

RICARDO LARA

INSURANCE COMMISSIONER

California Department of Insurance

Notes – Tuolumne County Association of Realtors Small Business Resources and Fire Preparedness Tele-Town Hall

Wednesday, July 22, 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, but we have seen nothing on this scale – with thousands of businesses closed and drastically reducing payroll. One of the most important lessons we have learned since the 2017 North Bay Fire Season is that we must be prepared to keep our families and communities safe. It is imperative for you to have up to date information on services and resources for both issues. Insurance Commissioner Ricardo Lara hosted the following experts at the small business and fire preparedness tele-town hall on insurance issues and available resources for businesses:

- Ron Kopf, *Government Affairs Director*, Tuolumne County Association of Realtors
- Dawn Golik, *Director*, U.S. Small Business Administration Fresno District Office
- Emily Kilgore, *Fire Prevention Specialist & Public Information Officer*, CAL FIRE Tuolumne-Calaveras Unit
- Tony Cignarale, *Deputy Commissioner*, Consumer Services & Market Conduct – Department of Insurance

Ron Kopf

Good afternoon and welcome to the Small Business and Fire Preparedness Tele Town Hall hosted by the Tuolumne County Association of Realtors (<https://tcrealtors.org/>). My name is Ron Kopf and I am the Government Affairs Director for Tuolumne County Association of Realtors and your moderator for today. I would like to thank our guest speakers – Insurance Commissioner Ricardo Lara; Cal Fire / Fire Prevention Specialist II, Emily Kilgore; and District Director U.S. Small Business Administration (SBA), Dawn Golik.

Each will have some opening remarks and first up is Insurance Commissioner Lara, who is California's 8th elected Insurance Commissioner and leader of the largest state consumer protection agency. He is charged with protecting California consumers during the COVID-19 pandemic and he has been busier than ever. Thank you, Insurance Commissioner Lara for being here and providing resources and answers.

Insurance Commissioner Ricardo Lara

Thank you, Ron and thank you to the Tuolumne County Association of Realtors for having me today. I am happy to join you all to give you an update on the work we have been doing on behalf of the residents and businesses of Tuolumne County.

Since the COVID-19 pandemic started I have joined more than 30 town halls about business insurance issues including business interruption insurance and workers' comp -- and reached more than 7,000 businesses and consumers on COVID-19 related issues. We have a lot of work to do to assist businesses and their workers.

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Premium Relief

I have taken a number of steps to help businesses, including 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

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

Business Interruption

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 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

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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 that everyone is getting a fair claim.

Wildfires

In addition to COVID-19, an ongoing threat we face is wildfires. Over the past year before the COVID-19 pandemic, I joined 22 meetings on wildfire insurance issues across the state – attended by more than 2,000 people. This included a town hall in Tuolumne County at the Sonora Opera House in August of last year. The reality is that wildfires are a statewide problem – and the fires that we have seen this year 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 dozens of fires already this year – in nearly every county. We held a town hall with CAL FIRE (<https://www.fire.ca.gov/>), the Governor's Office of Emergency Services, or Cal-OES (<https://www.caloes.ca.gov/>), and the consumer group United Policyholders (<https://www.uphelp.org/>) earlier this month to talk about preparation – and you can find the link to listen to that on our website, www.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. Department of Insurance staff (www.insurance.ca.gov) is always ready to join Cal-OES (<https://www.caloes.ca.gov/>) at local assistance centers to help people with their insurance needs.

After the devastating Tubbs and Camp Fires in 2017 and 2018, we organized insurance workshops where we met one-on-one with wildfire survivors. For the 2017 and 2018 wildfires – as well as the 2018 fire-related Montecito mudslide, the Department of Insurance intervention was able to recover more than 240 million dollars for wildfire claimants. So it is imperative that if you have any questions to please give us a call at 1-800-927-4357.

Before my election as Insurance Commissioner in 2018, I supported legislation to expand the rights of wildfire survivors as a member of the California Senate. I authored Senate Bill 824, which gives protection against insurance non-renewals to everyone living in or near the 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 protected until December 2020 from a nonrenewal.

You can find the whole list of zip codes on our website at www.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. The Department of Insurance 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.

Fraud

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 – including an office in Sacramento that serves Tuolumne County. 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 and report any issues to my Department at 1-800-927-4357.

While a majority of our staff are teleworking in support of the Governor's "stay at home" directives, we continue to provide essential services for California consumers and we are available via phone at 1-800-927-4357 and through

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our website www.insurance.ca.gov to assist you with your claims. Insurance can be complicated. We know for a lot of our business owners, their primary focus is keeping their doors open and keeping their customers and workers safe, so I want to make sure that you know that you can call us if you have a question. We will help walk you through this process and give you the answers that you need. We can help guide you through this entire process that can sometimes be complicated. 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. We will now move to the question and answer period of our call. We look forward to answering your questions. Thank you so much.

Ron Kopf

Thank you, Commissioner Lara and as you mentioned, we have already started into the fire season. Up next is Emily Kilgore, who is the Fire Prevention Specialist II and Public Information Officer for CAL FIRE's Tuolumne-Calaveras unit. Emily served 11 years with the U.S. Forest Service in the Stanislaus National Forest and joined CAL FIRE's Santa Clara unit where she spent 4 years as a Communications Operator. In 2017, Emily transferred to the Tuolumne-Calaveras unit where she presently serves as Fire Prevention Specialist II and Public Information Officer. Emily please provide us with your opening remarks.

Emily Kilgore

Thank you Ron and Commissioner Lara for having me on the tele town hall today. I'd like to start out by giving a quick statistic. In 2020, since January 1st through July 19th, Cal Fire has responded to 4,200 fires, totaling an acreage of 37,837 acres and that is an increase from last year by about 1,800 acres. So what does that mean to residents and business owners in Tuolumne and Calaveras County? It means that fire preparedness starts in your home, with you and every member of your family and business being involved. It includes steps to complying with defensible space in Public Resource Code 4291, hardening your home or business and preparing an evacuation plan, and practicing that plan prior to a wildfire. There are several tools available in the community to help you prepare and we will go over some of those today, as well as answer any questions you may have.

Ron Kopf

Thank you, I know it's going to be a busy season for you, Emily and we appreciate all your efforts. Up next we have Dawn Golik, who is District Director for the U.S. Small Business Administration Fresno office www.sba.gov. In 2018, Dawn was appointed District Director of the U.S. Small Business Administration Fresno office, the first woman to ever hold that position. She leads a team helping small businesses in the 15-county, 42,000 square mile San Joaquin Valley and Central Coast region to start up, scale up, and succeed with small business association programs. Dawn, we thank you for being with us today, please provide your opening comments.

Dawn Golik

Good afternoon, thank you Commissioner Lara and the Tuolumne County Association of Realtors for the opportunity to participate in today's event. My name is Dawn Golik and I'm Director of SBA's Fresno District Office serving the San Joaquin Valley and Central Coast. I'm so glad to be with you today.

The SBA is the federal government agency that serves and advocates for America's 31 million small businesses. I know that the last several weeks have been incredibly difficult for business owners around the country, across California, and here in the 15 county San Joaquin Valley and Central Coast region that the Fresno SBA District office serves.

I want small businesses to know that you are not alone right now, and there is help from the SBA and our partner organizations. I've been happy to participate in several previous events hosted by Tuolumne County and to connect with local business owners, and the SBA is here to support and assist you and we have partner agencies

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including The Service Corps of Retired Executives (SCORE) (<https://www.score.org/>) and the Small Business Development Center (SBDC) at www.sba.ca.gov who are also available to help.

If you want to reach the Fresno SBA office you can contact us via email fresno@sba.gov or by phone at 559-487-5791, and bilingual assistance is available in Spanish. To connect with one of the SBA's partner agencies, please visit our website www.sba.gov and click on the "Local Assistance" link to find the closest organization that can provide help to you at no charge.

The SBA is helping COVID-19 affected small businesses via two primary programs: The Economic Injury Disaster Loan (EIDL) and Paycheck Protection Program (PPP). COVID-19 is the first time in the SBA's history that the agency has issued a disaster declaration due to a virus, and as a result, businesses as well as non-profit agencies, farmers, and others can receive assistance from the SBA's Economic Injury Disaster Loan.

EIDL is a long-term, low-interest loan with a 12-month deferment. The amount of funding a business can receive is determined by the information that they provide in their application. EIDL gives small businesses access to capital now, a period of time to recover and stabilize while no payment is due on the loan, then up to 30 years to repay the loan at a low 3.75% interest rate. There's no fee to apply and no obligation to accept a loan if it's offered.

The SBA recognizes that many small business owners are understandably concerned about potentially taking on more debt right now, so I think it's really important to highlight the 12-month deferment on the loan. A business, for example, that gets a loan in August 2020 would not start making payments until August of 2021. So again, you get access to capital now, a deferment period of 12-months when our businesses are hopefully reopening again and stabilizing, then a long-term repayment period of up to 30 years, with a low interest rate to keep payments as affordable as possible. The funds are available to businesses as working capital to help them continue their operations during this uncertain time.

Economic Injury Disaster Loans are processed and administered by the SBA's Office of Disaster Assistance, which is part of the SBA, but separate from my office. My office can provide small businesses with updates and assistance regarding questions they have about the status of their applications. If you have applied and do not know the status of your application or you are having difficulty getting information my office can help you.

I have also fielded calls from Tuolumne County businesses with questions about specific EIDL applications so if you're really in a bind, reach out to my office and we will do our best to assist you. If you want to reach the Fresno SBA office you can contact us via email fresno@sba.gov or by phone at 559-487-5791 if you need help with your EIDL. If you've applied and been turned down for an EIDL, you may have questions about what to do next. Please reach out to my office so we can help you.

The Fresno SBA District office does several webinars a week for small businesses that have questions about either PPP or EIDL, or have applied and been turned down. We can help you figure out your next steps and potentially that the SBA review your application again. These webinars are free and have subject matter experts on them so we do our best to answer questions and assist business owners. If you are interested in attending one of those, please email our main inbox which is fresno@sba.gov and we're happy to assist you with getting on the next webinar.

The Paycheck Protection Program (PPP), which also provides small businesses with access to capital now, a period of time to stabilize, reopen, and recover. For any portion of the loan which is not forgiven, a ten-month deferment before payments are due, and a low 1% interest rate to repay the loan is available. Under the PPP, businesses can get forgivable loans of up to \$10 million from SBA Lenders that they can use for payroll, rent, utilities, and interest on mortgages. Loan forgiveness will be determined by the PPP lender and approved by the SBA, and quite a bit of guidance including a streamlined PPP EZ loan forgiveness application have been released.

Additionally, changes made to PPP have provided additional flexibilities for business owners including more time to

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use the funds, safe harbors for businesses that may be challenged to rehire their employees, and a longer period of time before repayment begins, plus an expanded loan maturity, so repayment can be stretched over 5 years. The most important thing when thinking about applying for PPP is to do it as soon as you can, while the program is running until August 8th.

We are seeing more and more businesses that are struggling to find an SBA Lender that can do the loan for them. So, if you are thinking about applying, please do that as soon as you can, if you need assistance finding a lender, you can also reach out to our office via email fresno@sba.gov or by phone at 559-487-5791. We can help connect you with a lender in your area. Additionally, businesses can work with other providers like American Express, PayPal, Square, and others, such as QuickBooks to access lenders. The SBA webpage www.sba.gov has information on PPP lenders.

Businesses can also contact the Fresno SBA office via email fresno@sba.gov or by phone 559-487-5791. However, it's critically important for businesses to be aware that the PPP program is currently scheduled to sunset on August 8th. Unfortunately, some businesses take that to mean that they need to apply by August 8th. You need to apply immediately in order to give you time to connect with a lender who can still accept your application. Again, it is critically important that you act quickly if you are thinking about applying for PPP. For businesses that may have applied under one of the previous rounds of PPP, if you have not heard from your lender you should reach out to them to find out what the status of your loan application is.

We are seeing businesses that applied under the first round of applications who are just now seeing their applications being processed under the second round of applications. While the lenders have until midnight Eastern on August 8th to submit their loan applications to the SBA, many lenders have exhausted their lending ability under PPP, so the challenge right now is to find a lender. I would also like to point out that you do not have to be open to obtain and use the PPP.

For businesses which may have applied under the first or second round of PPP funding and may not have heard from their lender, they should check back with the lender to get a status of their application. Additionally, it's important for businesses to know that they don't have to be open to pay their employees. I know that many of our small businesses are still closed, so please understand that PPP provides for employees to be on sick leave, vacation time, or in other non-work types of status so you can still pay your employees even if your business is closed.

It is also important to note that businesses can use either PPP, or EIDL, or both. While PPP can be forgivable, the EIDL program has more usages for the funds, so businesses need to evaluate their business needs to decide what's best for them, but they can use both programs with a limitation about not covering the same payroll period out of both programs.

I know we'll be taking questions later, so I'm happy to answer those but want to close with the fact that the SBA's Fresno District Office is committed to working with our region's small businesses for the long haul as you recover from this economic disaster. We're here in the community, we're part of the community, and our goal is to serve small business owners however we can.

Again, please reach out to the Fresno SBA Office if we can be of help to you – by email fresno@sba.gov or via phone (559) 487-5791. You can also reach us at the SBA website www.sba.gov. Thank you, again Insurance Commissioner Lara and the Tuolumne County Association of Realtors for the opportunity to participate today and I look forward to answering questions later.

Ron Kopf

Thank you, Dawn. I also want to thank our listeners who have submitted questions. We will try to answer as many questions as we can today, but if we are not able to answer all the questions in the town hall, please know that

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your questions will be answered directly from the relevant organizations that the town hall is being recorded and we will make the recording available on our website (<https://tcrealtors.org/>) and the Department of Insurance website (www.insurance.ca.gov). Commissioner Lara, our first question is for you.

Questions

Question 1: Our liability insurance will not cover claims related with customers contracting COVID, while engaging with our business. We need certainty that we are not liable for just operating our business, especially when we are making sure we follow CDC recommendations to keep employees and customers safe. What advice or recommendation can you provide us while we operate in this volatile environment?

Insurance Commissioner Ricardo Lara

This is a great question. I am extremely worried and 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 (<https://covid19.ca.gov/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 they have the right coverage in place. That is important because as we were opening, and now, closing and operating under different guidelines, it is confusing, but I would ask you to call your insurance company, make sure you get their guidelines so that you can figure out what your policy holds, and you are protected.

If you are not satisfied with these answers from your insurance company, you should contact our Department at 1-800-927-4357. We can figure out a plan and guide you and your business to make sure you have the proper liability coverage, so that you can keep your doors open, keep your customers and your workers safe. Again, that number is 1-800-927-4357.

Question 2: Is defensible space (Public Resource Code 4291) required on vacant lots and if I need assistance with complying with defensible space (PRC 4291), Is there help available?

Emily Kilgore

Defensible Space requirements are specific to properties that have structures on them and it only extends 100 feet from the structures. Some local fire districts, such as Ebbotts Pass Fire District have a specific regulation that applies to vacant lot clearing however, there isn't any district in Tuolumne County that have a vacant lot clearance regulation.

Depending on where you reside in Tuolumne County, you may be within the boundary of The Highway 108 Fire Safe Council or one of the newly formed FireWise Communities. Both organizations can and have aided community members in a variety of ways including: green waste vouchers, lot clearance assistance for Seniors/ disabled, and educational inspections. Last, but not least, community members that would like one-on-one

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discussions can contact me at (209) 532-7424 ext. 101 or by email Emily.Kilgore@fire.ca.gov.

Question 3: I have had difficulty finding an insurance company willing to write insurance in my area. What can I do?

Insurance Commissioner Ricardo Lara

This was a common question I heard in meeting with homeowners across California. The Department of Insurance (www.insurance.ca.gov) has tools to help you find companies willing to write insurance. As directed by chaptered Assembly Bill 1875 (Wood) in 2018, the California Department of Insurance has created a Homeowners Insurance Finder Tool that can direct consumers to companies that may be writing policies in their area. That is on our website (www.insurance.ca.gov).

The Homeowners Insurance Finder does not guarantee that a homeowner can find coverage, since it will depend on your home based on its particular characteristics or location, even if the insurance company writes policies in the general area. This is especially true for those living in areas with wildfire risk. The reality is that there are parts of California where you cannot find an insurance company willing to write you insurance – or even return your phone call. And this is a major concern that I've been working on since last year.

The Department of Insurance continues to work with the Legislature to promote home-hardening and other strategies to make sure insurance available and affordable for all, especially some of our communities living in the Foothills. It is an issue that I know very well and we continue to try to find solutions to get our insurance companies to write in these areas and hopefully mandate them to do it, especially with all of the home hardening we have asked you to do. The solution is ongoing, but again, reach out to us at 1-800-927-4357 and we can help guide you and try to help you find coverage.

Question 4: I know there were some changes made to PPP in June. Do any of these changes apply to older PPP loans or are they just for new loans made since June?

Dawn Golik

Great question. So there were 4 main changes made to PPP. The first had to do with the period of time to use the loan proceeds: under the initial PPP legislation, businesses had only 8 weeks. However, under the new legislation, they have until the end of the year, December 31, 2020.

The second change had to do with the deferment period which was extended from six months after the loan was disbursed to ten months after the final decision on loan forgiveness is decided by SBA. Depending on when a business obtained their PPP loan, they may be looking at early 2022 or late 2021 before any payments will need to be made.

The third involved the percentage of funds which had to be spent on payroll in order for other eligible expenses like rent, utilities, and interest on mortgage to be forgivable has been lowered from 75%. You only have to spend 60% on payroll, so it gives businesses some additional flexibility to be able to use their PPP funds for what they need.

The fourth affected the maturity period of the loan, or how long businesses had to repay any balance owed. It is only a 1% interest rate under the old version of PPP it was two years for any loan made after made before June 5th and that was extended from 2 years under PPP1 to 5 years under PPP2.

The good news is that if you had a PPP loan that was made before June 5th, all of these except the loan maturity date, that is the length of time you have to repay the loan, automatically apply to you. So you can now use your funds for up to 24 weeks or December 31, you get the extended deferment period, and you only have to spend 60% on payroll as opposed to 75%. If you and your lender mutually agree, you can extend your loan maturity date.

The answer to the second part of the question related to self-employed employed businesses is yes. Self-employed businesses with and without employees are eligible for the PPP program. For businesses that do not have any employees, they will use their 1040 Schedule C line 31 on that for that process to calculate their loan. For anyone who is thinking about applying for PPP, on the Department of Treasury website (<https://home.treasury.gov/>) there is a document that tells you how to calculate your loan amount (<https://home.treasury.gov/system/files/136/How-to-Calculate-Loan-Amounts.pdf>) and it provides really detailed step-by-step information for a variety of different business scenarios.

This information includes businesses that are self-employed, whether they have employees or not, sole proprietors, farmers, non-profits, corporations – all of those are covered and it walks you through exactly what information you need to pull from for you PPP application, as well as what kind of documentation you will need to provide your lender. The best way for businesses to make sure they maximize loan forgiveness is to make sure that they correctly calculate their loan amount upfront so that they are only requesting the funds that they will be able to use within that covered PPP period.

Question 5: We received several questions on the FAIR Plan. Some residents think the FAIR Plan should sell a full homeowners' policy, while others think they should not. Others think FAIR Plan should also offer an Extended Replacement Cost option. What has the department done to ensure the FAIR plan meets the needs of the public?

Insurance Commissioner Ricardo Lara

I know that when I visited Tuolumne County last year, FAIR Plan <https://www.cfpnet.com/> was a major topic we discussed. For those who do not know, the FAIR Plan is California's insurer of last resort. It is backed by the insurance companies, not by taxpayers.

They will write your fire insurance even if nobody else will – but this is coverage for fire and few other perils only. It is not as comprehensive as a full homeowners' policy, which also has liability, theft, and other important coverages. To get these additional coverages you have to buy additional wrap-around coverage from an insurance company at an additional cost. That is called a difference in conditions, or DIC policy.

From our experience, having to buy two policies results in the consumer paying for two administrative fees (which are expenses added to your premium) instead on one policy. For this reason, I ordered the FAIR Plan to offer an optional full homeowners' policy, so that you don't have to purchase two policies, which we believe is more expensive. My order doesn't stop insurance companies from offering DIC policies.

You would still be able to buy the basic FAIR Plan policy and a DIC, if you want, but I wanted you to have another option. My order also directed the FAIR Plan to modernize its dwelling policy, which had not changed in decades, to allow for monthly payments, payment by credit card and increased coverage limits to \$3 million, up from \$1.5 million.

Last month the FAIR Plan started offering the higher limits and will soon be offering the monthly payment plan and payment by credit card. However, the FAIR Plan has sued the Department to block my order that it add a full Homeowners' policy. That litigation is still ongoing, so I can't comment further on it.

While the FAIR Plan has seen tremendous increase in business due to many insurers non-renewing policies in the fire prone areas, they still only write a small percentage of policies statewide, so I don't see any issue with them

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being able to handle the new business by timely processing billings and paying claims. To learn more about a FAIR Plan policy, you can go to our website, www.insurance.ca.gov, where you will find our Top Ten Tips for Finding Residential Insurance. The Tips also include a link to the FAIR Plan <https://www.cfpnet.com/>. But, you can also call us with any specific questions on the FAIR Plan or how to shop for insurance. If you are being sent to the FAIR Plan you have the option not to pay for additional wrap around. I want the FAIR Plan to be able to provide you with a comprehensive plan so that you don't have to pay for that additional administrative fee. This will be both cost and time efficient for consumers.

Question 6: I am considering making home improvements; where should I focus my efforts for fire preparedness/ safety.

Emily Kilgore

When “hardening” your home, areas to focus on include roofing, decks, vents, and windows. Home improvements, or building improvements can be costly and so can the loss of you home in a wildfire. If you are making improvements anyway, please consider the materials you are building with and choose fire resistive material first. These can include double pane windows, 1/8 screened vents or louvered vents, composite decking vs. traditional; lumber, and various roofing materials. A complete list of home hardening suggestions can be found on our website at www.readyforwildfire.org.

Question 7: Why are owners who are covered under workers' comp having to pay insurance when at times they can't even draw a paycheck? Also, is there a new rule regarding workers' comp for employees that are working from home?

Insurance Commissioner Ricardo Lara

In response to the first part of this question, I included worker's compensation insurance in my Premium Relief Order – for exactly this reason. 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 1-800-927-4357. 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 does 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 recompute premium charges for policyholders to reflect reduced risk of loss consistent with my earlier Bulletins, and will result in savings for many policyholders as well as businesses. I would like Tony Cignarale, Deputy Commissioner of our Consumer Services and Market Conduct Branch to provide more details on our new regulations.

Tony Cignarale

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 should also lower premiums for some employers by excluding from premium calculations the payments made to an employee, including sick or family leave, while the employee is not performing duties of any kind for the employer. An important note is that the regulation also prohibits the insurance company from counting claims that they paid for COVID-19 related workers' comp issues for the employee, while they were working, from being charged against them for future premiums and future rates going forward.

While there was presumption of workers' comp that the Governor issued that employees that were working that contracted COVID-19 would be covered for workers' comp, that is offset by these regulations, that now prohibit the insurance companies from counting any payments they make to employees for COVID-19 related injuries to be counted against you in future workers' comp rates.

This change should lower the employer's rate by reducing the amount of payroll assessed, and the employer will not pay premium for paid workers who are otherwise being furloughed. This new regulation also excludes claims related to a COVID-19 diagnosis from being included in future rate calculations so that employers are not penalized with higher rates due to COVID-19 claims. The Commissioner has also adopted rules that will allow us to continue to monitor the overall effect of this pandemic on the workers' compensation market.

Question 8: I applied for an EIDL loan and got a letter from the SBA that I was denied for "UNVERIFIED INFORMATION." What does that mean and how can I fix this?

Dawn Golik

So we've had this question from a lot of businesses including some in Tuolumne County. The denial means that there is some part of the data about your business that can't be verified when SBA's Office of Disaster Assistance reviewed the application. This can be for a variety of reasons.

The good news is that you, as the applicant, have the right to ask for a reconsideration. Please contact our office fresno@sba.gov or 559-487-5791 and send us a copy of your decline letter – we can walk you through the steps you can take to find out what's missing from your application, and how to request that SBA review your application again.

You can provide the application by mail, email, or fax – we recommend submission by email. We have businesses that have been declined for unverified information get their applications approved, but please let us help you do that because we want to make sure that you make it easy for the Disaster Assistance office to give you a "yes" if they can when they look at that information again and there are some tips we can give you on that.

Additionally, we do a free EIDL webinar a couple of times a week where we walk through what this means and how to fix it. They are free of charge and we do them in English and Spanish. You can also ask questions live of SBA subject-matter experts. You'll also be able to ask specific questions about EIDL and PPP that we will have subject matter experts available to answer. Again, contact us with your decline letter at fresno@sba.gov or 559-487-5791.

Question 9: Where can I find information on defensible space (PRC 4291) requirements and what time of year is defensible space required?

Emily Kilgore

Public Resource Code 4291 for defensible space is required year-round. There is not start or stop time in the calendar year. Just like you would protect the investment of your vehicle with regular oil changes, your property requires regular maintenance to stay in compliance with PRC 4291, which also helps protect your home investment from a wildfire.

There are several resources available to home owners including:

- www.readyforwildfire.org
- www.tuolumnefiresafe.org
- www.tuolumnecounty.ca.gov/oes
- <https://osfm.fire.ca.gov/divisions/code-development-and-analysis/wildfire-protection/>

For one-on-one questions and educational inspections request, please contact Emily Kilgore at (209) 532-7424 ext. 101 or by email Emily.Kilgore@fire.ca.gov.

Question 10: What lies in store for homeowners' insurance rates?

Insurance Commissioner Ricardo Lara

The future of homeowners' insurance in California will continue to be complicated as my Department and consumer groups fight against the insurance industry. The insurance industry continues to dictate where they want to write their policies without any assurances that they will provide coverage for some of our most vulnerable communities along the foothills and in fire prone communities.

Rate increases have fallen on those properties with comparatively higher wildfire risk. At this point, most of the rate increases have already gone into effect. The inability to obtain insurance is causing a domino effect that is harming California's communities twice: First by wildfire, then by insurance companies dropping residents and businesses. I talked to many local fire chiefs who all agree that bringing down the risk of wildfires should be our #1 priority in order to reduce losses and bring rates back down.

I am very concerned about the direction that insurance companies are taking. Insurance companies are sponsoring two bills that are going to lead to higher rates and weaker consumer protections -- at a time California can least afford it.

If you have any questions, please give us a call at 1-800-927-4357.

Emily Kilgore

Fire preparedness is your responsibility. CAL FIRE is here to help. You put your plan in place ahead of disaster and you can give me a call at any time at 209-532-7424 – ext. 101.

Dawn Golik

Thank you, again, Ron and Commissioner Lara for the opportunity today. As I said at the top of our hour, small businesses in Tuolumne County, you do not have to figure out these programs through the U.S. SBA alone. Our office in Fresno is available to assist you. Please call us 559-487-5791 or email fresno@sba.gov.

We do have bilingual staff that speak Spanish if you have questions about PPP or EIDL. If you received a denial

insurance.ca.gov 800.927.4357

letter or you want assistance for reconsideration to have SBA help you again, we can help you with that. Also, please remember time is of the essence. Please apply for the programs as soon as possible if you are interested in getting assistance. The deadline for PPP will expire in just a few days. EIDL has paused several times over the months and it can happen again. I strongly urge you to apply if you think you need assistance through these programs.

Additional Resources

Request Assistance from the California Department of Insurance:

- <https://www.insurance.ca.gov/>
- PH: 800-927-4357

Governor's Resiliency Roadmap

- <https://covid19.ca.gov/roadmap/>

Tuolumne County Association of Realtors

- <https://tcrealtors.org/>
- PH: 209-532-3432

California Office of Emergency Services (CalOES)

- <https://www.caloes.ca.gov/>
- <https://myhazards.caloes.ca.gov/> (Link to MyHazards)
- PH: 916-845-8806

CAL FIRE

- <https://www.readyforwildfire.org>
- <https://www.fire.ca.gov/>
- PH: 916-568-3800

CAL FIRE Tuolumne Calaveras Unit

- Emily Kilgore, Fire Prevention Specialist/Public Information Officer - Emily.Kilgore@fire.ca.gov
- PH: 209-532-7424 ext. 101 – Emily Kilgore, Fire Prevention Specialist/Public Information Officer
- <https://osfm.fire.ca.gov/divisions/code-development-and-analysis/wildfire-protection/>
- www.tuolumnefiresafe.org
- www.tuolumnecounty.ca.gov/oes

U.S. Small Business Administration

insurance.ca.gov 800.927.4357

- www.sba.gov
- fresno@sba.gov – Fresno District Office email
- PH: 559-487-5791 – Fresno District Office

United Policyholders

- <https://www.uphelp.org/>
- PH: 415-393-9990 (Roadmap to Recovery Services)

California FAIR Plan

- PH: 800-339-4099
- <https://www.cfpnet.com/>

Fire Preparedness Information:

- PH: 707-565-8875
- <https://disastersafety.org/>
- <https://www.nfpa.org/Public-Education/Fire-causes-and-risks/Wildfire/Firewise-USA>
- <https://frap.fire.ca.gov/>

U.S. Treasury

<https://home.treasury.gov/system/files/136/How-to-Calculate-Loan-Amounts.pdf>

<https://home.treasury.gov/system/files/136/PPP%20Borrower%20Information%20Fact%20Sheet.pdf>

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