evictions, slow foreclosures, and protect against utility shut offs. The protections are in effect through May 31, 2020, unless extended. The order also requests banks and other financial institutions to halt foreclosures and related evictions during this time period. Check with your local cities and counties to see if they have taken local action.
- Price gouging protections: On April 3, Governor Newsom signed an executive order expanding consumer protection against price gouging as California continues to respond to the COVID-19 pandemic. The order generally prohibits sellers of any kind from increasing prices on food, consumer goods, medical or emergency supplies, and certain other items by more than 10 percent.
- The California Public Utilities Commission is taking action to help ensure that utility bills do not become an added hardship. There are utility assistance programs to help mitigate the impact of anticipated higher energy residential bills due to the stay-at-home order and COVID-19 pandemic.
- California Alternate Rates for Energy (CARE) provides a 20 to 35 percent discount on utility bills: <https://www.cpuc.ca.gov/lowincomerates/>
- COVID-19 Consumer Protections webpage tracks what all Water, Energy, and Telco utilities are doing during the crisis: <https://www.cpuc.ca.gov/covid19protections/>
- There is also a Telco page with info about new programs available for broadband including an interactive map to find what's available in your zip code: <https://www.cpuc.ca.gov/caip/>.

Tax Relief

- The CA Department of Tax and Fee Administration (CDTFA) will allow small business taxpayers to enter into an immediate 12-month interest-free payment plan for up to \$50,000 of sales and use tax liability. Learn more here. This is in addition to the previous announcement that CDTFA is also providing an automatic 90-day extension for tax returns and tax payments for all businesses filing a first-quarter return for less than \$1 million in taxes. No request is necessary. Small businesses will have until July 31, 2020 to file their first-quarter returns. Details are here.
- State Payroll Taxes: Employers experiencing a hardship as a result of COVID-19 may request up to a 60-day extension of time from the EDD to file their state payroll reports and/or deposit state payroll taxes without penalty or interest. A written request for extension must be received within 60 days from the original delinquent date of the payment or return.

EDD Taxpayer Assistance Center:

Toll-free from the US or Canada: 1-888-745-3886 TTY: 1-800-547-9565 insurance.ca.gov
800.927.4357

Outside the US or Canada: 1-916-464-3502

Individual and Business Tax Relief

FTB is postponing until July 15 the filing and payment deadlines for all individuals and business entities for: 2019 tax returns, 2019 tax return payments, 2020 1st and 2nd quarter estimate payments, 2020 LLC taxes and fees, 2020 Non-wage withholding payments.

Guidance on Critical Infrastructure/Essential businesses

- Information on critical infrastructure with the latest state guidance on essential businesses can be found at: <https://covid19.ca.gov/stay-home-except-for-essential-needs/>.

Other miscellaneous offerings:

- Intellectual Property Owners: United States Patent and Trademark Office (“USPTO”) has taken the following steps to protect and offer relief to intellectual property applicants and owners affected by COVID-19. Read more here.
- **Technical resources*** – free or discounted technology tools* for a small business: <https://static.business.ca.gov/wp-content/uploads/2020/04/Technology-Products-and-Telework-Tips-Businesses-Final.pdf>

We also encourage you to check your city and county websites for local resources. We know that now, more than ever, businesses need our support to build resiliency. We will keep you on future list serves with updated information, and please sign up for GO-Biz's newsletter here to receive the latest updates.

Small Business Administration

www.sba.gov/local

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

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) – 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.

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>

insurance.ca.gov 800.927.4357

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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