

California Department of Insurance

ANNUAL REPORT OF THE COMMISSIONER



2022

PROTECT
PREVENT
PRESERVE



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

August 1, 2023

The Honorable Gavin Newsom
Governor, State of California
State Capitol, First Floor
Sacramento, CA 95814

Dear Governor Newsom,

The California Department of Insurance (CDI or Department) respectfully submits the *2022 Annual Report of the Insurance Commissioner* as required by California Insurance Code section 12922. As set forth in statute, this report describes the condition of the insurance business in California and the vital work we do at CDI regulating one of the largest insurance markets in the world.

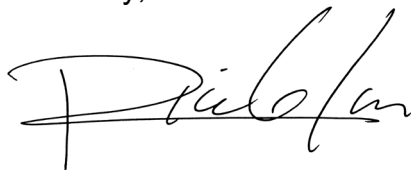
In response to the ongoing challenges in wildfire insurance availability and reliability, in 2022, the Department issued my new wildfire mitigation regulations that require insurance companies in California to provide incentives within insurance pricing for the risk reduction benefits of specific home and community wildfire mitigation actions that align with the new *Safer from Wildfires* framework created in partnership with your Administration. As you know, *Safer from Wildfires* establishes a list of home and community wildfire mitigation measures that will reduce wildfire risk, protect lives and property, and help make insurance available and affordable to residents and businesses. Furthermore, in response to seven of your gubernatorial declarations of wildfire emergencies in California, my Department worked in partnership with the California Department of Forestry and Fire Protection and the California Office of Emergency Services to implement Senate Bill 824, a bill that I wrote when I was in the California State Senate, providing a one-year protection to homes located adjacent to the declaration area area – more than 415,000 in 2022 and nearly 4 million since the law was enacted.

In 2022, my Department worked to provide essential services – overseeing insurer solvency, licensing agents and brokers, conducting market conduct reviews, resolving consumer complaints, assisting disaster survivors, expanding access to health care, investigating and prosecuting insurance fraud, championing consumer protection legislation, and stamping out discrimination in the Insurance Code. Beyond these efforts, CDI prioritized development of policy initiatives aimed to mitigate climate risks and promote a sustainable insurance market in California. In 2022, at the United Nation's Climate Change Conference of Parties (COP) 27 meeting, I, in partnership with the United Nations' Principles for Sustainable Insurance (PSI) released a first-of-its-kind

Sustainable Insurance Roadmap for the nation's largest insurance market. This Roadmap marks a strategic shift for insurance's role combating the consequences of climate change for California residents and businesses, toward actively helping reduce emissions and increase community resilience while better aiding recovery from climate-linked disasters. The Roadmap prioritizes four interlocking goals of reducing emissions, accelerating community mitigation, keeping insurance affordable and available for vulnerable communities, and closing protection gaps between insured and uninsured losses.

CDI continues to build on these and other consumer protection efforts and looks forward to the work ahead. Should you have any questions regarding this report, please do not hesitate to contact me or my staff at (916) 492-3622.

Sincerely,

A handwritten signature in black ink, appearing to read "Ricardo Lara". The signature is fluid and cursive, with a long horizontal stroke at the end.

RICARDO LARA

Insurance Commissioner

cc: Erika Contreras, Secretary of the Senate
Sue Parker, Chief Clerk of the Assembly
Senator Susan Rubio, Chair, Senate Insurance Committee
Assembly Member Lisa Calderon, Chair, Assembly Insurance Committee
Cara L. Jenkins, Legislative Counsel

2022 Highlights

California Department of Insurance

- The Department continued its review and assessment of insurance company premium refund actions related to private passenger automobile insurance in an effort to determine whether or not insurance companies provided California drivers with an appropriate amount of premium relief as a result of the COVID-19 pandemic. To date, **premium relief for California drivers has totaled nearly \$2.55 billion and approximately \$3.2 billion for all COVID-19 impacted lines.**
- CDI received 87 applications for funding from district attorneys in 37 counties and **awarded total funding in the amount of \$78,508,754.** District attorneys **prosecuted 2,796 cases involving 3,405 defendants resulting in 818 convictions.**
- In 2022, **Department detectives submitted 734 cases to district attorneys for prosecution and 494 defendants were sentenced.** CDI detectives continue to use innovative ways to investigate cases and arrest insurance fraud offenders to **reduce insurance fraud incidences and protect Californians.**
- The Department's Legal Branch **recovered approximately \$36,800,000** in monetary penalties, costs recovery, and negotiated settlements in Qui Tam matters, resulting in **distributions over \$16,700,000 to CDI and the General Fund combined.**
- **Commissioner Lara launched Safer from Wildfires**, in partnership with the emergency and fire protection agencies in Governor Newsom's administration. Safer from Wildfires **establishes a list of home and community wildfire mitigation measures that will reduce wildfire risk**, protect lives and property, and help make insurance available and affordable to residents and businesses. The Safer from Wildfires framework was incorporated into **new wildfire mitigation regulations that require insurance companies in California to provide incentives** within insurance pricing for the risk reduction benefits of specific home and community wildfire mitigation actions.
- **In response to seven Governor declarations of wildfire emergencies in California**, the Department worked in partnership with the California Department of Forestry and Fire Protection and the California Office of Emergency Services to implement Senate Bill 824, **providing a one-year protection to homes located adjacent to the declaration area.**
- As the co-chair of the National Association of Insurance Commissioners' (NAIC) Climate and Resiliency (EX) Task Force, Commissioner Lara worked with a **bipartisan group of state insurance regulators to adopt a new standard for insurance companies to report their climate-related risks**, in alignment with the international Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD standard is the international benchmark for climate risk disclosure and **will**

help insurance regulators and the public to better understand the climate-related risks to the U.S. insurance market, which is the largest in the world. The new standard was implemented for nearly 80% of the U.S. insurance market later that year, putting U.S. state insurance regulators on the forefront of climate risk disclosure to protect consumers.

- **Commissioner Lara and the United Nations' Principles for Sustainable Insurance Initiative (PSI) released a first-of-its-kind Sustainable Insurance Roadmap** which prioritizes four interlocking goals of reducing emissions, accelerating community mitigation, keeping insurance affordable and available for vulnerable communities, and closing protection gaps between insured and uninsured losses.
- CDI **sponsored thirteen (13) bills** in 2022, **eleven (11) of which were signed into law by Governor Newsom**, and closely monitored, provided technical assistance to, took positions on, and/or **advocated for or against 918 bills** this past legislative calendar.
- The Department's Health Equity and Access Office has worked to protect and promote reproductive freedom in California and nationally, and, in 2022, **issued a Frequently Asked Questions (FAQ) document informing Californians of their right to reproductive choice**, and a **Bulletin reaffirming insurer obligations to cover all medically necessary health services for pregnant persons, including abortion**.
- In conjunction with the National Center for Transgender Equality, the Whitman Walker Institute, and other advocates, Commissioner Lara **led a multi-state effort to support antidiscrimination protections for gender identity** that were proposed by the Biden Administration.
- In response to the growing sexually transmitted infection (STI) crisis that affects all communities across the state, with youth, as well as our LGBTQ+ and BIPOC communities being most impacted, Commissioner Lara **issued a Bulletin clarifying insurer requirements as they relate to STIs**.
- The latest reports from the 2022 California Insurance Diversity Survey (CAIDS) — administered by the Department's nationally recognized Insurance Diversity Initiative — revealed that **insurance companies spent \$3.1 billion with California businesses** owned by women, LGBTQ+ people, veterans, disabled veterans, and people from historically underrepresented communities.
- In 2022, our efforts to serve consumers culminated in **163,914 telephone calls and in-person assistance with 44,712 complaints closed**.
- The Department **recovered \$209,483,797 for consumers** as a result of direct intervention on consumer complaints and market conduct examinations.

- Consumer Services staff **deployed to 9 Local Assistance Centers and assisted 303 consumers face-to-face** to help them receive additional living expense checks, contents advances, and to answer questions with regards to their rights and responsibilities.
- The Department prioritized informing consumers in their local communities about the insurance resources available to them by **hosting 875 virtual and in-person meetings and events, including 13 with Members of Congress, 68 with the Senate, 89 with the Assembly, 438 with local government offices, and 299 with community-based organizations.** The outreach saw a 58% increase in visits to the Senior Gateway website, 110% increase in visits to the CA Low Cost Auto Website, and a 282% increase in informational materials distribution.
- Ombudsman Staff facilitated and closed **1,206 cases** including consumer requests for assistance, 460 legislative inquiries, 88 agent/applicant inquiries, 24 insurance industry inquiries and 13 general requests.
- The Department enhanced consumer protection by **adding the property, casualty, and personal lines solicitor appointments (i.e., sponsorships) to the Department's [Check A License](#) online service.** This enhancement was based on an increase of 61% in solicitor appointments from 2020 to 2022.
- The Department enhanced consumer protection by **requiring all individuals who sell credit insurance to be licensed as a credit insurance agent or endorsed by their California-licensed credit insurance agency** through implementation of an amendment to [California Insurance Code section 1758.9](#).

2022 Organizational Chart

California Department of Insurance

OFFICE OF THE COMMISSIONER

- Conservation and Liquidation Office
- Enterprise Planning, Risk, and Compliance
- Office of Civil Rights

ADMINISTRATION AND LICENSING SERVICES BRANCH

- Administrative Hearing Bureau
- Financial and Business Management Division
- Human Resources Management Division
- Information Technology Division
- Licensing Services Division

CLIMATE AND SUSTAINABILITY BRANCH

- Climate Risk and Sustainability
- Data Analytics and Reporting

COMMUNICATIONS AND PRESS RELATIONS BRANCH

COMMUNITY RELATIONS AND OUTREACH BRANCH

- California Low Cost Auto Insurance Program
- Consumer Education and Outreach
- Office of the Ombudsman

CONSUMER SERVICES AND MARKET CONDUCT BRANCH

- Administrative Unit
- Consumer Law Unit
- Consumer Services Division
- Market Conduct Division

ENFORCEMENT BRANCH

- Enforcement Administration Headquarters
- Fraud Division
- Investigation Division

FINANCIAL SURVEILLANCE BRANCH

- Field Examinations Division
- Financial Analysis Division
- Property Casualty Actuarial Office
- Life Actuarial Office
- Office of Principle-Based Reserving

LEGAL BRANCH

- Litigation
- Regulatory and Legal Services

POLICY AND LEGISLATION BRANCH

- Appointments Office
- California Organized Investment Network
- Health Actuarial Office
- Health Equity and Access Office
- Insurance Diversity Initiative
- Legislative Office

RATE REGULATION BRANCH

- Rate Actuary Office
- Rate Regulation

SPECIAL COUNSEL TO THE COMMISSIONER

- Special Counsel's Office

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2022 ANNUAL REPORT
ADMINISTRATION *and*
LICENSING SERVICES BRANCH

Administration and Licensing Services Branch

The Administration and Licensing Services Branch (ALSB) provides administrative support services to CDI including budgets, accounting, business services, human resources, and information technology. The Branch also provides licensing services to insurance agents, brokers, adjusters, and bail agents, and assistance to the California Insurance Commissioner (Commissioner) in performing adjudicatory tasks. ALSB consists of:

- Administrative Hearing Bureau
- Financial and Business Management Division
- Human Resources Management Division
- Information Technology Division
- Licensing Services Division

ADMINISTRATIVE HEARING BUREAU

The Administrative Hearing Bureau (AHB) assists the Insurance Commissioner in performing adjudicatory tasks provided for by statute or regulation. Specifically, AHB provides Administrative Law Judges (ALJ) to conduct hearings authorized by the California Insurance Code (CIC) and its applicable regulations. As quasi-judicial officers, the ALJs must adhere to the tenets of the Model Code of Judicial Conduct as well as the California Code of Judicial Ethics. Accordingly, the ALJs must remain insulated from CDI's legal, enforcement, and regulatory branches.

Evidentiary Hearings

As directed by statute, AHB conducts formal and informal evidentiary hearings in accordance with the Administrative Procedure Act and other controlling statutes or regulations. Evidentiary hearings range from single-day trials to hearings lasting several weeks or months. Most hearings involve more than two parties and all require expertise in insurance law as well as evidentiary procedure. All AHB hearings employ a court reporter and many require significant pre- and post-hearing briefings. At the conclusion of hearings, the ALJs submit proposed decisions containing findings of fact and conclusions of law to the Commissioner, who then issues the final decision in each case. The ALJs also mediate disputes upon request, thereby avoiding the necessity of an evidentiary hearing.

AHB reviews Request for Compensation petitions pursuant to the CIC. AHB also serves as the Commissioner's designee in issuing final decisions in such matters.

In 2022, AHB Judges presided over the following types of evidentiary hearings:

- California Automobile Assigned Risk Plan (CAARP)
- Cease and Desist
- Non-Compliance
- Order to Show Cause
- Prior Approval Rate
- Applications for Written Consent by Prohibited Persons
- Requests for Compensation Petitions
- WCIRB Non-Compliance
- Appeals from decisions of the Workers' Compensation Insurance Rating Bureau (WCIRB) or insurance carriers regarding application of the workers' compensation insurance rating system and plans, including proceedings related to workers' compensation insurance rate filings

AHB also mediated resolutions in several workers' compensation appeals and began issuing final decisions in Request for Compensation cases.

Since April 2020, AHB has conducted most hearings via the Zoom video-conference platform, as a result of the COVID-19 pandemic. All staff undertook considerable training and spent considerable time drafting policies and procedures for remote hearings. AHB livestreams all of its hearings to AHB's own YouTube channel.

In 2022, AHB opened 22 cases and closed 23 cases in the case types listed in the table below. These figures are still far below AHB's normal case trends due entirely to the COVID-19 pandemic. Guidelines and regulations regarding the stay of insurance premiums and the lack of onsite workers continues to directly impact the number of workers' compensation insurance appeals heard by AHB.

2022 ADMINISTRATIVE HEARINGS BY CASE TYPE

CASE TYPE	OPENED	CLOSED
CAARP	1	2
Cease and Desist Proceedings	0	1
Non-Compliance	0	0
Order to Show Cause	0	0
Prior Approval	1	0
Prohibited Persons	4	1
Request for Compensation Petitions	4	5
WCIRB Non-Compliance	0	1
Workers' Compensation Appeals <i>(Including procedures re: rate filings)</i>	12	13

FINANCIAL AND BUSINESS MANAGEMENT DIVISION

The Financial and Business Management Division (FBMD) is responsible for ensuring the fiscal integrity and accountability of CDI's fiscal condition and administrative oversight over various business services. FBMD consists of the following bureaus:

- Accounting Services Bureau (ASB) provides a full range of accounting functions including payables, receivables, revolving fund, cashiering, general ledger, security deposits, and gross premium and surplus line tax collection ensuring effective management of CDI's financial affairs to provide accurate financial reports to state control agencies.
- Budget and Revenue Management Bureau develops CDI's annual budget submitted to the Department of Finance; develops annual budget allotments and monitors expenditures and revenue collection in FI\$Cal for all CDI programs; develops various assessments that support CDI's operations; and oversees and maintains CDI's activity reporting system for cost accounting purposes.
- Business Management Bureau provides a full range of administrative and business services in the areas of procurement, contracts, facilities, records, forms, reprographics, physical assets, fleet, emergency and continuity planning, mail, and supply services.

Tax Collection Program – ASB oversees the timely processing of premium tax returns filed by insurers and surplus line brokers and the timely collection and reporting of all appropriate taxes. For calendar year 2021, ASB processed 3,294 tax returns. Additionally, CDI collected approximately \$3.6 billion in insurance (premium) tax revenue for Fiscal Year (FY) 2021-22 to support the state’s General Fund.

**PROCESSED TAX RETURNS
CALENDAR YEAR 2021**

INSURANCE TYPE	NUMBER OF ANNUAL TAX RETURNS	TAX RATE	LAW REFERENCE
Surplus Line	1,457	3%	CIC § 1775.5
Property & Casualty	919	2.35%	RTC § 12202
Ocean Marine	443	5%	RTC § 12101
Life	441	2.35% or 0.5%	RTC § 12202
Title	21	2.35%	RTC § 12202
Home	13	2.35%	RTC § 12202
TOTAL	3,294		

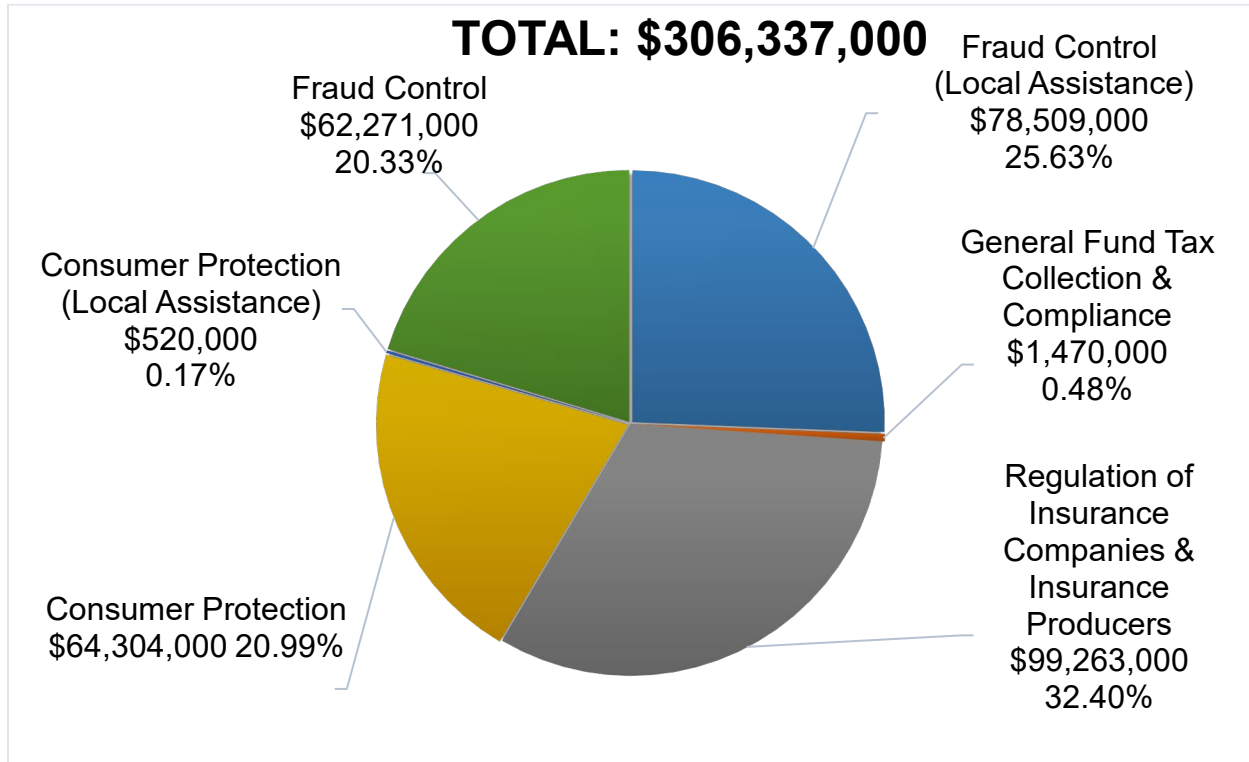
California Insurance Code (CIC), California Revenue and Taxation Code (RTC)

**FIVE-YEAR SUMMARY OF PREMIUM (INCLUDING SURPLUS LINE) TAXES
COLLECTED BY CDI FOR THE STATE’S GENERAL FUND**

FISCAL YEAR	TAXES COLLECTED
2017-18	\$2,558,066,000
2018-19	\$2,702,402,000
2019-20	\$3,117,483,000
2020-21	\$2,959,124,000
2021-22	\$3,616,208,000

Expenditures – CDI’s total expenditures for FY 2021-22 were \$306.3 million.

**TOTAL EXPENDITURES BY PROGRAM
FISCAL YEAR 2021-22**



Note: The chart “Total Expenditures by Program, Fiscal Year 2021-22” includes Distributed Administration expenditures of \$39,033,000. (Distributed Administration represents the cost of centralized administrative functions that benefit all CDI programs and include Accounting, Budgeting, Business Services, Human Resources, Information Technology, and other essential administrative functions. The costs of these administrative functions are passed on to all CDI programs as an indirect cost.)

CDI’s expenditures fall into the following categories:

- **Personal Services** – Costs related to services performed by CDI employees to support operations. This includes salaries, wages, and staff benefits.
- **Operating Expenses and Equipment** – Costs of goods and services (other than personal services previously defined) incurred by CDI to support its operations.
- **Local Assistance** – Funds provided to local entities (e.g., District Attorneys) in support of CDI’s programs.

**EXPENDITURES BY CATEGORY
FISCAL YEAR 2021-22**

CATEGORY	EXPENDITURES
Personal Services	\$184,894,000
Operating Expenses and Equipment	\$42,414,000
Local Assistance	\$79,029,000
TOTAL	\$306,337,000

Revenues – In FY 2021-22, CDI generated \$317.4 million in revenue from fees, licenses, and various assessments paid by insurers, insurance producers, and other licensees. Insurance Fund revenue generally is received from insurance companies and insurance producers that CDI regulates. Both insurers and producers pay license, filing, and other fees.

**REVENUE COLLECTION BY TYPE
FISCAL YEAR 2021-22**

TYPES OF REVENUE	AMOUNT	% OF TOTAL
Fraud (shown by subset below):	\$137,134,000	43.20%
-Workers' Compensation	(\$78,135,000)	-56.98%
-Auto (\$1.50)	(\$44,547,000)	-32.48%
-Disability and Healthcare	(\$8,362,000)	-6.10%
-General	(\$6,090,000)	-4.44%
Fees and License	\$102,300,000	32.23%
Proposition 103	\$38,436,000	12.11%
Examination Fees	\$22,921,000	7.22%
Auto Consumer Services (\$0.26)	\$9,016,000	2.84%
Principle-Based Reserving (Life/LTC)	\$4,485,000	1.41%
Seismic Safety	\$1,544,000	0.49%
Independent Medical Review	\$644,000	0.20%
Life and Annuity	\$966,000	0.30%
TOTAL	\$317,446,000	100.00%

The revenue reflected in the table “Revenue by Collection Type, Fiscal Year 2021-22” was generated from the following assessments:

- **Fraud** – Fraud Control revenue is derived from the following fees and assessments:
 - Fraud Workers’ Compensation – Annual assessment determined by the Fraud Assessment Commission used to fund workers' compensation fraud investigation and prosecution.
 - Fraud Auto (\$1.50) – Annual assessment for each vehicle insured. \$1.00 funds the investigation and prosecution of automobile insurance fraud and \$0.50 funds the organized automobile Fraud Activity Interdiction Program (self-assessed quarterly).
 - Fraud Disability and Healthcare – Annual assessment not to exceed \$0.20 for each insured person to fund investigation and prosecution of fraudulent disability insurance claims.
 - Fraud General – Annual assessment up to \$5,100 for each insurer doing business in the state to support the Fraud Division.
- **Fees and License** –
 - License Fees and Penalties – Fees to cover the cost of issuing and making changes to licenses (paid by companies and individual licensees) to support the Department’s general operations.
 - General Fees – Fees to cover the costs associated with processing and maintaining Action Notices, Policy Approvals, Insurer Certifications, Annual Statements, and Workers’ Compensation Rate Filings.
- **Proposition 103** – Annual assessment to recover costs of administering Proposition 103 including participating in rate hearings and conducting inquiries into consumer complaints.
- **Examination Fees** – Hourly rate developed annually to recover the costs of performing insurance practice exams, financial analysis reviews, field exams, and actuarial reviews.
- **Auto Consumer Services (\$0.26)** – Annual assessment for each vehicle insured to fund the consumer services functions related to regulating automobile insurers. Part of the fee (i.e., up to \$0.05) is specifically used to support the California Low Cost Auto Program (self-assessed quarterly).
- **Principle-Based Reserving** –

- Life – Annual assessment for costs associated with principle-based reserving valuation.
- Long-Term Care – Annual assessment for costs associated with principle-based reserving for long-term care policies.
- **Seismic Safety** – Annual assessment of \$0.15 per earned property exposure to fund the Office of Emergency Services - Seismic Safety Commission (pass-through from CDI to the Commission).
- **Independent Medical Review** – Annual assessment to cover the costs of administering the Independent Medical Review System.
- **Life and Annuity** – Annual fee of \$1.00 for each individual life insurance and individual annuity product issued (self-assessed bi-annually).

HUMAN RESOURCES MANAGEMENT DIVISION

The Human Resources Management Division (HRMD) is responsible for all personnel matters and provides overall policy direction on human resource functions related to the management of employees. HRMD supports the organization in recruiting, training, and retaining a high-quality workforce. The Division is responsible for the following functions:

- Administering employee pay and benefits
- Determining appropriate position classification, gathers and evaluates pay data, and manages the examination and recruitment programs
- Facilitating cooperative and productive labor relations among CDI employees and respective labor organizations
- Overseeing the Employee Assistance Program, Reasonable Accommodation Program, Employee Recognition Program, Safety Program, Wellness Program, and Return to Work Program
- Developing, delivering, and coordinating in-house instructor-led and web-based training
- Providing ongoing management advice and consultation concerning human resource issues
- Administering career development, recruitment and outreach, and employee engagement services and programs

INFORMATION TECHNOLOGY DIVISION

The Information Technology Division (ITD) is responsible for providing reliable, supportable, and innovative information technology (IT) services and solutions to the Department to meet business and operational requirements. ITD consists of the following bureaus:

- **The Application Development and Maintenance Bureau (ADAM)** provides custom software development and supports a variety of commercial-off-the-shelf products/applications to meet the business needs of the Department. ADAM keeps abreast of the latest application tools and technology advancements, including maintaining CDI's internet and intranet application servers.
- **The Project Coordination and Administrative Support Bureau** provides departmental and divisional support. Departmental support activities include IT procurement, IT project management, and control agency compliance, as well as supporting and improving usability of CDI's website content, online services, and intranet. Divisional support activities include expenditure tracking, human resources coordination, IT and Department infrastructure budget tracking and monitoring, and training request coordination.
- **The Statewide Network Support Bureau (SNSB)** provides departmental support for the technology infrastructure consisting of telecommunication services, Local Area Network, Wide Area Network, hardware and software installation, e-mail services, video services, security, and maintenance for personal computers and other devices. SNSB monitors and maintains the Oracle database infrastructure, commonly referred to as the 'middle tier', and hosts all production data in-house serving as CDI's Data Center.

LICENSING SERVICES DIVISION

The Licensing Services Division (LSD) is responsible for ensuring all license applicants and licensees meet all eligibility requirements specified in the CIC and the California Code of Regulations. LSD consists of the following bureaus:

- **The Producer Licensing Bureau** issues, maintains, and updates records of all insurance producers, adjusters, bail agents, and other licenses; obtains information and documentary evidence regarding criminal convictions and other adverse actions in the backgrounds of insurance producers and license applicants; and analyzes evidence and makes recommendations as to the actions, if any, to be taken against these individuals or business entities.
- **The Curriculum and Officer Review Bureau** prepares and administers written qualifying insurance examinations; reviews and approves education courses submitted by insurance companies, educational institutions, and others; performs

background reviews of insurance company officers and individuals seeking appointment to the Commissioner's boards and committees; reviews consumer complaint files received from the Investigation Division; and assists in processing the applications of non-admitted insurers applying to be added to CDI's List of Approved Surplus Line Insurers.

**LICENSE PROCESSING STATISTICS
CALENDAR YEARS 2021 AND 2022**

WORKLOAD	2021	2022	PERCENTAGE CHANGE
Individual License Applications Received	107,041	101,043	-6%
License Examinations Scheduled	61,869	63,671	3%
New Licenses Issued	82,091	73,412	-11%
Licenses Renewed	166,078	164,125	-1%
Insurer Appointments/Terminations	883,232	844,167	-4%
Bonds Processed	3,403	3,859	13%
Licensing Calls	114,161	130,587	14%
Licensing Chats	12,787	14,140	11%
Email Inquiries	37,515	61,902	65%

**APPLICATIONS RECEIVED BY LICENSE TYPE
CALENDAR YEARS 2021 AND 2022**

LICENSE TYPE	2021	2022	PERCENTAGE CHANGE
Life	18,335	20,267	11%
Property and Casualty	17,369	19,500	12%
Accident / Health or Sickness	19,023	13,991	-26%
Personal Lines	16,043	12,694	-21%
Limited Lines Automobile	477	336	-30%

**NEW LICENSES ISSUED BY LICENSE TYPE
CALENDAR YEARS 2021 AND 2022**

LICENSE TYPE	2021	2022	PERCENTAGE CHANGE
Life	44,960	46,829	4%
Accident / Health or Sickness	45,007	41,261	-8%
Property and Casualty	11,526	16,327	42%
Personal Lines	14,651	11,642	-21%
Limited Lines Automobile	428	326	-24%

**LICENSE BACKGROUND STATISTICS
CALENDAR YEARS 2021 AND 2022**

WORKLOAD	2021	2022	PERCENTAGE CHANGE
Insurance agent and broker background reviews	4,840	3,391	-30%
Cases referred to Legal Branch for disciplinary action	526	323	-39%
Insurance agent and broker alternative resolution program cases	667	730	9%

**OFFICER BACKGROUND SECTION STATISTICS
CALENDAR YEARS 2021 AND 2022**

WORKLOAD	2021	2022	PERCENTAGE CHANGE
Insurance company officer and director background reviews	481	484	1%
Updates to List of Approved Surplus Line Insurers	2	7	250%
Cases referred to Legal Branch or Investigations Division for disciplinary action or further investigation	0	0	0%
Orders of Administrative Bar for cheating on examinations	18	7	-61%
Commissioner Board and Committees background reviews	23	23	0%

LSD Licensing Examination First-Time Pass Rates:

The following tables are the examination pass rates for individuals taking the license examination on their first attempt. In addition to the pass rates for each license type, a breakdown of first-time pass percentages is broken out by gender, ethnic group, and education levels, which the examinees provide to CDI on a voluntary basis.

**FIRST-TIME EXAMINATION PASS RATES
CALENDAR YEAR 2022**

LICENSE TYPE	EXAMINEES	PASS RATE
Property / Casualty	4,519	51%
Life and Accident / Health or Sickness	12,242	65%
Life	12,229	64%
Accident / Health or Sickness	1,445	80%
Personal Lines	1,912	40%
Limited-Lines Automobile	335	70%

**FIRST-TIME EXAMINATION PASS RATES BY GENDER
CALENDAR YEAR 2022**

LICENSE TYPE	EXAMINEES	PASS RATE
Property / Casualty -		
Female	2,517	47%
Male	1,727	57%
Declined to Participate	275	58%
Life and Accident / Health or Sickness -		
Female	5,820	63%
Male	5,333	67%
Declined to Participate	1,089	68%
Life -		
Female	3,322	70%
Male	2,656	75%
Declined to Participate	6,251	56%
Accident / Health or Sickness -		
Female	680	78%
Male	595	84%
Declined to Participate	170	72%
Personal Lines -		
Female	933	29%
Male	574	50%
Declined to Participate	405	40%
Limited Lines Automobile -		
Female	248	66%
Male	75	80%
Declined to Participate	12	75%

**FIRST-TIME EXAMINATION PASS RATES BY ETHNIC GROUP
CALENDAR YEAR 2022**

LICENSE TYPE	EXAMINEES	PASS RATE
Property / Casualty -		
American Indian / Alaskan Native	24	50%
Asian	465	52%
Black	183	44%
Filipino	73	53%
Hispanic	1,525	40%
Pacific Islander	22	59%
White	1,414	63%
Declined to Participate	813	54%
Life and Accident / Health or Sickness -		
American Indian / Alaskan Native	76	59%
Asian	2,126	67%
Black	1,202	58%
Filipino	578	61%
Hispanic	2,799	54%
Pacific Islander	94	54%
White	3,024	76%
Declined to Participate	2,343	66%
Life -		
American Indian / Alaskan Native	42	81%
Asian	1,291	72%
Black	628	71%
Filipino	416	77%
Hispanic	1,800	67%
Pacific Islander	73	59%
White	878	86%
Declined to Participate	7,101	57%

**FIRST-TIME EXAMINATION PASS RATES BY ETHNIC GROUP
CALENDAR YEAR 2022 (Continued)**

LICENSE TYPE	EXAMINEES	PASS RATE
Accident / Health or Sickness -		
American Indian / Alaskan Native	8	100%
Asian	227	82%
Black	149	78%
Filipino	64	81%
Hispanic	369	73%
Pacific Islander	11	55%
White	325	88%
Declined to Participate	292	80%
Personal Lines -		
American Indian / Alaskan Native	6	50%
Asian	68	49%
Black	84	45%
Filipino	22	55%
Hispanic	811	30%
Pacific Islander	6	67%
White	206	65%
Declined to Participate	709	42%
Limited Lines Automobile -		
American Indian / Alaskan Native	0	NA
Asian	1	0%
Black	4	75%
Filipino	0	NA
Hispanic	291	71%
Pacific Islander	0	NA
White	7	86%
Declined to Participate	32	56%

**FIRST-TIME EXAMINATION PASS RATES BY EDUCATION LEVEL
CALENDAR YEAR 2022**

LICENSE TYPE	EXAMINEES	PASS RATE
Property / Casualty -		
High School/ GED	790	34%
Some College	1,259	49%
2-Year College Degree	412	42%
4-Year College Degree	1,244	66%
Master's Degree	219	70%
Doctoral Degree	25	84%
Declined to Participate	532	48%
Life and Accident / Health or Sickness -		
High School/ GED	1,704	47%
Some College	2,926	58%
2-Year College Degree	1,111	60%
4-Year College Degree	3,496	76%
Master's Degree	1,024	81%
Doctoral Degree	159	89%
Declined to Participate	1,713	64%
Life -		
High School/ GED	1,218	60%
Some College	1,623	73%
2-Year College Degree	583	75%
4-Year College Degree	1,370	83%
Master's Degree	375	85%
Doctoral Degree	54	91%
Declined to Participate	6,924	56%

**FIRST-TIME EXAMINATION PASS RATES BY EDUCATION LEVEL
CALENDAR YEAR 2022 (Continued)**

LICENSE TYPE	EXAMINEES	PASS RATE
Accident / Health or Sickness -		
High School/ GED	185	67%
Some College	371	78%
2-Year College Degree	131	78%
4-Year College Degree	382	89%
Master's Degree	97	89%
Doctoral Degree	22	91%
Declined to Participate	246	76%
Personal Lines -		
High School/ GED	418	23%
Some College	492	41%
2-Year College Degree	145	50%
4-Year College Degree	183	56%
Master's Degree	22	59%
Doctoral Degree	0	NA
Declined to Participate	635	44%
Limited Lines Automobile -		
High School/ GED	194	66%
Some College	93	77%
2-Year College Degree	18	61%
4-Year College Degree	11	91%
Master's Degree	1	100%
Doctoral Degree	0	NA
Declined to Participate	16	56%

2022 ANNUAL REPORT
**CLIMATE *and* SUSTAINABILITY
BRANCH**

Climate and Sustainability Branch

The Climate and Sustainability Branch (CSB) was established in January 2019 to develop and oversee policy initiatives related to understanding and reducing climate risk and promoting a sustainable insurance market in California. The climate and sustainability portfolio includes contributing to wildfire resilience policy development, expanding the existing Climate Risk Carbon Initiative, exploring new scenario analyses of physical and transition risks, leading new initiatives through the National Association of Insurance Commissioners (NAIC) Climate Risk and Resilience Executive Task Force, and implementing recent legislation. The following five paragraphs describe some of the highlights from 2022, all aligning with the California Department of Insurance's (CDI) focus on Disaster Recovery and Climate Change.

Released the first-ever California Sustainable Insurance Roadmap, in partnership with the United Nations Principles for Sustainable Insurance Initiative

At the United Nation's Climate Change Conference of Parties (COP) 27 meeting, Insurance Commissioner Ricardo Lara and the United Nations' Principles for Sustainable Insurance Initiative (PSI) announced a first-of-its-kind [Sustainable Insurance Roadmap](#) for the nation's largest insurance market. The roadmap marks a strategic shift for insurance's role in combating the consequences of climate change for California residents and businesses, toward actively helping reduce emissions and increase community resilience while better aiding recovery from climate-linked disasters.

The Roadmap prioritizes four interlocking goals of reducing emissions, accelerating community mitigation, keeping insurance affordable and available for vulnerable communities, and closing protection gaps between insured and uninsured losses. The Sustainable Insurance Roadmap envisions climate actions by insurance companies, including rewarding resilience, increasing green investments, underwriting more climate-friendly technologies, and protecting nature-based solutions such as healthy wetlands and forests. Commissioner Lara has already taken actions to implement the Sustainable Insurance Roadmap.

Launched the *Safer from Wildfires* Framework to reduce wildfire risk to homes and businesses

In February 2022, the Wildfire Mitigation Partnership launched *Safer from Wildfires*, establishing a framework of consistent statewide home and community hardening measures that will reduce wildfire risks, protect lives and property, and help make insurance available and affordable to residents and businesses. The Wildfire Mitigation Partnership is an initiative that Commissioner Lara convened between CDI and Governor Gavin Newsom's Administration, including the Governor's Office of Emergency Services (CalOES), the California Department of Forestry and Fire

Protection (CAL FIRE), the Governor's Office of Planning and Research, and the California Public Utilities Commission. *Safer from Wildfires* aligns with the existing priorities of CSB to reduce wildfire risks for California consumers including the following:

- Clarify the most meaningful home and community hardening measures
- Encourage incentives for homeowners to take home and community hardening actions
- Advocate for state funding for home and community hardening

Led NAIC Climate Risk and Resilience Executive Task Force to develop and adopt an updated standard for the annual Climate Risk Disclosure Survey

In April 2022, a bipartisan group of state insurance regulators led by Insurance Commissioners Ricardo Lara of California and David Altmaier of Florida adopted a new standard for insurance companies to report their climate-related risks, in alignment with the international Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD standard is the international benchmark for climate risk disclosure and will help insurance regulators and the public to better understand the climate-related risks to the U.S. insurance market, which is the largest in the world. This announcement during the National Association of Insurance Commissioners' (NAIC) spring meeting in Kansas City, Missouri, puts U.S. state insurance regulators on the forefront of climate risk disclosure to protect consumers.

Commissioners Lara and Altmaier are co-chairs of the NAIC Climate Risk & Resiliency Task Force (Task Force), which was established in 2020 to coordinate all of the NAIC's domestic and international efforts on climate-related risk and resiliency issues. With significant and consistent input and work by CSB, the Task Force developed the new TCFD-aligned survey over a 14-month public participation process led by Oregon Insurance Commissioner Andrew Stolfi and Rhode Island Superintendent Elizabeth Dwyer in coordination with Commissioners Lara and Altmaier, and marks the first update to the NAIC's Climate Risk Disclosure Survey approach since it was created in 2010.

The Task Force determined that implementing a TCFD-aligned disclosure framework would enhance transparency about how insurance companies manage climate-related risks and opportunities and incorporate international best practices, among other benefits that the Task Force identified in the [new standard](#). Insurance regulators from France, Switzerland, and the United Kingdom currently require TCFD-aligned reports. U.S. financial regulators such as the U.S. Securities and Exchange Commission are also taking steps toward requiring TCFD-aligned disclosures for other financial institutions.

Implemented Climate Risk Disclosure Survey under new TCFD standards

In 2022, CSB strengthened the Climate Risk Disclosure Survey by implementing the new standard adopted at the NAIC Climate and Resiliency Task Force in April 2022.

Under the new standard, fifteen states – including California, Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, Minnesota, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, Vermont, and Washington – implemented the NAIC survey in 2022 for insurance companies licensed in their jurisdictions, representing nearly 80% of the U.S. insurance market. Over 1500 insurance companies responded to the 2022 survey, representing over 80% of the U.S. insurance market. All reports are publicly available on the CDI website.

Implementation of Wildfire Data Collections

CSB had another substantial year for the collection and use of CDI-collected data on many issues, including wildfire issues. In response to seven Governor declarations of wildfire emergencies, including 12 major wildfires in California, CDI's Data Analytics and Reporting (DAR) Division worked in partnership with CAL FIRE and CalOES to implement SB 824, providing one-year protection to homes located adjacent to the declaration area. This work to implement SB 824 established one-year protection from non-renewal to approximately 415,000 policyholders in California. Among the many additional reports and information released in 2022, the DAR Division collected, analyzed and reported data on non-renewals in the residential market, implemented data collections on losses in relation to wildfire risk categories, and continued to analyze commercial insurance data collected in 2021.

2022 ANNUAL REPORT
**COMMUNICATIONS *and* PRESS
RELATIONS BRANCH**

Communications and Press Relations Branch

The Communications and Press Relations Branch (CPRB) manages communication within the California Department of Insurance (CDI) and disseminates CDI's work on behalf of the public to consumers, media, CDI staff, and other stakeholders at both the state and national level.

The function of CPRB is to keep a wide variety of stakeholders, such as the media, general public, consumer advocates, the Governor's Office, allied agencies, public policy officials, and regulated entities informed about significant insurance issues. CPRB staff works closely with internal stakeholders to advance CDI's goals and objectives and serves as an effective liaison with the media (including television, newspapers, radio, online publications, and bloggers) via press releases, phone calls, emails, social media outreach, videos, and events.

During 2022, major initiatives included:

- **Consumer protection and education:** CPRB communicated and coordinated with numerous international, national, state, and local reporters to promote the Consumer Services Branch and Consumer Hotline. The Branch supported outreach regarding pending legislation, including media coverage, developing fact sheets, consumer stories, virtual events, briefing calls, and graphic design and promotion.
- **California disaster preparedness and recovery public information campaign:** CPRB led a multi-pronged outreach campaign to motivate California residents to prepare for a historic wildfire season and to educate them about post-disaster recovery by combining efforts with CAL FIRE, CalOES, local leaders, and non-profit and government assistance services. CPRB leveraged opportunities to positively impact consumer behavior. As California still recovers from the last several years of catastrophic wildfires, CPRB worked with media, disseminated press releases, and used social media to share CDI's efforts and resources at dozens of virtual town halls and events.
- **Expanding access to health care:** CPRB produced news materials, press releases, and speeches by the Commissioner about proposed changes to increase access to health care, including continuing the fight for health protections for LGBTQ+ individuals. CPRB arranged interviews about health insurance changes and other health care system information to media outlets across the nation.
- **Promoting Wildfire Safety:** CPRB worked with agencies to announce *Safer from Wildfires*, a new insurance framework for wildfire safety. This included a public education effort in support of new insurance pricing regulation recognizing and rewarding wildfire safety and mitigation efforts made by homeowners and businesses. Commissioner Lara's regulation is the first in the nation requiring

insurance companies to provide discounts to consumers under the *Safer from Wildfires* framework.

- **Climate Change:** In addition to the continued work of the Climate Insurance Working Group, CPRB produced video materials, press releases, and speeches by the Commissioner about climate change, particularly the joint announcement with the United Nations of the Sustainable Insurance Roadmap, a first-of-its-kind initiative to combat the consequences of climate change for California residents and businesses toward actively helping reduce emissions and increase community resilience while better aiding recovery from climate-linked disasters.
- **Protecting Californians from insurance fraud:** CPRB produced multiple news materials, press releases, and speeches about the efforts to curb insurance fraud. CDI partnered with district attorneys across the state to not only fight insurance fraud, but to deliver strong deterrent messages and warn the public of potential scams and following disasters as well as the consequences and dangers of insurance fraud.
- **Ensuring a fair insurance market:** CPRB arranged interviews, speeches, and press releases to educate the public about CDI's continued efforts to ensure the financial stability of the insurance market. CPRB also developed materials, talking points, PowerPoints, and fact sheets related to the issue of insurance availability and affordability, especially in high-risk fire areas.
- **Leveraging social media to advance CDI's mission:** CPRB expanded CDI's presence on social media and launched stories and videos to deliver relevant and timely information about resources for consumers, breaking news, and participated in several state and national campaigns, including Wildfire Awareness Month, International Fraud Awareness Week, the Great California Shakeout, National Preparedness Month, and Public Service Recognition Week. CPRB also increased consumer engagement on social media, increasing CDI's audience and reach while sharing important information for consumers regarding COVID-19 as well as information before, during, and after disasters. In 2022, CPRB produced over 20 videos for social media, events, and internal department communication.

2022 ANNUAL REPORT
COMMUNITY RELATIONS *and*
OUTREACH BRANCH

Community Relations and Outreach Branch

The Community Relations and Outreach Branch (CROB) is dedicated to consumer education and outreach, working with our partners in federal, state, and local elected district offices. Together, we expand CDI's efforts to assist wildfire survivors, local governments, small businesses, community service organizations, neighborhood associations, and consumers in accessing the Department's services. This includes educating consumers through the development and distribution of insurance [Informational Guides](#) in print and online to meet consumer needs and statutory provisions in compliance with California Insurance Code (CIC) Section 12921.3 and 12921.5.

CONSUMER EDUCATION AND OUTREACH

A dedicated team of outreach professionals collaborate with federal, state, county, and local city elected officials' district offices to inform a variety of groups on timely and important insurance topics. In addition to providing speakers at regularly scheduled events, staff works collaboratively with these partners to organize workshops, health forums, town hall meetings, seminars, roundtables and educational panels to promote and deliver comprehensive consumer education.

Wildfire survivors dealing with ongoing insurance claims issues are assisted through workshops held in their local areas in conjunction with the Consumer Services Division. In addition to CDI's hotline, 1-800-927-4357, CROB provides guides to help consumers understand insurance coverages and terms, prepare them for the process of making and settling a claim, and help them avoid some of the pitfalls that can occur along the way.

During 2022, CROB communicated with every federal, state, county and local city elected official district office to expand CDI's efforts to inform consumers about the services available through the Department. Meeting and event partnerships included:

- Collaborated with legislative offices, including 13 Congressional, 68 Senate, 89 Assembly, 68 counties and 370 cities.
- Partnered with 299 local community-based organizations, including chambers of commerce, national, state-wide, and local service associations.
- The CROB Outreach Team held a total of 875 virtual and in-person insurance informational meetings and events focusing on insurance resources, wildfire preparedness, annuities and fraud awareness for seniors. Events included Town Halls, Briefings, Roundtables, Exhibits, Clinics, Forums, and Virtual Zoom and Facebook Live events that informed consumers on actions taken by the Commissioner to assist consumers.

OFFICE OF THE OMBUDSMAN

The Ombudsman's primary function is to ensure the Department provides the highest level of customer service to our consumers, insurers, agents, brokers, and public officials. The Ombudsman is responsible for ensuring that complaints about Department staff or actions receive full and impartial review. The Ombudsman also serves as the primary contact for constituent cases referred by legislative offices.

During 2022, Ombudsman staff facilitated and closed 1,206 cases. This included responding to 621 consumer requests for assistance, 460 legislative inquiries, 88 agent and applicant inquiries, 24 insurance industry inquiries, and 13 general requests from other divisions within the Department or other state agencies.

LIFE AND ANNUITY CONSUMER PROTECTION PROGRAM

CDI is tasked with educating consumers on all aspects of life insurance and annuity products, including consumer rights and protections, the purchasing and utilization of life insurance and annuity products, claims filing, benefit delivery, and dispute resolution for the Life and Annuity Consumer Protection Program (LACPP).

CROB continues to distribute *Annuities - What Seniors Need to Know, Informing Seniors: Senior Insurance Bill of Rights, and Driving for Seniors* brochures at consumer outreach events, to other states agencies, and to district attorneys' offices throughout the state.

The [Seniors Information Center](#) on CDI's website provides useful information on CDI-issued alerts and advisories as well as videos and insurance guides specific to seniors. The website's [Health Coverage Programs and Resources](#) section provides links to programs and resources such as Health Insurance Counseling and Advocacy Program (HICAP), Medicare Advantage Plan, California Health Advocates, and Social Security.

CROB continues to host the [Senior Gateway](#), an inter-agency website designed to provide meaningful resources to seniors and their families, to inform them about health care and insurance options and empower them to protect themselves against financial fraud, abuse, and neglect. To date, Senior Gateway has received more than 400,000 page views with 74,890 in 2022 alone, and continues to be a source of valuable information to consumers.

To further educate seniors about life insurance and annuity products, CROB participated in over 100 senior events in 2022. The senior events provided information regarding scams committed against seniors, the purchase and use of insurance and annuity products, claim filings, and dispute resolution.

Ongoing relationships with the California Department of Financial Protection and Innovation, Contractors State License Board Senior Scam Stoppers, Department of Consumer Affairs, AARP, various legislative offices, senior expos and health fairs enhanced the Department's ability to reach the public with important messaging.

The following educational materials were distributed during 2022:

- Annuities - What Seniors Need to Know (English and Spanish)
- Informing Seniors – Senior Insurance Bill of Rights (English and Spanish)
- Driving for Seniors (English and Spanish)
- Personal Planning Guide

PATIENT AND PROVIDER PROTECTION ACT (PPPA)

CIC Section 10133.661 requires that CDI “provide announcements that inform health insurance consumers and their health care providers of the Department’s toll-free telephone number that is dedicated to the handling of complaints and of availability of the internet web page established under this section, and the process to register a complaint with the Department and to submit an inquiry to it.”

Announcements have been made throughout the year at every public event CROB staff has been involved in, whether in-person or through social media and virtual platforms. The announcements have emphasized CDI’s ability to help consumers and providers resolve disputes with insurers through CDI’s toll-free telephone number. In addition, consumers and providers are informed of the availability of the Provider Complaint Center located at CDI’s website, www.insurance.ca.gov, under [Resolve Disputes or File A Complaint](#).

CALIFORNIA LOW COST AUTOMOBILE INSURANCE PROGRAM

The California Low Cost Automobile Insurance Program (CLCA) was established by the Legislature in 1999 and exists pursuant to CIC Section 11629.7. The program is designed to provide income-eligible persons with liability insurance protection at affordable rates as a way for them to meet California's financial responsibility laws.

Since inception, 196,589 Californians have acquired insurance through the program. At the end of 2022, there were 16,371 active policies with 13,984 cancelled policies and 15,978 renewed policies and 1,427 policies reinstated. Statistics from the California Automobile Assigned Risk Plan (CAARP) indicate approximately 77% of applications assigned were from uninsured motorists at the time of their CLCA policy application.

As the COVID-19 pandemic has eased and Californians are slowly resuming day-to-day operations, more drivers are in search of insurance; a steady increase in visits to the CLCA website evidences this. In 2022 there were 82,935 first-time visits to the CLCA website compared to 71,559 first-time visits in 2021, which shows an increase of 16%.

Since its inception, the program has continued to evolve through legislative changes to better meet the needs of California drivers and allow more Californians to participate. In 2020, SB 570 (Rubio, Chapter 274, Statutes of 2019) extended the CLCA program repeal date to January 1, 2025, eliminated gender distinction in rate surcharge, allowed for students claimed as dependents to purchase a plan in the program, and extended the annual eligibility recertification to three years.

During 2022, CDI and CAARP made several changes to enhance or improve the program.

CDI and CAARP:

- Hosted webinars designed to inform and engage CLCA Certified Producers by sharing communication assets available at no cost to producers to utilize in their own community outreach efforts.
- Launched a new analytics system through QR codes to determine where outreach materials are most successful.

Consumers can learn more by visiting the [California Low Cost Auto website](#) or CDI's webpage: [California's Low Cost Auto Insurance Program](#).

2022 ANNUAL REPORT
**CONSERVATION *and* LIQUIDATION
OFFICE**

Conservation & Liquidation Office

Section One – The Conservation & Liquidation Office

- Background
- Organizational Structure
- Oversight Board and Audit Committee Meetings
- 2022 Organizational Goals and Results
- CLO Investment Policy
- Administrative Expenses
- CLO Compensation
- Compensation Methodology
- CLO Financial Results
- Estates Open for Longer than Ten Years
- Claims History
- 2023 Business Goals

Section Two – Estate Specific Information

- Conservation or Liquidation Estates Opened and Closed During 2022
- Current Year and Cumulative Distributions by Estate
- Estates in Conservation and/or Liquidation as of December 31, 2022
- Report on Individual Estates

Section Three – Cross Reference to California Insurance Code

- 2022 Cross Reference to California Insurance Code

SECTION ONE – THE CONSERVATION & LIQUIDATION OFFICE

Background

The California Insurance Commissioner (Commissioner), an elected official of the State of California, acts under the supervision of the Superior Court when conserving and liquidating insurance enterprises. In this statutory capacity, the Commissioner is charged with the responsibility for taking possession and control of the assets and affairs of financially troubled insurance enterprises domiciled in California. An impaired enterprise subject to a conservation or liquidation order is commonly referred to as an estate.

The Commissioner, through the state Attorney General’s office, applies to the Superior Court for a conservation order to place the financially troubled enterprise in conservatorship. Under a conservation order, the Commissioner takes possession of the estate’s financial records and real and personal property, and conducts the business of the estate until a final disposition regarding the estate is determined. The conservation order allows the Commissioner to begin an investigation to determine, based on the estate’s financial condition, if the estate can be rehabilitated, or if continuing business would be hazardous to its policyholders, creditors, or the public.

If, at the time the conservation order is issued or anytime thereafter, it appears to the Commissioner that it would be futile to proceed with the conservation, the Commissioner will apply for an order to liquidate the estate’s business. In response to the Commissioner’s application, the Court generally orders the Commissioner to liquidate the estate’s business in the most expeditious fashion.

The Conservation & Liquidation Office (“CLO”) performs conservation and liquidation services on behalf of the Commissioner with respect to insurance companies domiciled in California.

The CLO was created in 1994 as the successor to the Conservation & Liquidation Division of the Department of Insurance which was managed by State employees. The CLO is based in San Francisco, California. As of December 31, 2022, the CLO is responsible for the administration of nine insurance estates.

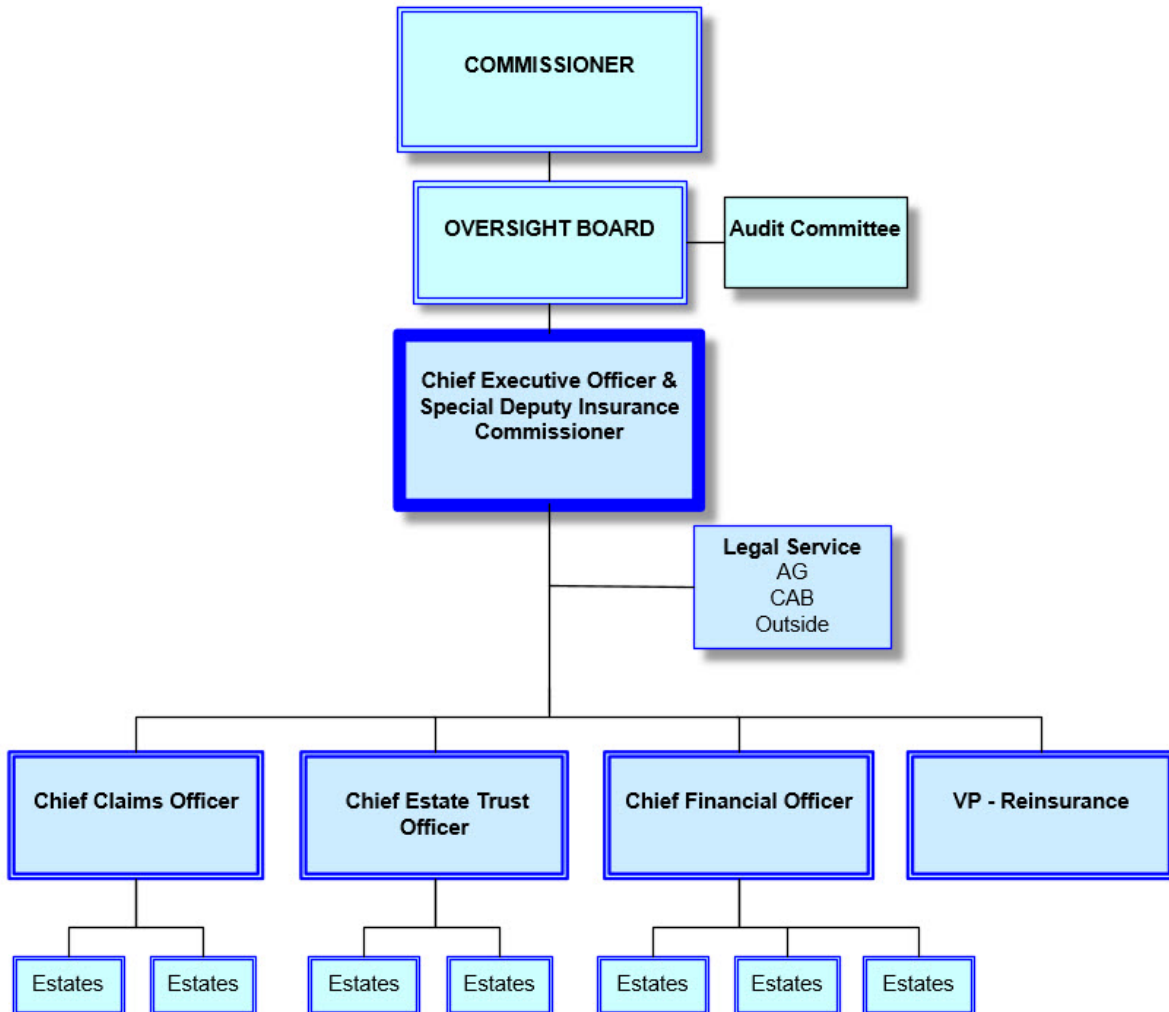
In addition to the role described above, the CLO at times provides special examination services to the Financial Surveillance Branch of the Department of Insurance. The CLO is reimbursed directly by the company being examined. During 2022, the CLO assisted with one such examination.

In 2014, the CLO’s Oversight Board authorized the CLO/Regulatory Services Group (RSG) (name used when doing work other than traditional California conservation and liquidations) to enter an engagement with the Nevada Insurance Commissioner to provide receivership management services. In 2016, the Board authorized engagements with Insurance Commissioners from the states of Colorado, Hawaii, Oregon, and Wyoming. In 2017, the Board authorized an engagement with the State of

Arizona to assist in the Meritas insolvency. In 2020, the Board again authorized an engagement with the State of Nevada to assist in the Physicians Indemnity Risk Retention Group insolvency. By providing professional receivership services to other states, the CLO and RSG are able to maintain proven receivership skills and institutional knowledge in California at a time that receiverships/liquidations are declining. These engagements further help to reduce the overall cost to California estates under the management of the CLO.

Organizational Structure

**Conservation & Liquidation Office
Executive/Board**



Oversight Board and Audit Committee Meetings

CLO activities are overseen by an Oversight Board composed of three senior executives of the California Department of Insurance. The Board also serves as the Audit Committee members. During 2022, the Oversight Board and Audit Committee members were the Chief Deputy Commissioner, the Deputy Commissioner and General Counsel, and the Deputy Commissioner of the Financial Surveillance Branch.

During 2022, the Oversight Board and Audit Committee held three regularly scheduled meetings.

Mission Statement and 2022 Organizational Goals and Results

The CLO's Mission Statement is as follows:

The CLO, on behalf of the Insurance Commissioner, rehabilitates and/or liquidates, under Court supervision, troubled insurance enterprises domiciled in the State of California. In addition, the CLO provides Special Examination Services, with Commissioner and Board oversight. As a fiduciary for the benefit of claimants, the CLO handles the property of troubled or failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.

On an annual basis, the CLO prepares a Business Plan for the organization supporting the CLO Mission Statement. The Business Plan is presented to the Oversight Board for approval.

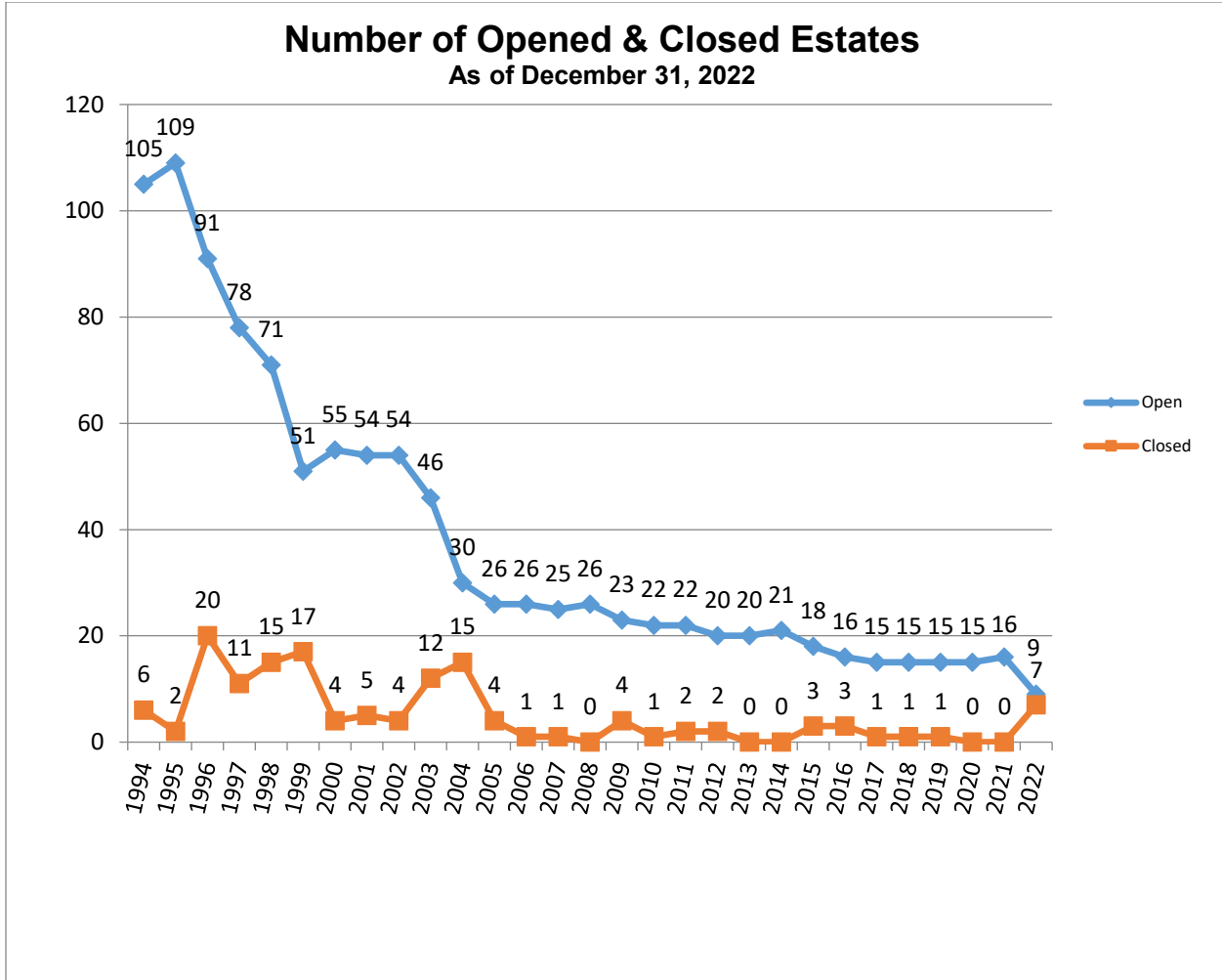
The 2022 Business Plan focused on estate closings and distributions, collecting/converting assets, evaluating claims and enhancing the operating efficiencies of the CLO.

Entering 2022, there were 16 open estates under management. The open estates consist of 15 Property and Casualty Estates and one Life and Health Estate. The CLO goal in 2022 was to close eight estates and distribute \$63.1 million.

The final distribution and closing of an estate is one of the more challenging milestones to achieve in the liquidation process. The Great States Insurance Company estate received a final federal tax refund to complete a final supplemental distribution and estate closure has been moved to 2023.

1. Closings

GOAL	RESULTS
<p>Close 8 Estates:</p> <ol style="list-style-type: none"> 1) Executive Life Insurance Company 2) California Compensation 3) Combined Benefits 4) Commercial Compensation 5) Superior National 6) Superior Pacific 7) Western Employers 8) Great States Insurance Company 	<p>All Estates closed in 2022 with the exception of Great States Insurance Company due to delay of federal tax refund and completion of final administrative tasks. Great States will close by year-end 2023.</p>



Since 1994, there have been approximately 140 estates closed. These estates consisted of 55 ancillaries, 22 title companies and 63 regular insurers. Ancillary and title companies typically require only limited work on behalf of the Liquidator.

2. Distributions

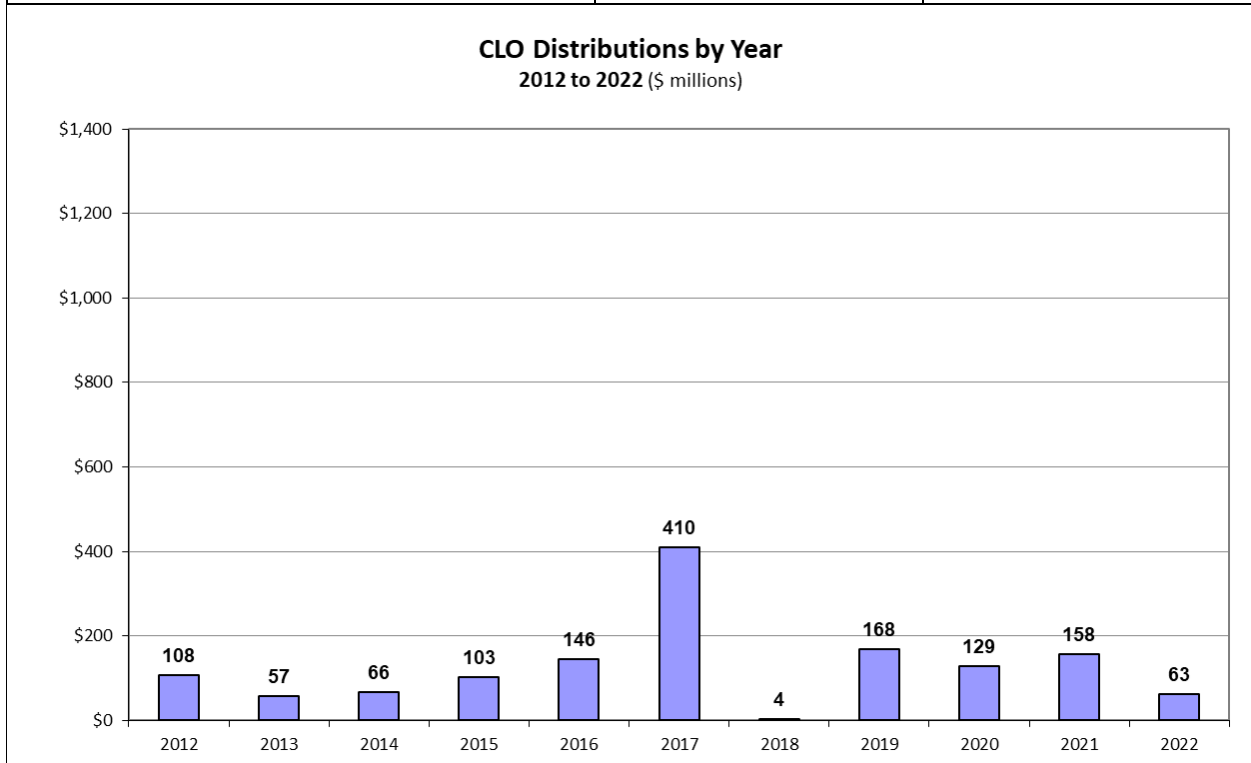
Early Access Distribution

Estate	2022 Actual (\$ Millions)	2022 Goal (\$ Millions)
CastlePoint National Insurance Company	\$60.74	60.00
Sub-total:	\$60.74	\$60.00

Final Distributions

Estate	2022 Actual (\$ Millions)	2022 Goal (\$ Millions)
Sable Insurance Company	\$1.42	\$1.50
Great States Insurance Company	\$.55	\$.50
HIH America Insurance	\$0	\$1.100
Sub-total:	\$1.97	3.10
TOTAL DISTRIBUTIONS:	\$62.71	\$63.10

CLO Distributions by Year
2012 to 2022 (\$ millions)



CLO Investment Policy

The CLO has a formal investment policy, as approved by its Oversight Board, requiring that investments be investment-grade fixed-income obligations of any type. These investments may be issued or guaranteed by (1) the U.S. and agencies, instrumentalities, and political sub-divisions of the U.S., and/or (2) U.S. corporations, trusts and special purpose entities. Such securities must be traded on exchanges or in over-the-counter markets in the U.S. None of the portfolio will be invested in fixed-income securities rated below investment-grade quality by Standard & Poor's, Moody's, or by another nationally recognized statistical rating organization. In addition, the duration must be maintained within +/- 12 months of the Barclays Capital U.S. 1-3 Year Government/Credit Index. The average duration was approximately 2 years at December 31, 2022.

The investments are managed in equal parts by two professional money management firms and are warehoused at the Union Bank of California.

As of December 31, 2022, the CLO had \$193.7 million of estate marketable investment securities under management.

For the year ending December 31, 2022, the average portfolio balance was approximately \$235.7 million. The portfolio earned an interest yield of 1.9% and a net yield after security gains/losses and mark-to-market adjustments of -3.4%.

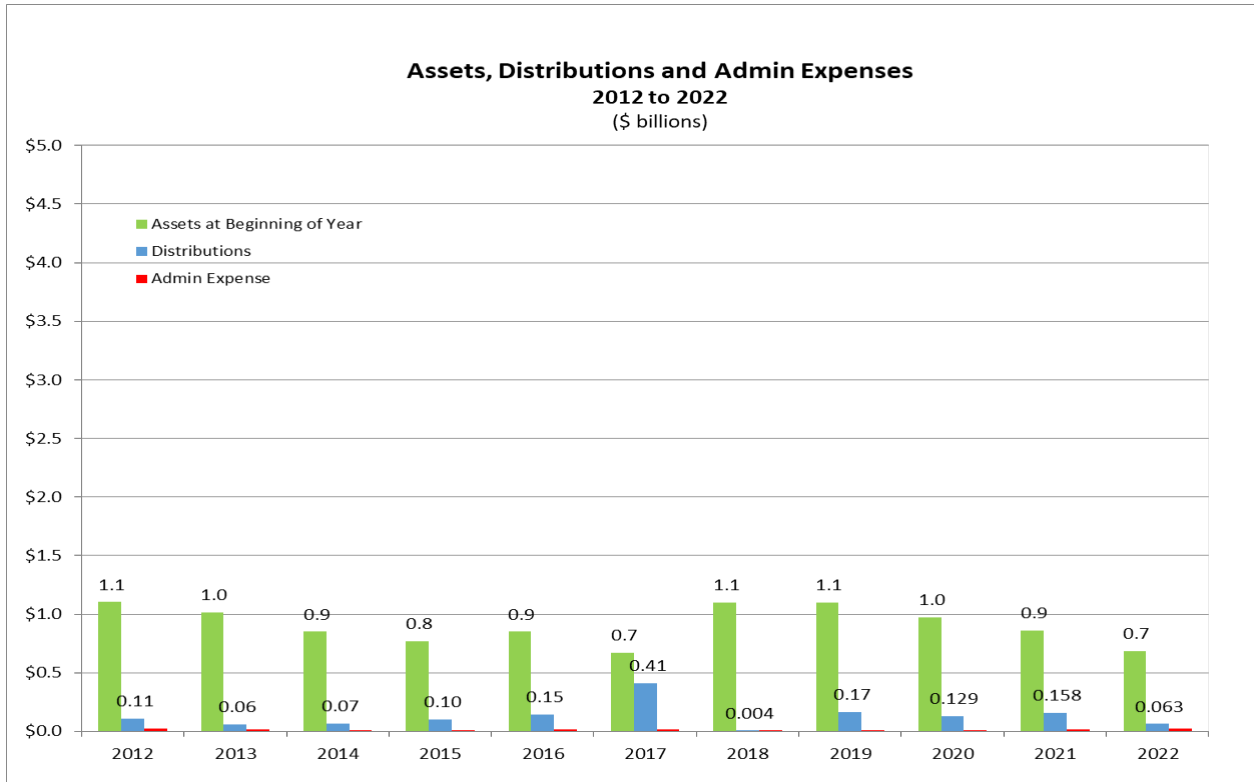
Administrative Expenses

Administrative expenses consist of both direct and indirect expenses. See "CLO Financial Results" section of this report on the budget and actual expenditures for 2022 for direct and indirect expenses.

Direct expenses charged to estates consist of legal costs, consultants and contractors, salaries and benefits for employees working exclusively for a single estate, if applicable, office expenses, and depreciation of property and equipment.

Indirect expenses that are not incurred on behalf of a specific estate are allocated using an allocation method based on the ratio of employee hours directly charged to a specific estate to total direct hours charged to all estates. For example, if employees charged 200 hours to a specific estate and in total 2,000 hours were incurred by all estates, that specific estate would be allocated 10% (200 hours divided by 2,000 total hours charged to all estates). Indirect expenses include CLO employee compensation, rent, and other facilities charges and office expenses.

In accordance with California Insurance Code Section 1035, the Commissioner may petition funds from a general appropriation of the State of California Insurance Fund if an estate does not have sufficient assets to pay for administrative expenses.



The chart above displays the aggregated estate assets at the beginning of year, distributions and administrative expenses from the year 2012 to 2022. The table below lists these figures.

Year	Assets (\$ billions)	Distributions (\$ millions)	Administrative Expenses (\$ millions)
2012	\$1.1	\$108	\$25
2013	\$1.0	\$57	\$14
2014	\$0.9	\$66	\$15
2015	\$0.8	\$103	\$16
2016	\$0.9	\$146	\$15
2017	\$0.7	\$410	\$11
2018	\$1.1	\$4	\$9
2019	\$1.1	\$168	\$13
2020	\$1.0	\$129	\$11
2021	\$0.9	\$158	\$15
2022	\$0.7	\$63	\$24 *

* This amount includes administrative expenses incurred by Western General for 2022 that were incurred at Western General prior to the transition of Western General to the offices of the CLO. If you exclude the Western General administrative expenses for 2022, the total CLO administrative expenses for 2022 were \$11,576,500.

Compensation Methodology

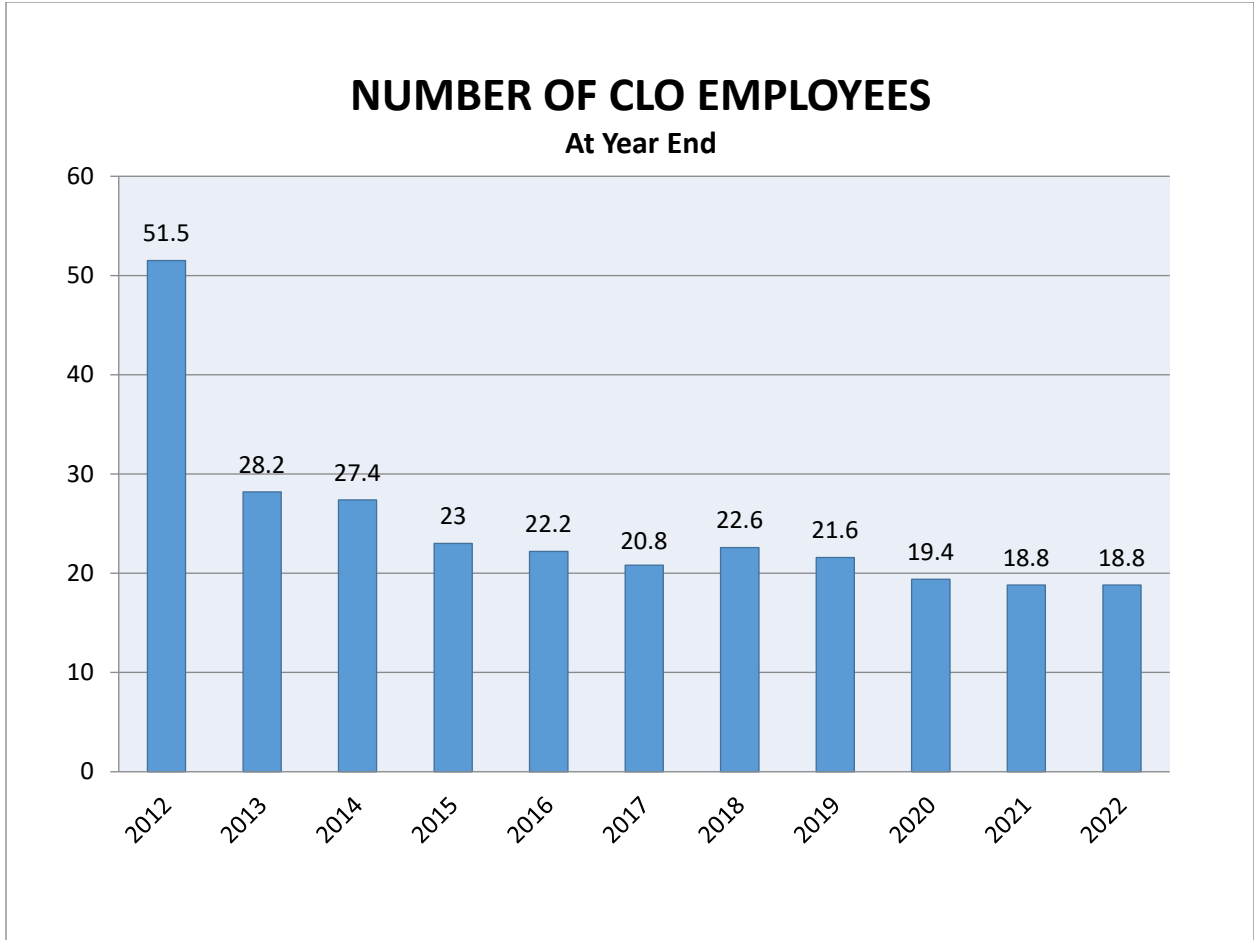
The CLO is not part of the State’s civil service system. All employees are at-will. The CLO does not have a bonus plan or pay incentive compensation. To that end, the CLO has established policies and procedures that are more akin to the private marketplace. The CLO engages an outside consultant to assist in establishing compensation ranges. In developing this report for the CLO, the primary survey source used was the CompAnalyst, which is a large survey representing thousands of companies across the U.S. which includes hundreds of jobs. This subscription survey collects marketplace compensation data from many sources and uses mathematical algorithms to predict the pay level of any of its survey jobs in major industries and geographical locations. The data used in this study was the nonprofit industry segment located in San Francisco.

A summary of the compensation procedures follows:

- A written job description is developed for each position.
- Salary grades are derived from comparable external market data.
- Salary ranges are identified (low, middle, and high) based on market comparisons obtained by an outside independent compensation consultant.
- Salary ranges are updated periodically.
- The creation of a “new job position” is sent to an outside consultant for external evaluation.
- All employees receive an annual compensation review.

CLO employment on a full-time equivalent basis and total compensation for employees are summarized below:

	2022	2023 (Budget)
Number of CLO full-time equivalent employees at beginning of year	18.8	18.8
Total compensation and benefits for CLO employees	\$4,382,500	\$4,539,800



The chart above shows the number of CLO full-time employees equivalent from 2012 to 2022.

As estates have closed resulting in reduced workloads and as a result of internal operating efficiencies the number of full-time employees decreased by 63% compared to December 31, 2012.

CLO Financial Results

For Years Ended December 31, 2022 and December 31, 2021

Cash received	December 31, 2022 Actual	December 31, 2022 Budget	December 31, 2021
Reinsurance recoveries, and miscellaneous income	\$12,202,500	Reinsurance recoveries and miscellaneous income are not amendable to budgeting due to the irregular timing of their occurrence.	\$13,549,700
Investment income, net of expenses	-14,892,500	Investment income is not budgeted due to the large changes in investment balances that occur throughout the year (due to distributions), as well as changes in investment return rates.	-1,414,200
Total:	-\$2,690,000		\$12,135,500

	December 31, 2022	December 31, 2022	December 31, 2021
	Actual	Budget	
Distributions	\$62,713,000	\$63,100,000	\$157,514,000

Administrative – Estate Direct Expenses

Estate Direct Expenses	December 31, 2022	December 31, 2022	December 31, 2021
	Actual	Budget	
Legal expenses	\$2,445,400	\$2,759,300	*\$5,825,200
Consultants and contractors	7,698,900	1,626,000	1,311,400
Office expenses	5,699,100	1,047,700	1,618,300
Compensation and benefits	2,534,400	0	0
Total:	**\$18,377,800	\$5,433,000	\$8,754,900

*\$2,864,900 of the total \$5,825,200 "Actual" for 2021 and \$2,059,600 of the total \$2,445,400 "Actual" for 2022 in Legal expenses is attributed to ongoing litigation related to the California Ins. Co. estate. The CLO is reimbursed 100% of its legal expenses by California Ins. Co.

**Direct Estate expenses were approximately \$13 million over budget. The Direct Estate expense variance was primarily due to the inclusion of the Western General (WGIC) ledger at year-end. This estate had not originally been considered for transition in the 2022 fiscal year budget.

Administrative – Estate Direct Expenses (Excluding WGIC)

Estate Direct Expenses	December 31, 2022	December 31, 2022	December 31, 2021
	Actual	Budget	
Legal expenses	\$2,401,700	\$2,759,300	\$5,825,200
Consultants and contractors	634,400	1,626,000	1,311,400
Office expenses	81,600	1,047,700	1,618,300
Compensation and benefits	2,455,100	0	0
Total:	\$5,572,800	\$5,433,000	\$8,754,900

Administrative – CLO Overhead Expenses

CLO overhead expenses	December 31, 2022	December 31, 2022	December 31, 2021
	Actual	Budget	
Compensation and benefits	\$4,382,500	\$4,483,100	\$4,360,500
Office expenses	1,523,700	1,543,600	1,445,000
Consultants and contractors	88,700	103,300	91,800
Legal expenses	8,800	3,000	4,600
Total:	\$6,003,700	\$6,133,000	\$5,901,900
Administrative Totals	December 31, 2022	December 31, 2022	December 31, 2021
	Actual	Budget	
Estate Direct Expense Total	\$18,377,800	\$5,433,000	\$8,754,900
CLO Overhead Expense Total	6,003,700	6,133,000	5,901,900
Total:	\$24,381,500	\$11,566,000	\$14,656,800

Estates Open Longer Than Ten Years

After the entry of an order placing an impaired California insurer into conservation and/or liquidation, the Insurance Commissioner and the CLO have the statutory responsibility to marshal and resolve the assets and liabilities of the failed entity.

The time required to close an insolvency proceeding is largely determined by the amount and complexity of the assets to be monetized and distributed to claimants. In addition, the length of an insolvency is equally affected by the amount of time required to make a final determination of an estate's liability.

Most of the insolvencies that remain open for more than ten years have some combination of on-going litigation, complicated tax exposure, potential collection of additional material assets, and challenges associated with the evaluation of liabilities. Until both sides of the insolvent estate's balance sheet are resolved (assets collected and liabilities fixed), the insolvency proceeding will remain open. In addition, estates are subject to federal tax reporting and escheatment requirements after the final distribution. The estates listed below have been in liquidation for ten years or more.

Fremont Indemnity Company:

Fremont released a \$83.4 million final distribution to approved Class 2 creditors on September 26, 2019, which paid 43.25% of approved policyholder claims. The Estate completed most all post-distribution and closing activities in 2020 including the sale of a subsidiary entity to a third party. The Estate continues to hold certain non-transferrable annuity assets that generate material periodic payments to the estate and will continue to over the next number of years. Together with the FLIC sale proceeds, the liquidation court has authorized the estate to retain the non-transferrable assets to be collected, and to distribute those funds when collections reach a \$5 million threshold.

Golden Eagle:

The Estate has been placed in an administrative closure status on the active Superior Court docket subject to the remaining claims run-off plan. Golden Eagle policyholder claims have been 100% reinsured and are being paid timely. The reinsurance program covering the court sanctioned run-off ensures Golden Eagle's ability to pay all policyholder claims when and as they become payable (up to the reinsurer's aggregate limit of liability). As such, the Commissioner has not asked the court to take any action that would prematurely cut off any policyholder's right to submit and be paid on a claim covered under a Golden Eagle policy. Golden Eagle and the insurance guaranty associations remain liable to the policyholders in the very unlikely event the reinsurance is not sufficient to satisfy all claim obligations. The reinsurance program is believed to have sufficient coverage to accommodate all remaining claims exposure, but if the reinsurance protection is ever exhausted (by reaching the reinsurer's aggregate limit of liability) the Commissioner will take steps to trigger guaranty association protection for Golden Eagle's policyholders. Until all claims are resolved or paid out, the Estate will

continue to honor all remaining claims run-off requirements, but will remain in an administratively closed status. The CLO acts in a pure monitoring capacity to ensure that the reinsurance contract continues to pay all claims.

Great States:

Great States completed a final distribution in 2019 and is positioned for closure. The Estate collected a material tax refund from the Federal Government as well as a supplemental distribution from the Reliance liquidation. The estate has distributed the tax and distribution proceeds and is completing final post-distribution closing requirements and will file a declaration of compliance upon completion in 2023.

Mission/Mission National:

Both Mission Insurance Company and Mission National Insurance Company have paid 100% of all Policyholder claim exposure. In addition to entering into agreements with the United States Department of Justice and the United States Environmental Protection Agency on a Federal Waiver settlement and release, the Mission estate received material distributions in 2019 and early 2020 from the Receivership estate of Centaur in Illinois. Subsequent to the Centaur collections, the Mission estate completed distributions to creditors totaling \$49.5 million. Mission and Mission National estates will remain open to collect final reinsurance obligations from other insolvent estates.

**Claims History
Property and Casualty Estates**

Estate	Liquidation Date	Proof of Claims Filed	Proof of Claims Resolved	Open Proof of Claims
California Ins Co	N/A	TBD	TBD	TBD
CastlePoint National	4/1/2017	1,893	764	1,129
Fremont	7/2/2003	45,673	45,673	0
Golden Eagle	2/18/1998		n/a (see below)	
Great States	5/8/2001	1,169	1,169	0
Merced	12/3/2018	450	376	74
Mission (2 estates)	2/24/1987	141,646	141,646	0
Western General	08/05/2021	2,571	484	2,087
	Total:	196,692	193,402	3,290

Note: Golden Eagle is not subject to a finding of statutory insolvency. All claims are covered under a reinsurance agreement and are being paid by the reinsurer.

2023 Business Goals

The 2023 Business Plan is focusing on estate closings and distributions.

Entering 2023, there are nine open estates under management by the CLO. The open estates consist of nine Property & Casualty Estates. Our goal in 2023 is to distribute \$34.95 million.

Starting in 2023, we have 18.8 full-time employee equivalents. We will re-assess staffing requirements throughout the year and will make any changes deemed necessary.

The 2023 Goals are as follows:

1. Close 1 Estate
Great States Ins. Co.

Note: Closing is defined as fully releasing the Commissioner from all legal responsibilities for an estate.

2. Early Access and Final Distributions

Early Access Distribution:

CastlePoint National Ins. Co.	30,000,000
Merced Ins. Co.	3,600,000

Final Distributions:

HIH America (supplemental)	1,352,000
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\$34,952,000

SECTION TWO – ESTATE SPECIFIC INFORMATION

Conservation or Liquidation Estates Opened and Closed During 2022

Current Year and Cumulative Distributions by Estate

Estates in Conservation and/or Liquidation as of December 31, 2022

Report on Individual Estates

Conservation or Liquidation Estates Opened During the Year 2022

None

Conservation or Liquidation Estates Closed During the Year 2022

California Compensation Ins. Co.

Combined Benefits Ins. Co.

Commercial Compensation Cas. Co.

Executive Life Ins. Co.

Superior National Ins. Co.

Superior Pacific Cas. Co.

Western Employers Ins. Co.

CURRENT YEAR AND CUMULATIVE DISTRIBUTIONS BY ESTATE

	Year Ended 12/31/2022				Cumulative to 12/31/2022			
	Policyholders	Federal & State Claims	General Creditors	Total	Policyholders	Federal & State Claims	General Creditors	Total
*Castlepoint National Ins Co	60,742,131	-	-	60,742,131	312,262,150	-	-	312,262,150
Fremont Indemnity Co	-	-	-	-	1,106,139,443	-	-	1,106,139,443
Great States Ins Corp	550,000	-	-	550,000	62,368,395	-	-	62,368,395
Merced Property Cas Co	-	-	-	-	23,784,075	-	-	23,784,075
Mission Ins Co	-	-	-	-	846,832,560	23,861,132	390,041,525	1,260,735,218
Mission National Ins Co	-	-	-	-	536,482,595	4,850,000	27,077,326	568,409,921
Sable Ins Co	1,421,000	-	-	1,421,000	24,042,543	-	-	24,042,543
	62,713,131	-	-	62,713,131	2,911,911,762	28,711,132	417,118,851	3,357,741,746

*The CastlePoint estate made statutory deposit releases of \$227.6 million (2017), \$4.9 million (2018), and \$19 million (2019) for a cumulative total of \$312.3 million.

Note: Golden Eagle, California Ins. Co., and Western General estates are not included as no distributions have occurred.

Estates in Conservation and/or Liquidation as of December 31, 2022

Estate Name	Date Conserved	Date Liquidated
California Insurance Company	11/04/19	*
CastlePoint National Insurance Company	07/28/16	04/01/17
Fremont Indemnity Company	06/04/03	07/02/03
Golden Eagle Insurance Company	01/31/97	02/18/98
Great States Insurance Company	03/30/01	05/08/01
Merced Property and Casualty Company	**	12/03/18
Mission Insurance Company	10/31/85	02/24/87
Mission National Insurance Company	11/26/85	02/24/87
Western General Insurance Company	05/26/2021	08/05/2021

***No Liquidation Order obtained**

****No Conservation Order obtained**

Report on Individual Estates

Each estate has its own unique set of challenges to monetizing assets, valuing the claims, distributing assets, and closing. No two estates are the same. The remaining portion of Section 2 provides a brief summary of the 2022 operating goals and results, the current status of the estate in the conservation or liquidation process, and summarized financial information. *(See note below)*

In reviewing the financial information, the following must be considered:

- The Statement of Assets and Liabilities have been prepared on the liquidation basis of accounting. Under the liquidation basis of accounting, assets reported on the financial statements are assets that are determined to be collectible. The liabilities may change during the course of the liquidation depending on the types of business written by the company, and as claims are reviewed and adjudicated.
- No estimates for future administrative expenses are included in the liabilities, unless the estate has been approved for final distribution and closure by the Court.
- California Insurance Code Section 1033 prescribes that claims on estate assets are paid according to a priority scheme, except when otherwise provided in a rehabilitation plan. The probability of a claim being paid is dependent on the valuation of the claim, the order of priority of the claim, and the amount of funds remaining after other claims having higher preference have been discharged.

Each priority class of claims must be fully paid before any distribution may be made to the next priority class. All members of a class receiving partial payment receive the same pro-rata amount.

- For estates in which available assets are insufficient to pay all policyholder claims, the CLO intentionally does not evaluate the lower priority proofs of claims, as doing so would incur unnecessary administrative time and expenses, reducing funds available for distribution to higher-priority claimants.
- Shareholders receive any remaining residual value of the estate's net assets only after the general creditors have been paid.
- Beginning Monetary Assets at takeover represent cash and investment balances at the time of liquidation or, in cases where the estate was first liquidated and managed by other parties, at the time the estate was taken over by the Conservation & Liquidation Office.

Note: Each estate under management of the CLO has an annual independent review of its financial statements. Copies of the independently reviewed financial statements can be accessed through the [CLO webpage](#). Annual audits or reviews are waived for estates with little or no assets or activity

ESTATE SPECIFIC INFORMATION

California Insurance Company

Conservation Order: November 4, 2019

2022 Report

California Insurance Company ("California Ins. Co.") was placed into Conservation on November 4, 2019 by the California Superior Court for the County of San Mateo. The Conservator was appointed to address and resolve certain regulatory concerns related to California Ins. Co.'s recent attempt to exit the California market without the necessary prior approval to do so. The Conservator developed and is seeking court approval of a comprehensive rehabilitation plan to address the issues with California Ins. Co. and their desire to re-domesticate outside California. The Conservator expects his rehabilitation plan to be heard by the court during the summer of 2023.

California Ins Co

ASSETS AND LIABILITIES

As of December 31, 2022

Assets	12/31/2021	12/31/2022
Cash and investments	\$1,062,454,467	\$1,180,598,939
Other assets	153,080,558	227,790,309
Total assets	\$1,215,535,025	\$1,408,389,248
Liabilities	12/31/2021	12/31/2022
Claims against policies	\$397,821,911	\$490,480,468
All other claims	173,127,487	272,431,321
Total liabilities	570,949,398	762,911,789
Net assets (deficiency)	\$644,585,627	\$645,477,459

INCOME AND EXPENSES

For Year Ended December 31, 2022

Income	2021	2022
Net premium income	\$254,817,452	\$348,534,526
Investment income	5,257,025	8,091,285
Other income	1,627	44,603,120
Total income	\$260,076,104	\$401,228,931
Expenses	2021	2022
Loss and claims expense	\$207,651,816	\$399,023,052
Federal Income Tax expense	13,347,075	6,389,031
Total expenses	220,998,891	405,412,083
Net income (loss)	\$39,077,213	(\$4,183,152)

CastlePoint National Insurance Company

Conservation Order: July 28, 2016

Liquidation Order: April 1, 2017

2022 Report

CastlePoint National Insurance Company (CastlePoint) was a California domiciled property and casualty insurer that was placed into Conservation on July 28, 2016 and Liquidation effective April 1, 2017 by the San Francisco Superior Court.

CastlePoint is the successor by merger with the following companies prior to Conservation:

- Tower Insurance Company of New York
- Tower National Insurance Company
- CastlePoint Florida Insurance Company
- Massachusetts Homeland Insurance Company
- York Insurance Company of Maine
- Hermitage Insurance Company
- North East Insurance Company
- Preserver Insurance Company
- CastlePoint Insurance Company

A Conservation and Liquidation Plan approved by the Court allowed CastlePoint to deconsolidate from its parent and from the consolidated taxpayer group. In addition, it allowed the Receiver to commute stop-loss reinsurance treaties in return for a cash payment of \$200 million which enabled CastlePoint to continue to make claim payments while the claim files were being prepared for the transfer to the 47 affected guaranty associations. A total of 5,977 claim files were transferred through this process.

Since the order of liquidation, the Receiver has opened and/or re-opened approximately 2,900 claim files for the various guaranty associations. CastlePoint has also collected in excess of \$50 million in miscellaneous assets and \$55 million in reinsurance recoveries.

An addendum to an administrative services agreement between CastlePoint and AmTrust/National General was executed to continue to support the claims, information technology, and accounting functions of the insolvency through December 31, 2023.

CastlePoint settled a litigated matter in which a claimant is seeking damages from CastlePoint and/or AmTrust as the third-party administrator in 2020.

CastlePoint received court approval and completed its first early access distribution in the amount of \$60 million in October 2022. The estate is planning to complete a second early access distribution in the latter part of 2023.

CastlePoint National Ins Co

ASSETS AND LIABILITIES

As of December 31, 2021 and December 31, 2022

Assets	12/31/2021	12/31/2022
Cash and investments	\$341,767,200	\$269,288,700
Recoverable from reinsurers	238,247,700	208,420,600
Other assets	17,534,200	18,437,200
Total assets	597,549,100	496,146,500
Liabilities		
Secured claims and accrued expenses	7,135,200	7,119,000
Claims against policies, before distributions	1,056,396,200	1,071,223,100
Less distributions to policyholders	(251,520,000)	(312,262,100)
All other claims	64,952,200	64,312,500
Total liabilities	876,963,600	830,392,500
Net assets (deficiency)	(279,414,500)	(334,246,000)

INCOME AND EXPENSES

For Year Ended December 31, 2021 and 2022

Income	2021	2022
Investment income	(\$893,700)	(\$13,779,500)
Salvage and other recoveries	903,100	1,147,400
Total income	9,400	(12,632,100)
Expenses		
Loss and claims expenses	1,220,900	38,286,200
Administrative expenses	3,809,300	3,929,500
Total expenses	5,030,200	42,215,700
Net income (loss)	(\$5,020,800)	(54,847,800)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$519,264,000
Recoveries, net of expenses	62,286,800
Distributions	(312,262,100)
Monetary assets available for distribution	\$269,288,700

Fremont Indemnity Company

Conservation Order: June 04, 2003

Liquidation Order: July 02, 2003

2022 Report

Fremont released an \$83.4 million final distribution to approved Class 2 creditors on September 26, 2019. The distribution paid 43.25% of approved policyholder claims. The estate completed most all customary post-distribution and closing activities in 2020. As part of the Fremont closing order, the liquidation court authorized the estate to retain certain non-transferrable assets to be collected and to thereafter distribute those funds when collections reach a \$5 million threshold. The estate continues to collect on the non-transferrable assets generating material payments to the estate and will continue to do so over the next number of years.

Fremont Indemnity Co

ASSETS AND LIABILITIES

As of December 31, 2021 and December 31, 2022

Assets	12/31/2021	12/31/2022
Cash and investments	\$4,887,400	\$5,433,300
Recoverable from reinsurers	978,300	518,200
Other assets	67,200	67,200
Total assets	5,932,900	6,018,700
Liabilities	12/31/2021	12/31/2022
Secured claims and accrued expenses	33,100	32,300
Claims against policies, before distributions	2,532,388,200	2,532,388,200
Less distributions to policyholders	(1,106,139,400)	(1,106,139,400)
All other claims	221,395,500	221,395,500
Total liabilities	1,647,677,400	1,647,676,600
Net assets (deficiency)	(\$1,641,744,500)	(\$1,641,657,900)

INCOME AND EXPENSES

For Year Ended December 31, 2021 and 2022

Income	2021	2022
Investment income	(\$26,600)	(\$147,700)
Salvage and other recoveries	819,200	346,400
Total income	792,600	198,700
Expenses	2021	2022
Federal Income Tax Expense	7,800	-
Administrative expenses	89,200	112,000
Total expenses	97,000	112,000
Net income (loss)	\$695,600	86,700

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$434,855,900
Recoveries, net of expenses	676,716,800
Distributions	(1,106,139,400)
Monetary assets available for distribution	\$5,433,300

Golden Eagle Insurance Company

Conservation Order: January 31, 1997

Rehab/Liquidation Plan Approved: August 4, 1997

Liquidation Order: February 18, 1998

2022 Report

Golden Eagle Insurance Company (Golden Eagle) is the subject of a Plan of Rehabilitation and Liquidation (Plan) approved by the Superior Court in 1997. The Plan provides for an orderly “run-off” of claims under Golden Eagle’s pre-1997 insurance policies, a process which is ongoing.

As part of the process to run off the remainder of the Golden Eagle estate, additional reinsurance coverage was purchased from Liberty Mutual affiliates to cover all the remaining covered insurance policy exposures. Golden Eagle’s insurance liabilities are fully funded under the Plan, eliminating the need for a formal finding of insolvency and thus have not triggered the claim payment obligations of the Insurance Guaranty Associations (IGAs). Under the court approved Plan these claims will continue to be received, adjusted, and paid in the ordinary course of the run-off of Golden Eagle’s policyholder liabilities. The IGAs remain as a back-up, in the unlikely event that the claims payment assets available under the Plan are exhausted prior to the final policyholder claim payment.

All remaining policyholder claims continue to be administered and paid under the Plan’s indemnity reinsurance and excess of loss reinsurance agreements all within the range of expected cost and reinsurance coverage. The Plan agreements will remain in full force and effect until the entire remaining exposure is paid, assumed, or novated. Currently the legal proceeding is administratively closed on the active court docket, yet the Golden Eagle Estate must remain open to monitor the long-term claim run-off and to give policyholders access to appeal rights through the OSC process that is incorporated into the Plan.

The only assets that remain in the Estate consist of a reserve to fund the administrative expenses that the CLO will incur while monitoring the duration of the run-off process.

Golden Eagle Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2021 and December 31, 2022

Assets	12/31/2021	12/31/2022
Cash and investments	\$1,308,900	\$1,243,500
Total assets	1,308,900	1,243,500
Liabilities		
Total liabilities	-	-
Net assets (deficiency)	\$1,308,900	\$1,243,500

INCOME AND EXPENSES

For Year Ended December 31, 2021 and 2022

Income	2021	2022
Investment income	(\$7,900)	(\$46,000)
Total income	(7,900)	(46,000)
Expenses		
Administrative expenses	23,200	19,300
Total expenses	23,200	19,300
Net income (loss)	(\$31,100)	(\$65,300)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover ⁹	\$2,029,000
Recoveries, net of expenses	(785,500)
Monetary assets available for distribution	\$1,243,500

⁹ As of December 31, 2006, when Golden Eagle's estate accounting was transferred to the CLO.

Great States Insurance Company

Conservation Order: March 30, 2001

Liquidation Order: May 8, 2001

2022 Report

Great States Insurance Company released a court approved final distribution in 2019, and subsequently learned of a material federal tax refund due the estate. The final tax refund was received from the IRS and the Estate completed its supplemental final distribution in 2022 and is in position to file a declaration of compliance to close by year-end 2023.

Great States Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2021 and December 31, 2022

Assets	12/31/2021	12/31/2022
Cash and investments	\$574,900	\$84,600
Total assets	574,900	84,600
Liabilities		
Secured claims and accrued expenses	116,700	49,800
Claims against policies, before distributions	70,352,500	70,352,500
Less distributions to policyholders	(61,818,400)	(62,368,400)
All other claims	11,917,600	11,917,700
Total liabilities	20,568,400	19,951,600
Net assets (deficiency)	(19,993,500)	(19,867,000)

INCOME AND EXPENSES

For Year Ended December 31, 2021 and 2022

Income	2021	2022
Investment income	(\$3,300)	\$7,600
Salvage and other recoveries	39,700	100
Total income	36,400	7,700
Expenses		
Administrative expenses	94,900	86,700
Federal Income Tax Expense	-	(205,600)
Total expenses	94,900	(118,900)
Net income (loss)	(\$58,500)	\$126,600

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$7,889,700
Recoveries, net of expenses	54,563,300
Distributions	(62,368,400)
Monetary assets available for distribution	\$84,600

Merced Property & Casualty Company

Liquidation Order: December 3, 2018

2022 Report

Merced Property & Casualty Company (“Merced”) located in Atwater, California is a wholly owned subsidiary of United Heritage Financial Group, and was licensed and authorized to transact homeowners insurance including fire, surety, plate glass, liability, burglary and automobile in California.

Merced was placed into liquidation by the Merced County Superior Court on December 3, 2018. In late November 2018, at the time of the Commissioner’s urgent filing for an insolvency order, Merced reported approximately \$23 million in admitted assets and \$63 million in total estimated liabilities, resulting in a reported negative surplus of \$40 million. Merced’s negative surplus position violates the minimum capital and surplus requirements as set forth in Insurance Code Sections 700.01, 700.02 & 700.025.

Upon entry of the liquidation order, the California Insurance Guarantee Association’s (CIGA) statutory obligation to adjust and pay Merced claims was triggered. Independent of the CLO, CIGA filed a subrogation claim against Pacific Gas and Electric (PG&E) Company and to date has collected \$59.2 million in recoveries.

As of December 31, 2022, the Merced estate, in coordination with CIGA, has paid approximately \$82 million in loss payments and expenses. At year-end, CIGA reported only an additional \$42,000 in remaining estimated Class 2 case reserves. In addition, CIGA has paid out approximately \$3 million in unearned premium refunds and has incurred approximately \$1.4 million in administrative expenses. Both Merced and CIGA have filed proofs of claims (POCs) in the PG&E bankruptcy proceeding and both entities have received material subrogation recoveries. At year-end, the Merced estate had collected \$2.3 million in recoveries from the subrogation trust and, independent of the estate, CIGA has collected \$59.3 million for total recoveries of \$61.6 million.

The Merced estate will submit a final claims submission to the Subrogation Trust in March of 2023. Merced will complete a \$3.6 million second interim distribution, paying the remaining approved “over-cap” claimants and CIGA. The estate expects to receive approximately \$800,000 (less any holdback amount). The Trustee for the PG&E Subrogation Trust has advised the estate that the Subrogation Trust will be terminated in July of 2023.

CIGA has essentially completed its recovery work from the PG&E bankruptcy proceeding and has collected approximately \$59.3 million in paid claim and claim expense recoveries through December 31, 2022. CIGA only reports approximately

\$42,234 in total estimated reserves at year-end. All recoveries paid by the bankruptcy estate to CIGA serve to reduce the guarantee association's claim against the Merced estate. At December 31, 2022, and factoring in the recent early access distributions totaling \$22.4 million, CIGA's current estate deficit has been reduced to approximately \$43,000. The Merced estate plans to settle the CIGA claim with the estate at the time we plan the estate's final distribution in late 2023.

As reported previously, all daily estate operations continue to be managed out of the CLO offices in San Francisco. The Atwater home office building and land have been sold to a local investor for an all cash price of \$1,665,000. The sale closed and proceeds were collected in late May 2022.

Finally, in anticipation of collecting final assets, the CLO is currently working through the review of the balance of proofs of claim filed against the estate. It is likely the estate will be solvent after payment of all classes of approved proofs of claim and recovery of the final subrogation trust submission. Planning for the return of the solvent shell to its parent is a priority for late 2023 once a final distribution has been situated.

Merced Property and Casualty Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2021 and December 31, 2022

Assets	12/31/2021	12/31/2022
Cash and investments	\$7,343,700	\$10,627,900
Other assets	842,600	858,000
Total assets	8,186,300	11,485,900
Liabilities	12/31/2021	12/31/2022
Secured claims and accrued expenses	182,600	182,600
Claims against policies, before distributions	30,593,200	27,687,100
Less distributions to policyholders	(23,784,100)	(23,784,100)
All other claims	1,939,100	1,999,900
Total liabilities	8,930,800	6,085,500
Net assets (deficiency)	(744,500)	5,400,400

INCOME AND EXPENSES

For Year Ended December 31, 2021 and 2022

Income	2021	2022
Investment income	(\$198,200)	(\$164,600)
Salvage and other recoveries	2,933,200	5,883,600
Total income	2,735,000	5,719,000
Expenses	2021	2022
Loss and claims expenses	475,100	(1,019,400)
Administrative expenses	454,100	436,400
Total expenses	929,200	(583,000)
Net income (loss)	1,805,800	6,302,000

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$23,011,357
Recoveries, net of expenses	11,400,643
Distributions	(23,784,100)
Monetary assets available for distribution	\$10,627,900

Mission Insurance Company

Conservation Order: October 31, 1985

Liquidation Order: February 24, 1987

Mission National Insurance Company

Conservation Order: November 26, 1985

Liquidation Order: February 24, 1987

2022 Report

In accordance with a 2006 court-approved closing plan, the Mission estates completed a final policyholder distribution in 2006 whereby all policyholder claimants for Mission, Mission National and Enterprise were paid 100% of their approved claim. As of year-end 2020, the general creditors of the Mission estate have unsatisfied portions remaining on their approved claims.

The Mission estates participate as members of a consolidated tax group (Covanta being the parent) and, as such, are joint and severally liable for the tax exposure of the group. The Mission estate has been indemnified from certain tax and tax-related exposure by the ultimate taxpayer.

After legal counsel for the estate reached an agreement with the United States Department of Justice and the EPA on a Federal Waiver settlement and release, the estates made a material distribution in 2017 to all creditors. In November, 2019 the Mission estate received a material distribution from the receivership estate of Centaur insurance in Illinois. By August 2020, the Mission estate completed distributions to creditors totaling over \$1.2 billion.

The three Mission Trusts still have material recoveries due from the Holland America liquidation estate in Missouri, potentially in the \$24 million range. Counsel for the Mission Trusts continues to participate in periodic calls and discussions with counsel for the Missouri regulators seeking to assist, where proper, in advancing the settlement process. Recently, the Missouri regulators reported some progress in identifying and defending certain potential claims being asserted against Holland America, but we have no further updates since the third quarter of 2022. The Mission Trusts have been extended by the liquidation court and will continue to efficiently distribute estate assets upon recovery in accordance with the comprehensive 2006 Mission closing order. The CLO will continue to assist and help advance the Missouri regulators collection and federal release efforts. There are no immediate distributions planned for the trusts.

Mission Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2021 and December 31, 2022

Assets	12/31/2021	12/31/2022
Cash and investments	\$3,519,500	\$2,924,300
Recoverable from reinsurers	649,700	649,700
Other assets	23,816,400	23,816,400
Total assets	27,985,600	27,390,400
Liabilities	12/31/2021	12/31/2022
Secured claims and accrued expenses	1,414,400	1,414,400
Claims against policies, before distributions	846,832,600	846,832,600
Less distributions to policyholders	(846,832,600)	(846,832,600)
All other claims	74,061,200	74,061,200
Total liabilities	75,475,600	75,475,600
Net assets (deficiency)	(47,490,000)	(\$48,085,200)

INCOME AND EXPENSES

As of Decemeber 31, 2021 and December 31, 2022

Income	2021	2022
Investment income	(\$20,500)	(\$89,800)
Salvage and other recoveries	30	-
Total income	(20,470)	(89,800)
Expenses	2021	2022
Administrative expenses	232,800	505,400
Total expenses	232,800	505,400
Net income (loss)	(\$253,270)	(\$595,200)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$133,667,000
Recoveries, net of expenses	1,106,242,500
Distributions	(1,236,985,200)
Monetary assets available for distribution	\$2,924,300

Mission National Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2021 and December 31, 2022

Assets	12/31/2021	12/31/2022
Cash and investments	\$3,276,600	\$3,191,900
Recoverable from reinsurers	1,793,200	1,793,200
Total assets	5,069,800	4,985,000
Liabilities	12/31/2021	12/31/2022
Secured claims and accrued expenses	1,501,700	1,501,700
Claims against policies, before distributions	596,098,500	596,098,500
Less distributions to policyholders	(536,482,600)	(536,482,600)
All other claims	16,838,100	16,838,100
Total liabilities	77,955,700	77,955,700
Net assets (deficiency)	(\$72,885,900)	(\$72,970,700)

INCOME AND EXPENSES

For Year Ended December 31, 2021 and 2022

Income	2021	2022
Investment income	(\$19,100)	(\$99,800)
Salvage and other recoveries	78,200	83,200
Total income	59,100	(16,600)
Expenses	2021	2022
Administrative expenses	61,000	68,100
Total expenses	61,000	68,100
Net income (loss)	(\$1,900)	(84,700)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$18,289,000
Recoveries, net of expenses	548,462,800
Distributions	(563,559,900)
Monetary assets available for distribution	\$3,191,900

Western General Insurance Company

Conservation Order: May 26, 2021
Liquidation Order: August 5, 2021

2022 Report

Western General is a property and casualty insurance company licensed to transact specialty dealer-originated and agent/broker produced non-standard private passenger automobile insurance. Most of Western General's business was written primarily through its affiliated agency All Motorists Insurance Agency (AMIA). Western General was required to maintain minimum paid-in capital and surplus in the aggregate amount of \$2,500,000. The Commissioner estimated, based upon recent performance, that Western General would have less than the minimum capital and surplus by the end of the second quarter of 2021.

Based on Western General's quarterly statement of March 31, 2021, coupled with continuing losses thereafter, the Commissioner determined, and Western General's management and majority shareholder agreed, that Western General was in such an impaired financial condition that the further transaction of business by it will be, and is, hazardous to its policyholders, creditors and the public, and such condition was the grounds for the entry of an order of conservation under section 1011, subdivisions (d) and (h). On May 26, 2021, upon application to the Los Angeles Superior Court (Court), the Commissioner was appointed Conservator of Western General by the Court.

Upon entry of the conservation order the Commissioner, through CLO, took immediate daily control of Western General and secured control of the company's assets and operations as well as issued all required legal notifications to the various constituents of Western General.

As of the end of June 2021, Western General had less than \$95,000 in unrestricted cash and current outstanding liabilities of approximately \$1.9 million (not including any claim expense). Based upon the foregoing facts, the Commissioner determined he could not affect the rehabilitation of Western General; that it would be futile to continue to proceed as Conservator with conducting the business of Western General; that Western General is insolvent and is unable to meet its financial obligations as they become due; and that such conditions are grounds for liquidation under applicable law. An order of liquidation (with a finding of insolvency) was entered by the Court on August 5, 2021. Additionally, the Court appointed a Deputy Liquidator and a Liquidation Manager to oversee and conduct Western General's insolvency proceeding to conclusion.

The entry of the liquidation order contained an express finding of insolvency thereby triggering the state-based insurance guaranty statutes, specifically the obligation of the

respective state guaranty entities, in states where Western General wrote policies, to pay the open claims and claim expenses which Western General was no longer able to pay.

As of December 31, 2022, the Western General Estate, in coordination with the participating insurance guarantee associations, has paid approximately \$12.1 million in loss payments to insureds and estimates an additional \$8.3 million in reserves. The California Insurance Guarantee Association (CIGA) having the largest share of claims (approx. 70% of the book was written in California) has also paid an additional \$1 million in claim adjustment expenses as well as approximately \$1.4 million in return premium.

The CLO continued to direct and manage the transfer of the local run-off operations of Western General Insurance Company into the CLO office. With the claims handling process and claims data now situated with the participating insurance guaranty associations (IGAs), the estate has essentially shut down all local operations and has retained the services of key staff under short-term consulting agreements to continue to assist in the management of IGA data, claims, and policy administration, as well as accounting and reinsurance. As of year-end, the Western General estate had relocated all but a few administrative functions to the CLO, and the Calabasas office space is on schedule to be vacated and returned to the landlord by March 31, 2023. A primary focus going into 2023 will be the processing and collection of reinsurance, continuing claims run-off, and the determination of the estates timely filed proofs of claim.

Westen General Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2021 and December 31, 2022

Assets	12/31/2021	12/31/2022
Cash and investments	\$23,923,825	\$17,270,600
Recoverable from reinsurers	-	31,972,200
Other assets	2,131,860	150,400
Total assets	26,055,685	49,393,200
Liabilities	12/31/2021	12/31/2022
Secured claims and accrued expenses	-	-
Claims against policies, before distributions	22,130,547	58,301,000
Less distributions to policyholders	-	-
All other claims	4,511,832	3,616,700
Total liabilities	26,642,379	61,917,700
Net assets (deficiency)	(\$586,694)	(\$12,524,500)

INCOME AND EXPENSES

For Year Ended December 31, 2021 and 2022

Income	2021	2022
Net premium income	\$20,309,556	(\$134,200)
Investment income	599,964	436,200
Salvage and other recoveries	-	265,600
Other income	89,194	1,394,500
Total income	20,998,714	1,962,100
Expenses	2021	2022
Loss and claims expenses	16,156,879	459,700
Administrative expenses	-	13,782,400
Other underwriting expense	13,197,165	-
Total expenses	29,354,044	14,242,100
Net income (loss)	(\$8,355,330)	(\$12,280,000)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at year 2022	\$23,923,825
Recoveries, net of expenses	(6,653,225)
Distributions	-
Monetary assets available for distribution	\$17,270,600

SECTION THREE – CROSS REFERENCES TO CALIFORNIA INSURANCE CODE (CIC)

CIC Section 1035 – Deputy Commissioners, clerks, and assistants, and executive officers; chief executive officer of Conservation and Liquidation Office:

- (a) In any proceeding under this article, the commissioner may appoint and employ under his or her hand and official seal, special deputy commissioners, as his or her agents, and to employ clerks and assistants and to give to each of them those powers that he or she deems necessary. Upon appointing or employing special deputy commissioners or executive officers, the commissioner shall notify the Chair of the Joint Legislative Budget Committee, by letter, of the action. The costs of employing special deputy commissioners, clerks, and assistants appointed to carry out this article, and all expenses of taking possession of, conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and property of that person under this article, shall be fixed by the commissioner, subject to the approval of the court, and shall be paid out of the assets of that person to the department. In the event the property of that person does not contain cash or liquid assets sufficient to defray the cost of the services required to be performed under the terms of this article, the commissioner may at any time or from time to time pay the cost of those services out of the appropriation for the maintenance of the department, but not out of the assets of other estates. Any amounts so paid shall be deemed expenses of administration and shall be repaid to the fund out of the first available moneys in the estate.

CIC Section 1060 - The Commissioner shall transmit all of the following to the Governor, the Legislature, and to the committees of the Senate and Assembly having jurisdiction over insurance in the annual report submitted pursuant to Section 12922:

- (a) The names of the persons proceeded against under this article.51
- (b) Whether such persons have resumed business or have been liquidated or have been mutualized.....51
- (c) Such other facts on the operations of the Conservation & Liquidation Office as will acquaint the Governor, the policyholders, creditors, shareholders and the public with his or her proceedings under this article, including, but not limited to:
 - (1) An itemization of the number of staff, total salaries of staff, a description of the compensation methodology, and an organizational flowchart.34, 41-42
 - (2) Annual operating goals and results.35-38
 - (3) A summary of all Conservation and Liquidation Office costs, including an itemization of internal and external costs, and a description of the methodology used to allocate those costs among insurer estates.39-44

(4) A list of all current insolvencies not closed within ten years of a court ordered liquidation, and a narrative explaining why each insolvency remains open.....45-46

(5) An accounting of total claims by estate.47

(6) A list of current year and cumulative distributions by class of creditor for each estate.... 50

(7) For each proceeding, the net value of the estate at the time of conservation or liquidation and the net value at the end of the preceding calendar year.....51-70

(d) Other facts on the operations of the individual estates as will acquaint the Governor, Legislature, policyholders, creditors, shareholders, and the public with his or her proceedings under this article, including, but not limited to:

(1) The annual operating goals and results.51-70

(2) The status of the conservation and liquidation process.51-70

(3) Financial statements, including current and cumulative distributions, comparing current calendar year to prior year.....51-70

2022 ANNUAL REPORT

**CONSUMER SERVICES *and* MARKET
CONDUCT BRANCH**

Consumer Services & Market Conduct Branch

The Consumer Services and Market Conduct Branch (CSMCB) focuses on consumer assistance and protection by educating consumers, mediating consumer complaints, and enforcing insurance laws. CSMCB enforces insurance laws during the investigation of individual consumer complaints against insurers and agents/brokers and through on-site examinations of insurer claims and underwriting practices. CSMCB consists of two divisions, six bureaus, a market analysis unit, and a unit of legal staff dedicated to consumer issues:

Consumer Services Division (CSD)

- Consumer Communications Bureau (CCB)
- Claims Services Bureau (CSB)
- Health Claims Bureau (HCB)
- Rating and Underwriting Services Bureau (RUSB)

Market Conduct Division (MCD)

- Field Claims Bureau (FCB)
- Field Rating and Underwriting Bureau (FRUB)
- Market Analysis Unit (MAU)

Consumer Law Unit (CLU)

CSMCB RESULTS FOR CALENDAR YEAR 2022

Result Description	Result
Consumer Telephone Calls and In-Person Assistance	163,914
Complaint Cases Opened	44,947
Complaint Cases Closed	44,712
Total Amount of Consumer Dollars Recovered	\$133,035,994
Number of Market Conduct Exams Adopted by the Commissioner	83
Total Amount of Claims Dollars Recovered or Premium Returned to Consumers from Market Conduct Exams	\$76,447,803
CSMCB Grand Total Amount (Consumer Dollars Recovered, Claims Dollars Recovered or Premium Returned to Consumers)	\$209,483,797

CONSUMER SERVICES DIVISION

CSD responds to consumer inquiries and complaints involving insurance companies or agent and broker activities. The CSD is responsible for administering the program described in the California Insurance Code (CIC) Section 12921.1(a) for investigating complaints, responding to consumer inquiries, and bringing enforcement actions against insurers, agents, and brokers.

In accordance with CIC Section 12921.1(a)(10), this report includes a description of the operation of the complaint handling process, and the percentage of the Department's personnel years devoted to the handling and resolution of complaints.

The CCB staff respond to general insurance inquiries, answer questions about insurance claims and underwriting practices, and administer the California Department of Insurance (CDI) Residential, Earthquake, and Automobile Mediation Programs.

The three written case units, CSB, HCB, and RUSB, are responsible for investigating, evaluating, and resolving written consumer complaints involving claims and rating and underwriting issues for all lines of insurance. In 2022, 122 full-time staff were devoted to the complaint handling operation. This represents almost nine percent of the 1398 total authorized positions in the Department.

All complaints are reviewed, and an investigation is generally initiated within three days of receipt. During this period, CDI contacts the appropriate insurers or agents and brokers. The time required to resolve a complaint varies depending on the case type and complexity of the issues presented. The average time for resolution is approximately 45 days from open to close. Complex cases involve the analysis of conflicting facts and applicable laws, as such, resolution of these cases may require a lengthier investigation. Conversely, cases involving less complex issues may be resolved within hours, days, or a few weeks. CDI informs consumers about the final resolution of their complaints as quickly as possible, but no later than 30 days after final action. The cumulative results of our findings are published annually in the consumer complaint study available on CDI's public website at: [Consumer Complaint Study](#).

Consumer Complaint Trends – The following tables identify notable complaint trends by line of coverage:

PERCENTAGE OF COMPLAINTS BY LINES OF COVERAGE

Coverage Type	2019	2020	2021	2022
Automobile	41.61%	38.65%	31.19%	33.78%
Accident & Health	25.25%	21.53%	35.02%	33.09%
Homeowners	13.50%	15.06%	12.85%	12.98%
Misc./Other	10.50%	14.32%	11.64%	11.74%

Coverage Type	2019	2020	2021	2022
Life & Annuity	4.88%	4.91%	4.42%	4.03%
Fire, Allied Lines & CMP	2.32%	3.41%	3.14%	2.91%
Liability	1.80%	2.00%	1.67%	1.41%
Earthquake	0.07%	0.12%	0.07%	0.06%

TOP TEN TYPES OF COMPLAINT REASONS

Number	Types of Complaint Reasons	2019	2020	2021	2022
1	Denial of Claim	26%	28%	27%	26.61%
2	Claim Handling Delay	18%	18%	22.10%	25.15%
3	Unsatisfactory Settlement Offer	14%	14%	13.64%	14.43%
4	Premium & Rating	6%	6%	5.73%	4.52%
5	Cancellation	3%	3%	3.33%	3.26%
6	Premium Refund	3%	5%	3.80%	3.06%
7	Nonrenewal	3%	3%	2.55%	2.48%
8	Coverage Question	3%	2%	2.22%	2.14%
9	Premium Notice/Billing Problem	3%	3%	2.01%	1.95%
10	All Other Reasons	21%	18%	17.62%	16.40%

In accordance with reporting requirements of CIC Section 1858.35, the following table lists the number and type of complaints received by CDI from any person aggrieved by any rate charged, rating plan, rating system, or underwriting rule, and the disposition of these complaints.

**CIC SECTION 1858.35 COMPLAINTS BY TYPE/REASON
Calendar Year 2022**

Rank	Reason	Number of Complaints
1	Premium & Rating	1116
2	Nonrenewal	732
3	Cancellation	730
4	Coverage Question	568

Rank	Reason	Number of Complaints
5	Premium Refund	533
6	Surcharge	458
7	Premium Notice/Billing Problem	413
8	Agent Handling	276
9	Rescission	123
10	All Other Reasons	817
	Total Number Reasons	5766
	Total Number of Complaints	4826

Note: Many consumer complaints involve more than one issue. This explains the difference between the total number of complaints and total number of complaint types/reasons above. The complaint type/reason column also describes the various concerns addressed.

**CIC SECTION 1858.35 COMPLAINTS BY FINAL DISPOSITION
Calendar Year 2022**

Rank	Final Disposition	Number of Complaints	Recovery Amount
1	Company Position Substantiated	3920	\$458,818.50
2	Compromised Settlement/Resolution	561	\$421,440.40
3	Company Position Overturned	391	\$468,315.20
4	Question of Fact/Contract Provision/Legal Issue	67	\$331.12
5	Referred for Possible Disciplinary Action	39	\$4,076.52
6	All Other Disposition Codes	22	\$136.00
	Total Number of Dispositions	5000	\$1,353,117.74
	Total Number of Complaints	4826	\$1,353,117.74

Note: Many consumer complaints involve more than one issue and therefore may result in more than one disposition. This explains the difference between the total number of complaints and total number of dispositions above.

Disaster Response

CSD also coordinates CDI’s response to natural and other disasters affecting California insurance consumers and businesses. This response includes administration of the Emergency Disaster Assessment function described in CIC Section 16000, as well as assisting consumers affected by wildfires and other catastrophic events at Local Assistance and Disaster Recovery Centers, community events, and workshops.

In 2022, California continued to experience disasters. CSD monitored 51 wildfire, 1 earthquake and 5 atmospheric river events, including deploying 11 CDI staff members to assist survivors throughout the state at various Local Assistance and Disaster Recovery Centers.

Residential Property, Earthquake, and Automobile Physical Damage Mediation Program

CSD administers CDI’s Residential Property, Earthquake Claims, and Automobile Physical Damage Mediation Program. The Program was established in 1995 in response to earthquake claims from the Northridge Earthquake of January 17, 1994. The Legislature has since expanded the program to include automobile physical damage and residential property disputes subject to specific guidelines. Residential property and earthquake mediation are contingent upon a gubernatorial declaration of a state of emergency. Pursuant to CIC Section 10089.83, the results of the Program for calendar year 2022 are contained in the table below titled ‘Formal Mediation Program Results for Calendar 2022’.

**FORMAL MEDIATION PROGRAM RESULTS
Calendar Year 2022**

RESULT DESCRIPTION	Residential	EQ	Auto	Totals
Number of mediation cases eligible	18	0	6	24
Number settled within 28-day settlement period	1	0	1	2
Number sent to mediation	8	0	4	12
Number of cases rejected by insurer	6	0	0	6
Number of cases rejected by consumers	3	0	1	4
Number accepted by insurer	8	0	4	12
Number of settlements rejected within 3 day waiting period	0	0	0	0
Number of Cases Closed	16	0	5	21

RESULT DESCRIPTION	Residential	EQ	Auto	Totals
Number of Cases Pending	2	0	1	3
Amount initially claimed	\$1,216,717.28	\$0	\$0	\$1,216,717.28
Amount of settlements	\$207,051.58	\$0	\$44,879.01	\$251,930.59

Independent Medical Review Program

CSD also administers an Independent Medical Review (IMR) program, which determines when treatment is medically necessary. This includes determining which complaints qualify for the program, guiding the consumer through the IMR process, working with the IMR organization, communicating the final decision to all parties, and developing statistics related to IMR results, which are made public with appropriate privacy protections on the Department’s public website at: [Independent Medical Review Statistics](#).

**2022 INDEPENDENT MEDICAL REVIEW SUMMARY REPORT
Annual Rate of IMR Cases by Total Insured Population**

Plan Type	Covered Lives as of 12/31/2022
Major Medical Plans Non-Grandfathered Large Group	573,373
Major Medical Plans Non-Grandfathered Small Group	112,645
Major Medical Plans Non-Grandfathered Individual	55,922
Major Medical Plans Grandfathered Large Group	8,981
Major Medical Plans Grandfathered Small Group	716
Major Medical Plans Grandfathered Individual	45,320
Student Health Plans	51,501

Plan Type	Covered Lives as of 12/31/2022
Total Insured Population	848,458
Total Number of IMR Cases	197
Annual Rate of IMR Cases by Insured Population	0.0232%

Annual Rate of IMR Cases by Health Insurer

Insurance Company	IMR Case Count	Annual Rate
Aetna Life Insurance Company	68	0.0080%
Health Net Life Insurance Company	46	0.0054%
Anthem Blue Cross Life & Health Insurance Company	37	0.0044%
Cigna Health & Life Insurance Company	32	0.0038%
Unitedhealthcare Insurance Company	9	0.0011%
Group Insurance Trust of the California Society of Certified Public Accountants	2	0.0002%
Kaiser Permanente Insurance Company	1	0.0001%
Western Growers Assurance Trust	1	0.0001%

Insurance Company	IMR Case Count	Annual Rate
Blue Shield of California Life & Health Insurance Company	1	0.0001%

The Number, Type and Resolution of IMR Cases by Health Insurer

Insurance Company	Total IMR Cases	Experimental: Denial Overturned	Experimental: Denial Upheld	Medical Necessity: Denial Overturned	Medical Necessity: Denial Upheld
Aetna Life Insurance Company	68	13	12	29	14
Anthem Blue Cross Life & Health Insurance Company	37	5	7	13	12
Blue Shield of California Life & Health Insurance Company	1	0	1	0	0
Cigna Health & Life Insurance Company	32	7	9	14	2
Group Insurance Trust of the California Society of Certified Public Accountants	2	0	2	0	0
Health Net Life Insurance Company	46	1	1	26	18

Insurance Company	Total IMR Cases	Experimental: Denial Overturned	Experimental: Denial Upheld	Medical Necessity: Denial Overturned	Medical Necessity: Denial Upheld
Kaiser Permanente Insurance Company	1	0	0	1	0
Unitedhealth care Insurance Company	9	2	1	6	0
Western Growers Assurance Trust	1	0	0	1	0

Health Care Provider Bill of Rights Report

No complaints involving CIC Section 10133.65(f) were received for calendar year 2022.

MARKET CONDUCT DIVISION

MCD examines admitted insurance companies to evaluate their compliance with legal requirements and to initiate corrective or enforcement actions when necessary. These examinations are generally scheduled at regular fixed intervals. Scheduled re-examinations and targeted examinations supplement the routine examinations when special circumstances, or the results of market analysis of consumer complaints and other data, dictate more in-depth examination. Depending upon their size, complexity, and nature, exams are either conducted in the insurers’ offices located nationwide or in-house at CDI’s offices, with insurers shipping materials and files to CDI staff.

Following operational adjustments made during the global COVID-19 pandemic, market conduct examination work primarily continued to be conducted remotely via telework during 2022.

Within MCD, FCB examines claim handling practices, and FRUB examines rating and underwriting practices. This division of oversight reflects the traditional division of operations in the industry and in the laws regulating them.

MCD also maintains the Market Analysis Unit which evaluates patterns in consumer complaints, enforcement actions, exam activity, and other data on a national basis to identify issues that may be of regulatory concern in California and to assist in the planning and scheduling of examinations.

The following is a summary of MCD’s accomplishments for the year 2022. The table displays exams completed, dollars returned to consumers, and legal actions taken broken out by bureau. The column labeled “Div. Office” reflects multistate examination and enforcement activity done in cooperation with other states. This work is completed directly by MCD Division Office Staff and CDI Legal rather than being assigned to FCB or FRUB.

**MARKET CONDUCT DIVISION RESULTS
Calendar Year 2022**

EXAMINATION RESULTS CATEGORY	FCB	FRUB	DIV. OFFICE	MCD Totals
Number of Exams Adopted by the Commissioner	66	17	0	83
Amount of Claims Dollars Recovered or Premium Returned to Consumers in Examinations and Enforcement Actions	\$3,231,800	\$73,198,261	\$17,742	\$76,447,803
Number of Enforcement Actions Completed on Examinations	0	0	0	0
Penalties Assessed in Enforcement Actions Completed	\$0	\$0	\$0	\$0

FIELD CLAIMS BUREAU

FCB conducts market conduct examinations of the claims practices of all licensed California insurers. Each exam focuses on compliance with the California Insurance Code (CIC) and the California Fair Claims Settlement Practices regulations. FCB seeks to ensure equitable treatment of policyholders and claimants in accordance with insurance contracts and California law. The CIC sections cited in FCB examinations vary by line of insurance. However, those that are common to both life & disability and property & casualty insurance involve delay, documentation, and improper handling, which may include improper settlement, failure to pursue investigation, and improper denial. FCB obtains remedial claim actions from insurers as a result of the examinations it conducts. Many of the issues which lead to these actions are displayed in its reports which are published on CDI’s website. During calendar year 2022, FCB staff examined 2,979 claim files and cited 13,733 violations of law in the reports it filed.

FIELD RATING AND UNDERWRITING BUREAU

FRUB conducts market conduct examinations of the rating and underwriting practices of all licensed insurers, including reviews of the advertising, marketing, risk selection and declination; underwriting, pricing, and policy termination practices of life, health, property, and casualty insurers. FRUB examinations focus on compliance with rate filing requirements, consistency within the insurer's adopted rating processes, and overall conformity of rating and underwriting with California law. FRUB obtains remedial actions from the insurers it examines in the form of revisions to incorrect and illegal practices and premium refunds to consumers when errors and violations resulting in premium overcharges are discovered. During the calendar year 2022, FRUB staff examined 1,312 policy files, resulting in the identification of 77 illegal practices for correction in the reports it filed.

CIC Section 12921.4(b) – In accordance with CIC Section 12921.4(b), the Market Analysis Unit reviewed the complaint data of each insurance carrier that was authorized to transact business in California during 2022. The analysis of complaint data focused on the following areas: insurer, insurance line of business, and type of violation. In addition to raw numbers of complaints, the analysis includes the development of a complaint index for each insurer, calculated as the insurer's complaint share divided by its market share. This allows for the comparison of results among insurers of differing sizes.

Complaint totals are among the primary criteria driving the MCD's examination schedule. The 10 insurers with the largest number of closed complaints in 2022 (ranging from 658 for the tenth-ranked company to 1,179 for the company ranked first) have all been examined within the last three years or are scheduled to be examined in the next two years (five are in progress and five are on the upcoming examination schedule). Two of the 10 companies with the most closed complaints have been the subjects of enforcement action within the last five years or are pending enforcement action.

Complaints by line of business remain an important criterion for focusing MCD examination resources. The five lines of business generating the highest number of complaints were:

- Private passenger auto - 12,398
- Homeowners - 5,096
- Home warranty (Warranty Contract) - 1,924
- Group accident and health - 1,326
- Individual accident and health - 1,136

These lines were among the most frequently examined by the Division's FCB and FRUB during 2022. Within each line of business, MCD also prioritizes those insurers

with the most complaints. All insurers in the top 10 of complaints in each line have been examined in the last three years or are scheduled to be examined in the next two years.

An analysis of complaints sorted by type of violation is completed for each examination initiated for the MCD's bureaus. The results of this analysis allow the examiners in charge to identify areas that should be scrutinized more closely. Whenever a trend or pattern in violation data is observed, the information is shared with those Department employees that have a use or need for the data.

A geographic analysis, established by ZIP Code, of consumer complaints was conducted for the year 2022. Complaints within those geographic regions identified as having high concentrations of complaints relative to the region's population will be the subject of further analysis in 2023.

2022 ANNUAL REPORT
ENFORCEMENT BRANCH

Enforcement Branch

STATUTORY REPORTING REQUIREMENTS

Pursuant to Sections 1872.9, 1872.96 and 1874.8 of the California Insurance Code and consistent with reporting protocols of the California Department of Insurance, the Enforcement Branch provides information relating to: a) the specific duties of each of its divisions; b) program oversight and expenditures; and c) specific activities for fiscal year 2021-22.

Section One: Enforcement Branch Overview and Organization

Section Two: Investigation Division

Section Three: Fraud Division

Section Four: Workers' Compensation Insurance Fraud Program

Section Five: Appendices

SECTION ONE: ENFORCEMENT BRANCH OVERVIEW AND ORGANIZATION

The Enforcement Branch is the investigative body of the California Department of Insurance (CDI). The mission of the CDI Enforcement Branch is:

“To protect the public from economic loss and distress by actively investigating, arresting, and referring, for prosecution or other adjudication, those who commit insurance fraud and other violations of law; to reduce the overall incidence of insurance fraud and consumer abuse through anti-fraud outreach and training to the public, private, and governmental sectors.”

To accomplish its mission, the Enforcement Branch investigates criminal and regulatory violations relating to insurance transactions from point-of-sale through the claims process.

The Enforcement Branch is composed of two divisions: Fraud Division and Investigation Division. In addition to investigating criminal and regulatory violations, the Enforcement Branch administers five grant programs that provide funding to county district attorney offices to assist with their efforts to investigate and prosecute insurance fraud. The Fraud Division administers four of the five grant programs: Automobile Insurance Fraud, Organized Automobile Fraud Activity Interdiction, Disability and Healthcare Fraud, and Workers' Compensation Insurance Fraud. The Investigation Division administers the Life and Annuity Consumer Protection Program.

The Branch also provides outreach, education, and is a liaison to public agencies involved in combating insurance fraud.

BRANCH ORGANIZATION

Branch Management Team – The Enforcement Branch management team consists of the Deputy Commissioner, two Division Chiefs (Investigation and Fraud Divisions), three Assistant Chiefs (Chief Fraud Bureau), one Captain (Supervising Fraud Investigator II), one Support and Compliance Chief (Staff Services Manager III), and an Administrative Assistant.

Branch Headquarters – The Support and Compliance Chief is responsible for the management of the Branch Headquarters Office that supports the Enforcement Branch Deputy Commissioner and the Fraud and Investigation Divisions' regional offices. This position works closely with other units within the department, most notably the Human Resources Management Division, Budget and Revenue Management Bureau, Accounting Services Bureau, Information Technology Division, and Business Management Bureau. The Support and Compliance Chief reports to the Deputy Commissioner.

Five units within Enforcement Branch Headquarters perform the following activities in support of the nine Regional Offices throughout the state:

- Administrative Services
- Reporting Services
- Fraud Grant Audit Program
- Special Investigative Unit (SIU) Compliance Program
- Resource Services
- Business Services

Professional Standards Unit (PSU) – The PSU Captain coordinates all investigations and supervises a team of two Detective Sergeants (Supervising Fraud Investigator I), one Associate Governmental Program Analyst, one Staff Services Analyst and eight retired annuitants. The PSU is responsible for conducting complex and sensitive investigations and research related to internal affairs investigations and citizens' complaints for the Enforcement Branch according to departmental policies, procedures, and applicable laws, rules and regulations. The PSU performs all pre-employment background investigations. The Captain reports to the Division Chief, Fraud Division.

Grant Programs/Training Unit - The Assistant Chief, Grant Programs/Training Unit, oversees the administration of the four insurance Fraud Programs:

- Automobile Insurance Fraud
- Organized Automobile
- Disability and Healthcare Fraud
- Workers' Compensation Fraud

In addition, the Assistant Chief oversees the activities of the Local Assistance Unit, Branch Training Unit, and Computer Forensics Team. The Assistant Chief reports to the Division Chief, Fraud Division.

Computer Forensic Team (CFT) – A Detective Sergeant (Supervising Fraud Investigator I) coordinates the tasks of the Computer Forensic Team that supports statewide investigative efforts through technical expert forensic examinations of computer data seized during investigations. The CFT Detective Sergeant reports to the Assistant Chief, Grant Programs/Training Unit.

Local Assistance Unit (LAU) – A Staff Services Manager I oversees the operations of the LAU staff that supports activities related to the Insurance Fraud Grant Programs for Automobile, Organized Automobile, Disability and Healthcare, Workers' Compensation, Life and Annuity Consumer Protection, and any newly established grant program(s) created by legislation or received via a qui tam settlement. The Staff Services Manager I reports to the Assistant Chief, Grant Programs/Training Unit.

Branch Training – A Captain (Supervising Fraud Investigator II) oversees all Enforcement Branch training. The Captain reports to the Assistant Chief, Grant Programs/Training Unit.

Three units within Enforcement Branch Training perform the following activities in support of the Enforcement Branch:

- Enforcement Tactics Training Unit (ETTU)
- Training Unit
- Field Training Officer Program

ANTI-FRAUD OUTREACH

One component of the Enforcement Branch’s mission statement is to provide anti-fraud outreach and training to the public, private, and governmental sectors. The Branch provides a wide array of public awareness through liaison and educational materials. The department’s overall goal is to advance communications that will help consumers understand insurance fraud and create stronger deterrence through public awareness.

The following are examples of outreach activities:

- Internet – The CDI public website addresses several topics including: “What is Insurance Fraud?” and “Reporting Fraud.” The website provides Insurance Fraud reporting forms, identifies statewide Enforcement Branch Regional Offices, and reports Workers’ Compensation insurance fraud convictions. Relevant press releases are posted as arrests and convictions occur.
- Workers’ Compensation Fraud – In staying consistent with the requirements of California Insurance Code Section 1871.9, the department posts fraud convictions on its website for five years from the date of conviction or until it is notified in writing that the conviction has been reversed or expunged.
- Community Forums – The Enforcement Branch participates in community-sponsored events, such as town hall meetings, public hearings, and underground economy seminars. These forums give the Branch opportunities to hear directly from consumers regarding their insurance concerns, and also to provide information that communities may find useful to protect themselves from insurance fraud.
- Media/Public Service Announcements – The Enforcement Branch participates with local, state, and national broadcasting outlets to educate the public about insurance fraud in California. The Branch’s accomplishments are highlighted so the public is aware of insurance fraud arrests, prosecutions, and convictions throughout the state. Significant cases are taken to the media to increase public awareness of Branch activities and collaboration with other allied law

enforcement agencies to investigate and prosecute insurance fraud, which helps deter fraudulent endeavors.

- Industry Liaison – The Enforcement Branch maintains ongoing liaison with the insurance industry by interacting with a variety of organizations including, but not limited to: International Association of Special Investigation Units, Insurance Fraud Advisory Board, National Insurance Crime Bureau, Healthcare Fraud Task Forces, Underground Economy Task Forces, Coalition Against Insurance Fraud, Anti-Fraud Alliance, and the Southern California Fraud Investigators' Association.
- Governmental Liaison – The Enforcement Branch maintains routine liaison with the following state agencies or entities on matters of overlapping jurisdiction or mutual concern: California Peace Officers Association, California Peace Officer Standards and Training, California Highway Patrol, Employment Development Department, Department of Industrial Relations–Division of Workers' Compensation and Division of Labor Standards Enforcement, Department of Consumer Affairs, Bureau of Automotive Repair, California Contractors State License Board, Department of Justice, Department of Corporations, Franchise Tax Board, California Board of Chiropractic Examiners, California District Attorneys Association, National Association of Insurance Commissioners, Department of Corrections and Rehabilitation, Department of Alcoholic Beverage Control, and Regional Auto Theft Task Forces.
- Grant Workshops for County District Attorney's Offices – Statewide workshops for District Attorney personnel who participate in the Insurance Fraud Grant Programs are provided by the Local Assistance Unit. The workshops are designed for the staff responsible for completing the insurance anti-fraud grant application(s), complying with the Program's data collection and statistical reporting requirements, and overseeing the administrative requirements after funding is awarded. The attendees consist of deputy district attorneys, investigators, fiscal officers, and grant support staff. Furthermore, the Local Assistance Unit and the Fraud Grant Audit Program reach out to participating district attorneys' offices to provide training to facilitate the success of their anti-fraud program(s) and answer any questions they may have.

SECTION TWO: INVESTIGATION DIVISION

The mission of the Investigation Division is:

“To protect California consumers by investigating suspected violations of laws and regulations pertaining to the business of insurance and seeking appropriate enforcement actions against violators.”

Effective enforcement of the insurance laws helps to safeguard consumers and insurers from economic loss and eliminate unethical conduct and criminal abuse in the insurance industry.

The Investigation Division is charged with enforcing applicable provisions of the California Insurance Code under authority granted by Section 12921, and referring crimes to appropriate prosecuting authorities pursuant to Insurance Code Sections 12928 and 12930. The Division pursues prosecution of offenders through both regulatory and criminal justice systems.

The Insurance Commissioner’s priorities emphasize investigation and prosecution in the following areas:

- Premium theft
- Senior citizen abuses
- Health insurance violations
- Unauthorized insurers and insurance transactions
- Deceptive sales and marketing practices
- Title insurance rebates
- Public adjuster violations
- Abusive acts committed by auto insurance agents and companies
- Illegal bail practices

In addition to these violations, the Division investigates other complaints and alleged violations of laws relating to the transaction of insurance prohibited by the California Insurance Code, California Business and Professions Code, California Code of Regulations, California Penal Code, and Title 18 of the United States Code. The Division utilizes a new mail and case tracking system called Investigation Division Case Management (IDCM). IDCM keeps a record of the development of each case from the receipt of complaint against a suspected violator through investigation and disposition.

Budget and Staffing

During the fiscal year 2021-22, the Investigation Division’s expenditures totaled \$11,114,926 in support of 98 authorized positions.

Investigation Division Administration and Operations

The Investigation Division’s seven regional offices (Sacramento, Benicia, Inland Empire, Orange, Valencia, Commerce/Los Angeles, San Diego) serve 58 counties in California.

**TABLE A: DIVISION WIDE INVESTIGATIONS
Fiscal Year 2021-22**

Description	Count
Complaints and General Correspondence Received	1169
New Cases Opened (Includes subjects identified in fiscal year 2020-2021 for cases opened prior to July 1, 2020)	765
Additional Complaints - Consolidated with Existing Cases	414
Cases Closed	738
Investigations in Progress as of June 30, 2021:	
Criminal Cases	589
Regulatory /Administrative Cases	539
Total	1128
Reports of Suspected Violation as of June 30, 2021: - <i>(Any initial allegation that is found sufficient to warrant an investigation but which has not yet been assigned to an investigator. It is intended to represent matters that are potential future investigations.)</i>	
Criminal Cases	49
Regulatory /Administrative Cases	132
Total	181
Chargeable Fraud	\$6,441,610
Ordered Restitution	\$3,719,280
Investigative Cost Recoveries	\$400,210
Fines and Penalties	\$601,740

**TABLE B: CRIMINAL PROSECUTION CASES
Fiscal Year 2021-22**

Description	Count
Cases Referred to Prosecutors	97
Cases Filed by Prosecutors	39
Search Warrants Obtained	159
Arrest Warrants Obtained	24
Arrested	19
Convictions	30

**TABLE C: REGULATORY PROSECUTION CASES
Fiscal Year 2021-22**

Description	Count
Cases referred for regulatory prosecution	238

Investigation Division Funding

Most investigations conducted by the Division are supported by revenues generated from fees and licenses charged to the insurance industry. Investigations related to automobile insurance and the Life and Annuity Consumer Protection Program are partially funded by special assessments.

Investigations Related to Automobile Insurance

Insurance Code Section 1872.81 requires each insurer doing business in California to pay to the Insurance Commissioner an annual special purpose assessment of 26 cents for each insured vehicle it covers in the State. The purpose of the fee is to maintain and improve consumer service functions related to automobile insurance.

**TABLE D: AUTO INSURANCE INVESTIGATIONS
Fiscal Year 2021-22**

(This data is included in the overall Division case information shown on Table A of this report.)

Description	Count
New Cases Opened (Includes subjects identified in fiscal year 2020-2021 for cases opened prior to July 1, 2020)	189
Cases Closed	174
Investigations in progress as of June 30, 2021	238
Reports of Suspected Violation as of June 30, 2021	49

Efforts to Reduce Producer Fraud

The following additional strategies were implemented to reduce agent and broker fraud:

- The continuance of quality control measures at the regional level to ensure compliance with Division policies designed to improve efficiency and increase productivity.
- Deployed investigators as part of the Disaster Assistance Response Team (DART) to work in conjunction with other CDI divisions and allied agencies to proactively respond to disasters or other emergencies statewide affecting enforcement operations.

- Continued enhancements to the Investigation Division Database to better identify suspects of investigations, economic impact information, and patterns of non-compliance by individuals and entities involved in the transaction of insurance.
- Provided Life and Annuity Consumer Protection Program (LACPP) training to county district attorney prosecutors, local law enforcement agencies, and consumer groups.
- Ongoing development of legislative proposals to strengthen laws governing the transaction of insurance and the enforcement of those laws.
- Ongoing outreach to industry associations, consumer groups, and allied law enforcement agencies

SECTION THREE: FRAUD DIVISION

The mission of the Fraud Division is:

“To protect the public and prevent economic loss through the detection, investigation, and arrest of insurance fraud offenders.”

The CDI Fraud Division’s role and responsibilities are outlined in Division 1, Part 2 Chapter 12 of the California Insurance Code, “The Insurance Frauds Prevention Act.” The Division also ensures that Penal Code Section 550 is enforced throughout the State of California.

The Fraud Division oversees the following four fraud programs: (1) Automobile Insurance Fraud Program, (2) Organized Automobile Fraud Activity Interdiction Program, (3) Disability and Healthcare Fraud Program, and (4) Workers’ Compensation Insurance Fraud Program.

Fraud Division Administration and Operations

The Fraud Division’s nine regional offices serve 58 counties in California. The Enforcement Branch Headquarters (EBHQ) office administratively supports all Fraud Division regional office operations, including those activities related to the management of the statewide insurance anti-fraud grant programs. Headquarters provides centralized administrative support for investigations in the Automobile, Organized Automobile Fraud Interdiction Program, Workers’ Compensation, Disability and Healthcare, Property and Casualty Fraud Programs, and any newly established grant program(s) created by legislation or received via a qui tam.

AUTOMOBILE INSURANCE FRAUD PROGRAM

The Fraud Division is the primary law enforcement agency responsible for investigating automobile insurance fraud crimes and it coordinates enforcement operations with municipal, state, and federal enforcement agencies throughout California. Completed investigations are filed with the local district attorney or the United States Attorney General’s Office.

During fiscal year 2021-22, the Fraud Division received 12,643 suspected fraudulent claims (SFCs), assigned 512 new cases, made 257 arrests, and referred 277 submissions to prosecuting authorities. The potential loss amounted to \$186,149,819.

District Attorneys’ Automobile Insurance Fraud Program

During fiscal year 2021-22, 34 counties received funding totaling \$16,361,242 through the Department’s Auto Insurance Grant Program. The financial support provided to each county is based on county population, the number of Suspected Fraudulent

Claims (SFCs) reported, and the Insurance Commissioner's evaluation of the county's historical performance and plan description.

For fiscal year 2021-22, California district attorneys reported 1,911 investigations and made 616 arrests. This number includes some of the Fraud Division's enforcement actions and local law enforcement investigations. District attorneys prosecuted 1,222 cases involving 1,336 defendants with chargeable fraud totaling \$16,609,561, which resulted in 488 convictions and \$1,755,545 in restitution ordered by the courts.

Organized Automobile Fraud Activity Interdiction Program

The primary focus of the program is organized criminal activity that occurs in urban areas and which often involves the staging of collisions and filing accident or damage claims.

During fiscal year 2021-22, the Fraud Division assigned 117 new cases, made 167 arrests, and 193 referrals to prosecuting authorities. Potential loss amounted to \$4,862,959.

District Attorneys' Organized Automobile Fraud Activity Interdiction Program

During fiscal year 2021-22, 8 counties received funding totaling \$7,624,000. The California district attorneys reported 169 investigations and 113 arrests, some of which include Fraud Division arrests. The district attorneys prosecuted 181 cases involving 428 defendants with chargeable fraud totaling \$34,006,585 which resulted in 118 convictions and \$2,877,640 of restitution ordered.

DISABILITY AND HEALTHCARE INSURANCE FRAUD PROGRAM

Health insurance fraud is a significant problem for health insurance policyholders, because it drains resources out of the system causing otherwise unnecessary premium increases. This program area includes suspected fraudulent claims involving: claimant disability other than workers' compensation, dental claims, billing fraud schemes, immunization fraud, unlawful solicitation, durable medical equipment, and posing as another to obtain benefits.

During fiscal year 2021-22, the Fraud Division identified and reviewed 614 SFCs, assigned 65 new cases, made 28 arrests, and 62 referrals to prosecuting authorities. Potential loss amounted to \$203,377,734.

District Attorneys' Disability and Healthcare Insurance Fraud Program

In fiscal year 2021-22, 10 counties received funding totaling \$6,081,000 through the Department's Disability and Healthcare Insurance Fraud Grant Program. The district attorneys reported 256 investigations and 36 arrests, some of which include Fraud Division arrests. District attorneys prosecuted 116 cases involving 196 defendants with

chargeable fraud totaling \$925,940,880 which resulted in 37 convictions and \$10,240,830 in restitution ordered by the courts.

WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM

Workers' compensation insurance fraud occurs in simple and complex schemes that often require difficult and lengthy investigations. Employees may exaggerate or even fabricate injuries. At the other end of the spectrum, white-collar criminals, including doctors and lawyers, entice, pay, and conspire with others to commit fraud by creating false or exaggerated claims, over-treating, and over-prescribing harmful and addictive drugs. Insurance companies "pick up the tab," passing the cost onto policyholders, taxpayers, and the general public.

Funding for the program comes from California employers who are legally required to be insured or self-insured. The total aggregate assessment for fiscal year 2021-22 was \$77,909,442.

During fiscal year 2021-22, the Fraud Division identified and reported 2,936 suspected fraud cases (SFCs); assigned 427 new cases, made 75 arrests, and referred 144 cases to prosecuting authorities. Potential loss amounted to \$203,894,946.

District Attorneys' Workers' Compensation Insurance Fraud Program

In fiscal year 2021-22, 36 counties received funding totaling \$48,442,512. The district attorneys reported 1,703 investigations and 306 arrests, some of which include Fraud Division arrests. During the same time frame, district attorneys prosecuted 1,277 cases with 1,445 defendants resulting in 293 convictions. Restitution of \$75,842,876 was ordered in connection with these convictions and \$16,755,917 was collected. The total chargeable fraud was \$2,031,330,087, representing only a small portion of actual fraud since many fraudulent activities remain to be identified or investigated.

PROPERTY, LIFE AND CASUALTY FRAUD PROGRAM

The Property, Life and Casualty Fraud Program accounts for approximately five percent of the Fraud Division's allocated budgetary resources. The funding stream for this program is generated by a \$5,100 assessment for each certificate of authority in California. These funds are non-restrictive and can be used to support all other Fraud Division program areas if needed. There is no local assistance component to this program.

During fiscal year 2021-22, the Fraud Division identified and reported 3,771 SFCs, assigned 81 new cases, made 23 arrests and referred 39 submissions to prosecuting authorities. Potential loss amounted to \$307,445,196.

Enhanced Fraud Investigation and Prevention

The California Department of Insurance (CDI) has successfully litigated anti-fraud cases resulting in settlement payments which statute indicates upon appropriation shall be used by CDI for enhanced investigation and prevention efforts. CDI has received an appropriation for each of the fiscal years 2020-2021, 2021-2022, and 2022-2023.

During fiscal year 2021-22, the Fraud Division identified and reported 0 SFCs, assigned 0 new cases, made 13 arrests and 9 referrals to prosecuting authorities. Potential loss amounted to \$0.

Budget and Staffing

**TABLE I:
FRAUD DIVISION BUDGETED/EXPENDITURES BY PROGRAM
AND FISCAL YEAR STAFFING LEVEL**
(Includes all authorized Program 20 positions)
Fiscal Year 2021-22

Budgeted/Expenditures	Amount
Fraud Budgeted Levels	\$124,452,863
Fraud Actual Expenditures	\$122,015,225

Program	Amount
Insurance Fraud Assessment, Auto:	
District Attorneys' Auto Distribution	\$23,985,242
State Operations Auto Expenditures	\$14,875,020
Insurance Fraud Assessment, Workers' Compensation:	
District Attorneys' Workers' Compensation Distribution	\$48,442,512
State Operations Workers' Compensation Expenditures	\$22,900,995
Insurance Fraud Assessment, Disability and Healthcare	
District Attorneys' Disability and Healthcare Distribution	\$6,081,000
State Operations Disability and Healthcare Expenditures	\$2,072,657
Insurance Fraud Assessment, General:	
State Operations General Assessment Expenditures	\$2,101,703
General Fund, Enhanced Fraud and Prevention	

Program	Amount
State Operations, Enhanced Fraud and Prevention Expenditures	\$1,541,827

SUSPECTED FRAUDULENT CLAIMS REPORTING

The primary source of leads for investigations initiated by the Fraud Division is the Suspected Fraudulent Claim (SFC). A suspected fraud referral can be as simple as a telephone call from a citizen or as complex as a “documented referral” with supporting evidence submitted by an insurance carrier. SFCs are received by CDI from various sources, including insurance carriers, informants, witnesses, law enforcement agencies, fraud investigators, and the public.

The vast majority of SFCs are generated by the insurance industry. The standards for referring an SFC are required by the California Insurance Code when the carrier “believes,” has “reason to believe,” or “has reason to suspect” that insurance fraud has occurred. Because of the different standards for reporting, not all SFCs result in criminal conviction.

All referrals submitted to the Fraud Division, regardless of the reporting party and supporting evidentiary information, are assigned a case tracking number, and placed in the Fraud Integrated Data Base (FIDB). The referrals are then forwarded to supervisors in the regional office with jurisdiction over the allegations. The supervisors use standard criteria when determining case assignments in the various fraud programs, including:

- Public safety
- Consideration of the Insurance Commissioner’s strategic initiatives
- The quality of the evidence presented
- The priority level of the suspected fraud referral
- The availability of investigative resources
- The jurisdiction for prosecution, especially if the district attorney is receiving grant funds
- If the arrest and conviction of suspects would make an impact on the problem within the county and/or state
- Case assignments may not be made if allegations are abuse rather than fraud, the statute of limitations has expired, or a discussion with a district attorney regarding facts of the SFC result in rejection of the referral or the case being referred to another agency.

According to Fraud Division data, the quality of SFCs continues to improve each fiscal year. Several reasons for this trend include:

- The extensive efforts to provide training to insurance claim examiners and Special Investigative Unit (SIU) personnel by the Fraud Division.
- The availability of the electronic form.

- Current SIU regulations that help insurance carriers step up their anti-fraud efforts and become more effective in identifying, investigating, and reporting workers' compensation fraud.
- The Fraud Division and district attorneys' aggressive outreach programs.

AN ESTIMATE OF THE ECONOMIC VALUE OF INSURANCE FRAUD BY TYPE OF INSURANCE FRAUD

The following chart monetizes fraud reported to the Fraud Division and extracted from the Fraud Integrated Data Base (FIDB) System.

**TABLE O: ECONOMIC VALUE OF FRAUD REPORTED BY TYPE
Fiscal Year 2021-22**

Insurance Type	Amount Paid – (Amount paid on claim to date)	Suspected Fraudulent Loss – (Amount paid that is suspected as being fraudulently claimed)	Potential Loss – (Amount of loss or exposure if fraud had gone undiscovered)
Automobile	\$ 32,817,940	\$ 111,008,436	\$ 186,149,819
Organized Automobile Fraud Activity Interdiction	\$ 375,379	\$ 1,597,074	\$ 4,862,959
Disability and Healthcare	\$ 100,029,662	\$ 119,030,313	\$ 203,377,734
Enhanced Fraud Investigation and Prevention	\$ 0	\$ 0	\$ 0
Property Casualty	\$ 228,258,001	\$ 93,293,387	\$ 307,445,197
Workers' Compensation	\$ 78,839,207	\$ 117,397,609	\$ 203,894,947
Totals	\$ 440,320,189	\$ 442,326,819	\$ 905,730,656

**TABLE P:
SUMMARY OF THE TOTAL AMOUNT OF COURT-ORDERED RESTITUTION
AND THE AMOUNT OF RESTITUTION COLLECTED
PURSUANT TO INSURANCE CODE §1872.86(b) (7)**

Fraud Program	Restitution Ordered	Restitution Collected
Automobile	\$1,755,545	\$939,355
Organized Automobile Fraud Activity Interdiction	\$2,877,640	\$1,267,767

Fraud Program	Restitution Ordered	Restitution Collected
Disability and Healthcare	\$10,240,830	\$5,875,779
Workers' Compensation	\$75,842,876	\$16,755,917

SECTION FOUR: WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM

The Workers' Compensation Fraud Program is the largest of five statewide anti-fraud programs under the administration and the investigative arm of the Fraud Division.

Distribution of Workers' Compensation Program Hours

For fiscal year 2021-22, investigative staff spent 51.24% of program hours on case and direct program support. Time recorded as indirect hours equaled 35.6% and time off was recorded as 13.15%.

The Division spent 50.72% of its time directly on the Workers' Compensation Program, while the remaining 49.28% was distributed throughout the other insurance fraud programs. In addition to investigative activities, the Fraud Division is responsible for the administration and oversight of the program, which includes:

- Local Assistance grant management
- SIU compliance audits
- District Attorney insurance fraud grant program audits
- Legislative statistical and analytical reporting
- Research
- Legal services (public request acts, opinions, *qui tams*, rulemaking, etc.)
- Legislation support and analysis
- Budget monitoring and proposals
- Property/Evidence control
- Fraud Assessment Commission support

**TABLE Q: WORKERS' COMPENSATION CASELOAD
Fiscal Year 20121-22**

FRAUD TYPE	TOTAL CASELOAD
CLAIMANT FRAUD	637
UNDERREPORTED WAGES	241
OTHER WORKERS' COMP	109
UNINSURED EMPLOYER	42
MEDICAL PROVIDER	77
MISCLASSIFICATION	26

X-MOD EVASION	15
EMPLOYER DEFRAUDING EMPLOYEE	11
LEGAL PROVIDER	19
EMBEZZLEMENT	3
PHARMACY	2
TOTAL	1,182

Underground Economy

Underground economy is a term that refers to those individuals and businesses that deal with cash and/or use other schemes to conceal their activities and their true tax liability from government licensing, regulatory, and taxing agencies. Underground economy is also referred to as tax evasion, tax fraud, cash pay, tax gap, payments under-the-table, and off-the-books.

Joint Enforcement Strike Force

The Joint Enforcement Strike Force (JESF) is responsible for enhancing the development and sharing of information necessary to combat the underground economy, to improve the coordination of enforcement activities, and to develop methods to pool, focus, and target enforcement resources. JESF is empowered and authorized to form joint enforcement teams when appropriate to utilize the collective investigative and enforcement capabilities of the JESF members.

In addition to CDI, Strike Force members include the Employment Development Department, Department of Consumer Affairs, Department of Industrial Relations, Franchise Tax Board, Board of Equalization, and Department of Justice.

Labor Enforcement Task Force

The Labor Enforcement Task Force (LETf) objectives include expanding outreach and education, fostering interagency collaboration, and increasing engagement with community partners.

Agency partners include CDI, Labor & Workforce Development Agency, Department of Industrial Relations, including Division of Labor Standards Enforcement and Division of Occupational Safety and Health (Cal/DOSH), Employment Development Department, Contractors State License Board, Board of Equalization, Bureau of Automotive Repair, Alcoholic Beverage Control, State Attorney General, and district attorneys throughout California.

Uninsured Employers Compliance Sweeps

Willfully Uninsured Investigations are successful when approached from a team and joint resource perspective. As mentioned above, Fraud Division detectives participate with JESF and LETf partners to combat this activity. The Fraud Division also actively

participates with Contractors State License Board sting operations after fire disasters and other natural disasters to combat the underground economy.

Insurance Premium Fraud

Premium Fraud investigations are coordinated regionally as formal or informal task force teams. They include Fraud Division detectives and forensic auditors, district attorney investigators, and prosecutors. The Franchise Tax Board has assigned Special Agents to each of the four CDI Enforcement Branch Regional Offices in Northern California and two Enforcement Branch Regional Offices in Southern California have both Franchise Tax Board and Employment Development Department agents and investigators assigned. This strategic and coordinated team approach has led to the successful and timely completion of many Premium Fraud investigations. Case successes will be presented later in this document.

Budget and Staffing

**TABLE R: WORKERS' COMPENSATION FRAUD
PROGRAM STAFFING/BUDGET
Fiscal Year 2021-22
Personnel Years (PY)**

Staffing	
Workers' Compensation Fraud Program Positions	148
Fraud Workers' Compensation Assessment – <i>(Reflects the FY 2020-21 Fraud Assessment Commission adopted Aggregate Assessment amount)</i>	\$77,909,442
Budget	
	Amount
Total Fraud Budgeted Levels	\$68,600,804
Total Fraud Actual Expenditures	\$71,343,507
District Attorneys' Workers' Compensation Distribution	\$ 48,442,512
Local Assistance Workers' Compensation Budget	\$48,453,000
State Operations – Workers' Compensation Expenditures	\$22,900,995
Personnel Services	\$20,956,561
Operating Expenses & Equipment (OE&E)	\$1,944,43 4

**SECTION FIVE: WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM
APPENDICES**

Appendix One: Workers' Compensation Insurance Fraud Program
Insurance Commissioner's Grant Funding Recommendations
Fiscal Year 2021-22

Appendix Two: Workers' Compensation Insurance Fraud Program
Reported Suspected Fraudulent Claims (SFC's)
Calendar Years 2020, 2021 and 2022

Appendix Three: Workers' Compensation Insurance Fraud Program
District Attorney Convictions
Fiscal Year 2021-22

Appendix One
Workers' Compensation Insurance Fraud Program
Insurance Commissioner's Grant Funding Recommendations
Fiscal Year 2021-22

County	Fiscal Year 2020-21 Grant Awarded	Fiscal Year 2021-22 Amount Requested	Fiscal Year 2021-22 Grant Awarded
Alameda	\$2,142,088	\$2,607,855	\$2,249,675
Amador	\$522,608	\$522,608	\$522,608
Butte	\$124,695	\$80,383	\$80,383
Contra Costa	\$1,177,386	\$1,633,649	\$1,188,522
El Dorado	\$451,553	\$446,871	\$446,871
Fresno	\$1,387,304	\$1,348,743	\$1,348,743
Humboldt	\$242,814	\$229,035	\$229,035
Imperial	\$73,000	\$81,416	\$78,933
Kern	\$1,061,225	\$1,387,193	\$1,160,063
Kings	\$256,784	\$256,784	\$256,784
Los Angeles	\$9,010,211	\$10,551,602	\$9,471,822
Marin	\$330,212	\$454,169	\$347,293
Merced	\$213,254	\$314,848	\$227,296
Monterey	\$838,098	\$1,102,272	\$870,680
Napa	\$168,884	\$194,286	\$177,462
Nevada	\$108,614	\$96,720	\$96,720
Orange	\$6,200,847	\$6,918,861	\$6,573,661
Riverside	\$2,887,107	\$3,239,574	\$3,075,606
Sacramento	\$1,231,640	\$1,567,282	\$1,297,977
San Bernardino	\$2,480,629	\$2,806,319	\$2,619,236
San Diego	\$6,211,544	\$6,939,277	\$6,592,634
San Francisco	\$938,601	\$1,282,344	\$969,873
San Joaquin	\$520,000	\$500,000	\$500,000
San Luis Obispo	\$84,224	\$143,399	\$143,399
San Mateo	\$882,060	\$904,000	\$909,984
Santa Barbara	\$308,184	\$450,231	\$303,671
Santa Clara	\$3,444,817	\$4,171,938	\$3,625,380
Santa Cruz	\$204,921	\$303,556	\$210,860
Shasta	\$189,637	\$234,640	\$199,480
Siskiyou	\$108,454	\$157,240	\$109,939
Solano	\$237,169	\$243,004	\$243,004
Sonoma	\$279,870	\$376,479	\$295,457

Enforcement Branch

Tehama	\$198,458	\$207,278	\$196,419 ¹
Tulare	\$547,637	\$600,213	\$583,371
Ventura	\$847,817	\$978,778	\$902,411
Yolo	\$340,009	\$373,519	\$337,260
Totals	\$46,252,355	\$53,706,366	\$48,442,512

¹ In FY 2021-22 Tehama declined their additional award

Appendix Two
Workers' Compensation Insurance Fraud Program
Reported Suspected Fraudulent Claims (SFCs)
 Calendar Years 2020, 2021 and 2022

County	2020	2021	2022
ALAMEDA	110	119	63
AMADOR	1	1	0
BUTTE	3	5	9
CA STATE ATTY GEN	0	3	3
CALAVERAS	3	2	2
COLUSA	0	1	2
CONTRA COSTA	58	50	54
DEL NORTE	1		1
EL DORADO	8	6	9
FRESNO	71	81	70
GLENN	2	3	4
HUMBOLDT	6	6	4
IMPERIAL	7	15	5
INYO	2	1	0
KERN	53	45	40
KINGS	10	9	12
LAKE	6	7	5
LASSEN	2	1	1
LOS ANGELES	1249	1109	1026
MADERA	12	9	7
MARIN	20	22	13
MARIPOSA	2	1	1
MENDOCINO	4	2	3
MERCED	34	21	11
MONO	0	0	0
MONTEREY	31	29	50
NAPA	21	24	14
NEVADA	1	1	4
ORANGE	342	345	312
PLACER	22	23	13
PLUMAS	0	0	1
RIVERSIDE	206	168	159
SACRAMENTO	81	56	67
SAN BENITO	4	3	2
SAN BERNARDINO	201	190	206

Enforcement Branch

SAN DIEGO	191	188	192
SAN FRANCISCO	71	60	48
SAN JOAQUIN	52	31	36
SAN LUIS OBISPO	23	9	16
SAN MATEO	48	40	34
SANTA BARBARA	28	35	38
SANTA CLARA	139	101	81
SANTA CRUZ	12	20	25
SHASTA	16	4	6
SIERRA	0	0	0
SISKIYOU	2	1	2
SOLANO	37	30	15
SONOMA	31	22	33
STANISLAUS	35	23	23
SUTTER	4	3	3
TEHAMA	2	2	0
TRINITY	0	0	0
TULARE	29	30	31
TUOLUMNE	1	1	4
US ATTY NORTH CA	1	0	0
VENTURA	96	84	83
YOLO	12	10	7
YUBA	2	3	1
TOTALS	3405	3055	2851

**Appendix Three
Workers' Compensation Insurance Fraud Program
District Attorney Convictions – Fiscal Year 2021-22**

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
Ali, Rafiq	1 year Deferred Entry of Judgment	\$0	\$21,011	\$0
Almanza, Christian	1 day(s) jail; 12 month(s) probation	\$0	\$0	\$0
Arias, Anna	1 day(s) jail; 12 month(s) probation	\$0	\$65,394	\$0
Cayabyab, Marcelino	1 day(s) jail; 12 month(s) probation	\$0	\$0	\$1,000
Ceralde, Christian	1 year Deferred Entry of Judgment	\$0	\$16,517	\$0
Harrell, Kevin	1 day(s) jail; 12 month(s) probation; 20 hour(s) community service; Stay away from victims.	\$0	\$8,500	\$1,000
Khan, Israr	DEOJ - 8/12/22 If Def. successful plea will be withdrawn and case dismissed.	\$0	\$0	\$1,000
Pacheco, Marco	1 day(s) jail; 12 month(s) probation	\$0	\$2,750	\$1,000
Reyna, Carlos	1 day(s) jail; 12 month(s) probation; 20 hour(s) community service	\$0	\$1,721	\$0
Rivas, Maximiliano	1 day(s) jail; 12 month(s) probation; 3 way search, restitution reserved.	\$0	\$0	\$1,000
Santos, Robert	1 yr. Deferred Entry of Judgment	\$0	\$34,356	\$0
Schuchmann, Hans	1 day(s) jail; 12 month(s) probation	\$0	\$14,070	\$0
Thompson, Ja Ronn	20 hour(s) community service; 1 year deferred entry of judgment	\$0	\$6,200	\$0

Enforcement Branch

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
Voong, Loc / Voong Roofing	1 day(s) jail; 24 month(s) probation	\$0	\$139,195	\$0
Ayala, Socorro	12 month(s) probation	\$0	\$7,062	\$0
Jensen, Tyler	20 hour(s) community service	\$0	\$0	\$0
Singh, Surinder P	12 month(s) probation	\$0	\$0	\$0
Vazquez-Herrera, Jose	Misdo Diversion PC 1001.95 2Y	\$0	\$2,000	\$71
Cruz-Rivera, Nubia	12 day(s) jail; 36 month(s) probation; Global dispo with D's DUI case	\$0	\$0	\$0
Gaspar, Juan	30 day(s) jail; 12 month(s) probation	\$0	\$27,072	\$0
Kivalu, Francisco	25 day(s) jail; 12 month(s) probation	\$0	\$2,000	\$1,500
Tupouata, Kumimonu	30 day(s) jail; 12 month(s) probation	\$0	\$3,500	\$15,000
Waraner, Dustin	90 day(s) jail; \$233,239 in restitution paid before plea. Rest credited to wife Kimberley's case	\$0	\$0	\$5,000
Waraner, Kimberley	90 day(s) jail; 12 month(s) probation; 233,239 restitution to SCIF paid in advance of plea (H Dustin gets credit for payment as well)	\$0	\$233,239	\$5,000
We, Bong	Post-plea diversion	\$0	\$0	\$7,000
Canela Rodriguez, Cesar Omar / Omar's Landscaping	1 day(s) jail; 12 month(s) probation	\$0	\$0	\$1,000
Helen, Paul James / Camino Landscape Company	90 day(s) jail; 24 month(s) probation	\$0	\$12,763	\$0

Enforcement Branch

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
Lapuma, Wendy Denise	90 day(s) jail; 24 month(s) probation	\$0	\$1,717	\$100
Leon, Isidro Medina / Isidro Leon	Sentence not Documented	\$0	\$0	\$0
Pichardo-Sosa, Ephraim / Pichardo-Sosa Landscaping	12 month(s) probation	\$0	\$0	\$2,500
Alvarado, Andrew Gerald	\$2,500 Fine, Conditional Review 03/08/2023	\$0	\$0	\$2,500
Borgen, Orlando	31 day(s) jail	\$0	\$3,418	\$0
Bruff, Joshua	Fine \$500, Conditional Review 02/23/23	\$0	\$500	\$0
Gonzalez, Raymundo	Sentencing in next reporting period	\$0	\$0	\$0
Hernandez, Carlos	12 month(s) probation	\$0	\$2,500	\$0
Lopez, Tracy Wayne	\$1500 fine, Sent 03/02/23	\$0	\$1,500	\$0
Lopez-Guzman, Pedro	12 month(s) probation	\$0	\$3,693	\$0
Morales, Manuel	24 month(s) probation	\$0	\$9,113	\$0
Ruelas, Eduardo Medina	180 day(s) jail	\$0	\$38,000	\$0
Tello-Reyes, Jose Ramon	Fine \$1,000, Conditional Review 04/06/2023	\$0	\$1,000	\$0
Williams, Joshua Travis	Sentence not Documented	\$0	\$0	\$1,000
Zepeda, Jose	12 month(s) probation	\$0	\$8,086	\$0
Collenberg, David	12 month(s) probation; Pled Guiling of LC3700.5(a)	\$0	\$0	\$70
Ayala-Vasquez, Jose	72 day(s) jail; 12 month(s) probation	\$0	\$0	\$470
Badwi, Thomas F.	100 hour(s) community service	\$0	\$0	\$1,000

Enforcement Branch

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
Chavarin, Jr., Salvador H.	12 month(s) probation; 125 hour(s) community service	\$0	\$6,850	\$5,100
Chavez, Joaquin Villegas	12 month(s) probation; 125 hour(s) community service	\$0	\$0	\$2,000
Coiquechaga, Humbert Villanueva	100 hour(s) community service	\$0	\$0	\$1,000
Dalia, Jean	Sentence not Documented	\$0	\$5,000	\$570
Garcia, Fernando Torres	12 month(s) probation	\$0	\$5,873	\$470
Giuntoli, Vit / Golden Empire Roofing	24 month(s) probation; 7/19/22 Cervantes Hrg- Rest. was \$35,000; now \$146,684.65	\$0	\$146,685	\$300
Gonzalez, Jr., Jose	12 month(s) probation; Restitution TBD	\$0	\$0	\$12,000
Hogan, Eric L.	12 month(s) probation	\$0	\$0	\$700
Lopez, Mauricio O.	Conditional dismissal	\$0	\$0	\$1,000
Mejia, Luis Tapia	50 hour(s) community service	\$0	\$1,000	\$0
Negrete, Jose Medina	12 month(s) probation; 20 hour(s) community service	\$0	\$0	\$500
Noriega, Manuel	5 day(s) jail; 12 month(s) probation	\$0	\$1,000	\$10,000
Parks, Raymond	12 month(s) probation	\$0	\$0	\$5,150
Reece, Ronald	4 day(s) jail; 12 month(s) probation	\$0	\$0	\$220
Urso, John	12 month(s) probation; 20 hour(s) community service; Restitution amount TBD	\$0	\$0	\$1,000

Enforcement Branch

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
Willsie, Jennifer	12 month(s) probation; 80 hour(s) community service	\$0	\$156,891	\$670
Zarate, Antonio Cruz	100 hour(s) community service	\$0	\$0	\$1,000
Aguilera, Pedro	6 month(s) probation	\$0	\$0	\$0
Antunez, Jose	12 month(s) probation; 80 hour(s) community service	\$0	\$2,759	\$0
Beasly, Scott	12 month(s) probation	\$0	\$21,047	\$150
Bojorquez, Daniel	100 hour(s) community service	\$0	\$347,323	\$0
Busby, David	36 month(s) probation; 100 hour(s) community service	\$0	\$2,942	\$0
Campos-Sagastizado, Lisandro Enrique	12 month(s) probation	\$0	\$0	\$0
Castaneda, Joahna	12 month(s) probation	\$0	\$4,107	\$0
Chanax, Jose	4 day(s) jail; 12 month(s) probation	\$0	\$3,000	\$150
Cheong, Jee Yong / Pizza Machine	12 month(s) probation	\$0	\$0	\$1,000
Coleman, Dion Sheldon	12 month(s) probation	\$0	\$13,665	\$0
Colindres, Yovany	12 month(s) probation	\$0	\$653	\$0
Denava, Eva	36 month(s) probation	\$0	\$2,464	\$0
Feliciano, Fermin Benjamin	12 month(s) probation	\$0	\$49,700	\$0
Flores, Mauricio	12 month(s) probation; 100 hour(s) community service	\$0	\$17,064	\$0
Gaspar, Rebecca	36 month(s) prison; 103W Mandatory Supervision	\$0	\$2,600,000	\$0

Enforcement Branch

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
Gomez, Rosa	12 month(s) probation; 100 hour(s) community service	\$0	\$11,832	\$220
Gonzalez, Jose Vicente	24 month(s) probation; 120 hour(s) community service	\$0	\$5,363	\$0
Groscost, Yolanda	45 day(s) jail; 36 month(s) prison	\$0	\$50,000	\$0
Guzman-Bahena, Sergio	12 day(s) jail	\$0	\$10,398	\$0
Hardnett, Gregory	12 month(s) prison; 50 hour(s) community service	\$0	\$50,369	\$0
Harris, Paul	Sentence not Documented	\$0	\$50,000	\$0
Javaherifar, Saaid	12 month(s) probation	\$0	\$18,637	\$220
Lopez, John Jose	100 hour(s) community service	\$0	\$1,373,326	\$0
Lopez, Juan Carlos	100 hour(s) community service	\$0	\$347,324	\$0
Lopez, Lorena Elizabeth	Sentence not Documented	\$0	\$4,000	\$0
Lopez, Romy	100 hour(s) community service	\$0	\$1,373,326	\$0
Luke, Terry	13 day(s) jail; 24 month(s) probation	\$0	\$5,000	\$0
Martin, Natasha	12 month(s) probation	\$0	\$30,000	\$0
Moradi, Tooraj	12 month(s) probation	\$0	\$300,000	\$250
Neal, Deborah Jacqueline	12 month(s) probation	\$0	\$1,000	\$0
Padilla, Elena Maria	24 month(s) probation	\$0	\$9,400	\$470
Partida, Jose	12 month(s) probation; 40 hour(s) community service	\$0	\$2,835	\$0
Pillar, Robert Allan	12 month(s) probation; 200	\$0	\$88,000	\$0

Enforcement Branch

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
	hour(s) community service			
Pillay, Devika	12 month(s) probation; 100 hour(s) community service	\$0	\$0	\$0
Plaza, Abraham Josue	12 month(s) probation	\$0	\$8,771	\$0
Pucciarello, Phillip Edward	12 month(s) probation	\$0	\$19,780	\$210
Quintana, Martin	12 month(s) probation	\$0	\$8,576	\$0
Ramirez, Jose	305 hour(s) community service	\$0	\$47,072	\$0
Reyna, Arthur	12 month(s) probation	\$0	\$2,000	\$0
Rodriguez Sutuc, Sergio Alberto	Sentence not Documented	\$0	\$0	\$0
Rodriguez, Arturo	12 month(s) probation	\$0	\$4,996	\$570
Rosales, Julio	12 month(s) probation; 300 hour(s) community service	\$0	\$55,525	\$0
Sivadasan, Satheesh	1 day(s) jail; 24 month(s) probation; 300 hour(s) community service	\$0	\$236,377	\$0
Tejada, Edgar Israel	1 day(s) jail; 12 month(s) probation	\$0	\$52,064	\$0
Vera, Enrique	12 month(s) probation	\$0	\$6,270,302	\$0
Vera, Gloria	12 month(s) probation	\$0	\$6,270,302	\$0
Vidauri, Juan	12 month(s) probation	\$0	\$5,000	\$0
Xochipiltecalt, Jessy	36 month(s) probation	\$0	\$15,424	\$220
Hall Soruco, Carmen / Soruco Structures	120 day(s) jail; 24 month(s) probation	\$0	\$928,071	\$510

Enforcement Branch

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
Satre, Douglas	30 day(s) jail; 40 hour(s) community service; Theft awareness program	\$0	\$14,000	\$2,270
Soruco, Antonio / Soruco Structures	120 day(s) jail; 12 month(s) probation	\$0	\$928,071	\$10,220
Guillen, Jerry Martin	Sentence not Documented	\$0	\$0	\$720
Lor, Kia Vue	60 day(s) jail; 12 month(s) probation	\$0	\$0	\$0
Patterson, Adrien Avon	Sentence not Documented	\$0	\$0	\$1,075
Barton, Kristoffer	12 month(s) probation	\$0	\$0	\$630
Gonzalez, Javier	30 day(s) jail; 12 month(s) probation	\$0	\$0	\$220
Latham, Nolyn Gene	12 month(s) probation	\$0	\$0	\$440
Latham, Nolyn Gene	Sentence not Documented	\$0	\$0	\$220
Russo, Anthony	180 day(s) jail; 24 month(s) probation	\$0	\$0	\$0
Russo, John	180 day(s) jail; 24 month(s) probation	\$0	\$119,040	\$6,700
Shah, Syed	12 month(s) probation	\$0	\$3,864	\$3,790
Vasquez, Teresita / Future Ag Management	120 day(s) jail; 24 month(s) probation	\$0	\$5,948	\$140
Anguiano Guillen, Luciano / Advanced American Moving	Diversion (post-plea)	\$0	\$0	\$410
Cisneros Sanchez, Robert	2 day(s) jail; 12 month(s) probation	\$0	\$2,496	\$220
Karadshe, Ibrahim Bassam / Event Tours Inc.	12 month(s) probation; Book & release	\$0	\$0	\$630
Maxa, Alexander / Guillibus	12 month(s) probation	\$0	\$0	\$616
Pearce, Mark / M P Paving	1 day(s) jail; 12 month(s) probation	\$0	\$7,375	\$220

Enforcement Branch

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
Sevilla, John / Sevilla Building And Construction	24 month(s) probation; Book and release, restitution ordered in an amount to be determined and hearing set for 06/06/2022	\$0	\$0	\$370
Contino, Frank / Contino Construction	12 month(s) probation; Proof of Worker's Compensation Insurance	\$0	\$0	\$254
Chavez, Rafael / Monarch Medical	12 month(s) probation; 40 hour(s) community service	\$0	\$0	\$150
Dadiomov, Boris / Usa Photocopy	180 day(s) jail; 12 month(s) probation	\$0	\$0	\$5,150
Larson, John / Providence Scheduling Inc	Sentencing set for 10/21/2022.	\$0	\$0	\$0
Prieto, Miguel Angel	180 day(s) jail; 24 month(s) prison; 180 days in Jail stayed to 07/05/2022.	\$0	\$0	\$1,800
Sanchez-Alvarez, Jose	90 day(s) jail; 12 month(s) probation; 240 hour(s) community service; 90 days jail stayed pending completion of 30 days (240 hours) of community service.	\$0	\$0	\$650
Semaan, Simon / Pssm Inc	Sentencing set for 09/30/2022.	\$0	\$0	\$0
Yousefi, Alan / Vanak Insurance Co	270 day(s) jail; 24 month(s) probation; 200 hour(s) community service; Defendant pleaded guilty on 07/06/2021. 270 days Jail stayed	\$0	\$95,426	\$300

Enforcement Branch

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
	pending completion of 200 hours of Community Service.			
Aguayo, Cesar	60 day(s) jail; 24 month(s) probation	\$0	\$17,217	\$300
Aguirre, Jacob Samuel	30 day(s) jail; 12 month(s) probation; Credit for time served presentence is 1 day. 29 days to be served in work release program.	\$0	4879	150
Banerjee, Sanjoy	Sentence not Documented	\$0	\$4,765	\$100
Brown, Alpa Craig / Sai Interpreting	180 day(s) jail; 24 month(s) probation; 250 hour(s) community service	\$0	\$0	\$300
Brown, Shilpa / Sai Interpreting	180 day(s) jail; 24 month(s) probation	\$0	\$0	\$0
Cardenas, Mariela	120 day(s) jail; 24 month(s) probation; Credit for time served presentence is 1 day. 120 to be spent in work release program.	\$0	0	300
Davis, Joe Allen	90 day(s) jail; 24 month(s) probation; Credit for time served presentence is 13 days. 77 days to be spent in work release program	\$0	14824	300
Flores, Sandy Lissette	1 day(s) jail; 12 month(s) probation; 119 days to be served in work release program	\$0	\$0	\$150
Forero, Oswaldo Dimas	1 day(s) jail; 24 month(s) probation	\$0	\$0	\$300
Furdui, Constantin	60 day(s) jail	\$0	\$84,858	\$0

Enforcement Branch

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
Furdui, Rodica	60 day(s) jail	\$0	\$5,000	\$0
Herrera, Joe Tony	1 day(s) jail	\$0	\$64,701	\$150
Hunt, Janek	36 month(s) prison	\$0	\$0	\$300
Leal Gonzalez, Juan Francisco	24 month(s) probation	\$0	\$0	\$0
Lozano, Edgar	45 day(s) jail; 24 month(s) probation	\$0	\$0	\$300
Maces, Angel Luis	24 month(s) probation	\$0	\$300	\$76,868
Rodarte, Armando	Sentence not Documented	\$0	\$0	\$0
Valenzuela, Jose David	Sentence not Documented	\$0	\$0	\$0
Beardsley, Kathleen	12 month(s) probation; Defendant plead to a felony but Court reduced it to a misdemeanor pursuant to PC 17(b) over the People's and Victim (CHP)s objection	\$0	\$50,000	\$0
Berndl, Leslie	60 day(s) jail; 12 month(s) probation; Defendant plead to a felony but Court reduced it to a misdemeanor pursuant to PC 17(b) over the People's objection. Court approved CJ to be served on ankle monitoring.	\$0	\$193,222	\$0
Blane, Ronald / Ronald Blane Flooring	12 month(s) probation; Defendant paid \$70k in full (agreed upon) pre-plea restitution on 6/23/22 which our C.I. delivered to Markel Insurance	\$0	\$0	\$150

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
Brooker, Pierce	4 day(s) jail; 12 month(s) probation; Victim: Permanente Medical Group	\$0	\$12,137	\$150
Clarke, James Michael	4 day(s) jail; 24 month(s) probation; Restitution order/split: \$42,620 to CHP; \$11,281 to State Fund	\$0	\$53,901	\$0
Crisp, Mindie	1 day(s) jail; 12 month(s) probation; Victim restitution ordered to the University of California Regents	\$0	\$5,320	\$150
Davis, Stafford	1 day(s) jail; 12 month(s) prison	\$0	\$0	\$150
Gadbois, Christian Francis	Court granted diversion following misdemeanor plea, then dismissed case, over People's objection after Victim restitution paid	\$0	\$12,500	\$0
Hansen, Brian	180 day(s) jail; 12 month(s) probation	\$0	\$0	\$0
Harris, Sherrie	1 day(s) jail; 12 month(s) probation; Victim restitution to UC Regents	\$0	\$71,241	\$0
Huapaya, Casandra	4 day(s) jail; 12 month(s) probation; Victim restitution to State Fund and CDCR	\$0	\$6,759	\$0
Martin, Robert	12 month(s) probation; Victim: XL Specialty Insurance Co.	\$0	\$6,212	\$150
Peterman, Steven	1 day(s) jail; 12 month(s) probation	\$0	\$8,000	\$150

Enforcement Branch

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
	Defendant paid \$8,000 in victim restitution to UC Regents on date of plea			
Redd, Cherra	45 day(s) jail; 24 month(s) probation	\$0	\$24,812	\$300
Salinas, Mayra	1 day(s) jail; 12 month(s) probation; Victim: Zenith Insurance	\$0	\$2,833	\$0
Sanchez, Jesus Pineda	45 day(s) jail; 12 month(s) probation; Victim: Amtrust	\$0	\$22,186	\$150
Campbell, Danny Ray / Dannys Tree Service	120 day(s) jail; 24 month(s) probation	\$0	\$195,990	\$0
Cendejas Luna, Miguel	12 month(s) probation	\$0	\$255	\$265
Fraley, Cynder	1 day(s) jail; 24 month(s) probation	\$0	\$1,815	\$370
Garcia, Carlos	30 day(s) jail; 12 month(s) probation	\$0	\$16,727	\$2,779
Garcia, Gilbert	124 day(s) jail; 24 month(s) probation	\$0	\$10,286	\$400
Hunt, Janek / Blue Oak Medical Group	36 month(s) prison	\$0	\$0	\$0
Jung, Sang Han	1 day(s) jail; 12 month(s) probation	\$0	\$400	\$0
Lindsay, Sir Isaac / Lindsays Motorcade	2 day(s) jail; 12 month(s) probation	\$0	\$215,633	\$0
Lopez Castillo, Melvin Edgar / Lopez Painting	Sentence not Documented	\$0	\$0	\$0
Lozano, Edgar / Blue Oak Medical Group	45 day(s) jail; 24 month(s) probation	\$0	\$0	\$370
Myers, James	12 month(s) probation	\$0	\$3,309	\$235
Redheffer, Mark	12 month(s) probation	\$0	\$0	\$0

Enforcement Branch

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
Rodriguez, Abel	30 day(s) jail; 12 month(s) probation	\$0	\$7,545	\$0
Rogers, Randall / Big Bear Moving	1 day(s) jail; 12 month(s) probation	\$0	\$187,540	\$235
Romo, Robert Raphael	30 day(s) jail; 24 month(s) probation	\$0	\$9,649	\$370
Sadler, William	60 day(s) jail; 24 month(s) probation	\$0	\$16,504	\$70
Sanchez, Andrew	1 day(s) jail; 12 month(s) probation	\$0	\$8,965	\$265
Serna, Sandra	Sentence not Documented	\$0	\$5,000	\$430
Valdes, Fernando	30 day(s) jail; 24 month(s) probation	\$0	\$6,919	\$300
Zermeno, Destini	1 day(s) jail; 18 month(s) probation	\$0	\$4,337	\$70
Albanez, Raul A	1 day(s) jail	\$0	\$59,122	\$0
Alvarez, Maria C	12 month(s) probation	\$0	\$6,792	\$500
Anguiano, Rodolfo	Sentence not Documented	\$0	\$0	\$149
Audelo, Felipe A	12 month(s) probation	\$0	\$3,174	\$400
Baniadam, Beth Ann	1 day(s) jail; 24 month(s) probation	\$0	\$6,460	\$440
Bello, Omar	Sentence not Documented	\$0	\$2,000	\$149
Castellanos, Emmanuel	Sentence not Documented	\$0	\$0	\$0
Castro, Gilbert	1 day(s) jail; 24 month(s) probation	\$0	\$104,939	\$0
Davila, Alberto	Sentence not Documented	\$0	\$0	\$0
Gallo, Javier C	Sentence not Documented	\$0	\$0	\$149
Gomez, Juan Carlos	Sentence not Documented	\$0	\$0	\$0
Harris, Chad	1 day(s) jail; 24 month(s) probation; 100 hour(s) community service	\$0	\$47,820	\$0

Enforcement Branch

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
	Restitution joint w/codef			
Hele, Douglas	Sentence not Documented	\$0	\$500	\$300
Hernandez, Cesareo	Sentence not Documented	\$0	\$1,750	\$250
Hernandez, Equihua Antonia	1 day(s) jail; 12 month(s) probation	\$0	\$11,000	\$500
Jones, Bruce	24 month(s) probation	\$0	\$0	\$0
Jones, Michael W	Sentence not Documented	\$0	\$0	\$0
Kirchenberg, Kerry L	12 month(s) probation	\$0	\$28,707	\$0
Kravs, Marc	ECF Joint w/codef	\$0	\$0	\$0
Lawton, John W	12 month(s) probation	\$0	\$6,000	\$0
Lawton, John W	1 day(s) jail; 36 month(s) probation	\$0	\$11,730	\$0
Le, Tien Hong	1 day(s) jail	\$0	\$0	\$0
Li, Zhoajun	Sentence not Documented	\$0	\$0	\$239
Martinez, Denise	24 month(s) probation	\$0	\$4,546	\$0
Mitchell, Kyle	12 month(s) probation; 40 hour(s) community service	\$0	\$12,626	\$500
Morin, Denis Brian	Sentence not Documented	\$0	\$0	\$149
Nekrasov, Vladislav	40 hour(s) community service	\$0	\$8,852	\$0
Platt, Mitchell Lee	Forged WC cert - case pending	\$0	\$0	\$0
Platt, Mitchell Lee	Forged WC certificate - case pending	\$0	\$0	\$0
Ramirez, Dominic A	1 day(s) jail; 12 month(s) probation	\$0	\$92,962	\$100
Rosela, Marilyn	40 hour(s) community service; ECF Joint w/codef	\$0	\$0	\$0
Rossano, John	Sentence not Documented	\$0	\$0	\$149

Enforcement Branch

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
Sandoval, Fernando	1 day(s) jail; 12 month(s) probation	\$0	\$0	\$0
Santisteban, Mauricio	1 day(s) jail; 12 month(s) probation; ECF joint w/codef	\$0	\$0	\$0
Solakyan, Sam	60 month(s) prison; federal prison	\$0	\$27,937,175	\$0
Sullivan, William	12 month(s) probation	\$0	\$11,400	\$0
Trujillo, Rodolfo	Sentence not Documented	\$0	\$0	\$149
Wagner, Deborah	1 day(s) jail; ECF Joint w/codef	\$0	\$0	\$0
Wickware, Bruce	1 day(s) jail; ECF joint w/codef	\$0	\$1,000	\$0
Williams, Josue A	Sentence not Documented	\$0	\$0	\$107
Yousif, Maykil A	6 month(s) probation	\$0	\$19,292	\$500
Kinahan, Karen	24 month(s) probation; 250 hour(s) community service	\$0	\$0	\$0
Kinahan, Paul	24 month(s) probation; 250 hour(s) community service	\$0	\$50,110	\$0
Ma, Mikyoung / Pressure Point/Pink House	24 month(s) probation; 500 hour(s) community service	\$0	\$0	\$10,000
Strong, Jack / Pressure Point/Pink House	24 month(s) probation; 500 hour(s) community service	\$0	\$0	\$10,000
Cebreros, Juan	120 day(s) jail; 12 month(s) probation	\$0	\$4,164	\$0
Barrios-Ruiz, Humberto Emiliano	5 day(s) jail; 12 month(s) probation; Def ordered to pay \$5,000 fine to CDI and to obtain & maintain WC	\$0	\$0	\$5,000

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
	insurance for all employees as term of probation.			
Jenkins, David Wayne	364 day(s) jail; 24 month(s) prison; as of 4/25 \$105,833 in restitution to employees and EDD have been collected in ADVANCE OF PLEA	\$0	\$0	\$0
Mason, Ronald Dale	Diversion granted for 1 year	\$0	\$0	\$3,000
Nelson, Holly	90 day(s) jail; 12 month(s) probation	\$0	\$49,457	\$0
Nim, Quyen Chi	12 month(s) probation; \$3,500 fine to CDI, obey all laws, obtain & maintain WC insurance for employees	\$0	\$0	\$3,500
American Innovative Building Maintenance	48 month(s) probation	\$0	\$547,245	\$300
Berber, Bryant / Frys Electronics	10 day(s) jail; 12 month(s) probation	\$0	\$1,108	\$315
Carson, Troy / Security Code 3	Sentence not Documented	\$0	\$0	\$0
Dejesus, Macario Angel	12 month(s) probation;	\$0	\$0	\$0
Esparza, Edy	240 day(s) jail; 60 month(s) probation	\$0	\$149,749	\$300
Foster, Mikaila / Atlas Private Security	365 day(s) jail	\$0	\$0	\$630
Foster, Robert / Atlas Private Security	1825 day(s) jail; 24 month(s) probation	\$0	\$1,139,009	\$0
Gorman, Thomas / The Carpet Outlet	10 day(s) jail; 12 month(s) probation	\$0	\$13,981	\$315
Henderson, Kenneth	120 day(s) jail	\$0	\$32,266	\$165

Enforcement Branch

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
Hernandezhuerta, Antonio / Landscape Remodeling	90 day(s) jail; 12 month(s) probation	\$0	\$5,000	\$150
King, Gary Keith	1 day(s) jail	\$0	\$0	\$165
Li, Junxiang / New Era Construction	30 day(s) jail; 12 month(s) probation	\$0	\$0	\$315
Lugo, Jaime / Security Code 3	12 month(s) probation	\$0	\$0	\$0
Mapa, Sione Panuve / Aladdin Landscaping & Concrete	30 day(s) jail; 12 month(s) probation	\$0	\$0	\$315
Nguyen, Thuy Anh / HS Deli Investment Corp. Dba HS Sandwiched & Juice	90 day(s) jail; 24 month(s) probation	\$0	\$0	\$330
Pacheco, Jose / Spice Kit, Inc.	1 day(s) jail; 12 month(s) probation	\$0	\$0	\$165
Rios, Alberto Enriquez / Rio Fence/Rios Fence Construction	Sentence not Documented	\$0	\$0	\$0
Velazco, Ines Carrillo	90 day(s) jail; 12 month(s) probation	\$0	\$14,119	\$315
Wiegand, Lanette / Security Code 3	12 month(s) probation;	\$0	\$0	\$0
Zhang, Ying / Easy Kitchen & Floor Inc.	1 day(s) jail; 24 month(s) probation	\$0	\$0	\$0
Albarran, Daniel	12 month(s) probation	\$0	\$10,332	\$0
Albarran, Daniel	365 day(s) jail	\$0	\$3,050	\$0
Mullin, Timoth Patrick	Deferred entry of judgment, secure WC insurance and payroll services	\$0	\$0	\$0
Palacios, Gary Cooper Gutierrez	Sentencing set for 8/22/2022	\$0	\$0	\$0
Smith, Tyrone Arrow	Sentencing hearing has been continued to 2/1/2022	\$0	\$0	\$0

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
Boswell, Jordan / Tugwell Roofing	Sentence not Documented	\$0	\$0	\$0
Mitchell, William Charles / Mitchell's Handyman Services	Sentence not Documented	\$0	\$0	\$0
Tugwell, Jeff Allen / Tugwell Roofing	Sentence not Documented	\$0	\$0	\$0
Antonio, Cuevas	12 month(s) probation; 50 hour(s) community service; Pay restitution in the amount of \$3,889.49.	\$0	\$3,889	\$190
Canchola, Gabriela / Vino Vid	60 hour(s) community service; Defendants entered pleas to misdemeanors and if completed successfully will be allowed it withdrawal plea on 4/27/2023.	\$0	\$0	\$0
Orozco, Angelica / La Perla Restaurant	90 day(s) jail; 12 month(s) probation; defendant paid restitution in full \$17,336 at sentence.	\$0	\$0	\$190
Viramontes, Pedro / Vino Vid	60 hour(s) community service; Defendants entered misdemeanor please and will return on 4/27/23 and if successfully completed will be able to withdraw plea.	\$0	\$0	\$0
Alvarez, Emilio	12 month(s) probation	\$0	\$0	\$235
Ambriz, Yeimi	Attend 24 weeks of Theft Awareness Class	\$0	\$11,238	\$0
Barrera, Loopsan	30 day(s) jail; 12 month(s) probation	\$0	\$0	\$1,000

Enforcement Branch

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
Brown, Chris	12 month(s) probation; 20 hour(s) community service	\$0	\$0	\$165
Ceja, Rolando	12 month(s) probation; 1 Day Theft Awareness Class	\$0	\$0	\$270
Cervantes, Adan	12 month(s) probation	\$0	\$0	\$165
Dugger, Jason	12 month(s) probation; Reduced to Misd	\$0	\$61,664	\$0
Irving, Christopher	12 month(s) probation	\$0	\$0	\$1,000
Mendonca, Michael / M&M Roofing	60 month(s) probation; 1 Day Theft Awareness Class	\$0	\$136,000	\$0
Mosqueda, Nicholas	30 day(s) jail; 12 month(s) probation	\$0	\$0	\$1,000
Paez, Mario	12 month(s) probation; 40 hour(s) community service	\$0	\$0	\$1,069
Rivera, Jesus	30 day(s) jail; 12 month(s) probation	\$0	\$0	\$1,000
Weldon, Benjamin	Sentence not Documented	\$0	\$19,713	\$270
Ayala, Hector	365 day(s) jail; 72 month(s) probation	\$0	\$218,965	\$3,766
Delara, Robert	Sentenced 7/12/22 (will update stats in FY 22-23 mid-year report)	\$0	\$0	\$0
Hein, Judy	24 month(s) probation; D owes \$1.6mil in restitution total and paid \$600k pre-plea. Court only ordered remaining \$1mil in the docket. Court and counsel acknowledge that the	\$0	\$1,000,000	\$440

SUBJECT NAME	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
	\$600k is in addition to the \$1mil ordered.			
Mollinedo, Ivar	60 day(s) jail; 12 month(s) probation	\$0	\$7,435	\$279
Revolorio, Alida	Plea only. Sentencing information will update in the next report.	\$0	\$0	\$0
Douglas, David	24 month(s) probation; 30 hour(s) community service	\$0	\$13,002	\$0

2022 ANNUAL REPORT

**ENTERPRISE PLANNING, RISK, *and*
COMPLIANCE**

Enterprise Planning, Risk, and Compliance

The Office of Enterprise Planning, Risk, and Compliance (EPRC) provides heightened leadership and improved coordination of planning, risk, and compliance for the Department. EPRC is comprised of four programs:

INFORMATION SECURITY OFFICE

The Information Security Office (ISO) plays a critical role in safeguarding the Department's sensitive information assets by ensuring compliance with regulations and industry best practices, managing cybersecurity risks, and promoting employee awareness of information security risks. By doing so, the ISO helps protect against cyber threats, minimizes the risk of a security breach, addresses human error, and creates a culture of security within CDI.

OFFICE OF STRATEGIC PLANNING

The Office of Strategic Planning (OSP) is responsible for all elements of strategic planning, including developing and implementing CDI's Strategic Plan and initiatives to support the CDI's vision, mission, values, and goals. The OSP also develops CDI's Workforce and Succession Plan and manages the implementation of targeted department-wide and program-level workforce planning and succession planning strategies. The OSP is also responsible for organizational performance management, including survey and data collection, analysis, and the identification, development, and implementation of methodologies that measure progress toward program, department-wide, and mission-critical objectives. The OSP develops reports such as the Annual Report of the Insurance Commissioner and participates in special projects as needed.

INTERNAL AUDITS UNIT

The Internal Audits Unit is responsible for providing independent and objective assurance and consulting services to CDI's management. By monitoring internal controls and ensuring compliance with applicable laws and regulations, the Internal Audits Unit assists CDI in enhancing the effectiveness and efficiency of its operations. In addition, the Internal Audits Unit is tasked with conducting whistleblower investigations and coordinating external audits.

RISK AND COMPLIANCE UNIT

The Risk and Compliance (RAC) Unit is responsible for designing, implementing, and maintaining CDI's Enterprise Risk Management structure. RAC develops plans and alternatives for increasing the ongoing efficiency and effectiveness of departmental internal controls as outlined in the State Leadership Accountability Act. Additional responsibilities include compliance with incompatible activities requirements, ethics training, and risk management education.

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FINANCIAL SURVEILLANCE BRANCH

Financial Surveillance Branch

The Financial Surveillance Branch's (FSB) main goal is to contribute to the CDI's mission to ensure vibrant markets where insurers keep their promises and the health and economic security of individuals, families and businesses are protected. To achieve this goal, FSB oversees the financial condition of the insurance industry, including entities admitted to do business in California as well as those operating on a non-admitted/excess and surplus line basis through the work of the following offices:

- Financial Analysis Division
- Field Examination Division
- Life Actuarial Office
- Property & Casualty Actuarial Office
- Office of Principle-Based Reserving

Participation and Interaction with the National Association of Insurance Commissioners

California Insurance Commissioner Ricardo Lara (Commissioner) is a member of the National Association of Insurance Commissioners (NAIC). Representing CDI and the Commissioner, FSB actively participates in the NAIC committees, task forces and working groups, covering areas such as solvency-related considerations relating to accounting practices and procedures; blanks and valuation of securities; financial analysis and solvency; multistate examinations and issues concerning insurer insolvencies and insolvency guarantees.

To promote sound insurance company financial solvency regulation, CDI is subject to the accreditation reviews of the NAIC Financial Regulation Standards and Accreditation Program. FSB, having undergone extensive Pre-Accreditation Reviews, Full-Accreditation Reviews, and Interim Accreditation Reviews, continues to meet the required financial solvency oversight standards for the CDI to remain accredited.

Coordination and Participation in Supervisory Colleges

Pursuant to the California Insurance Code Section 1215.7, the Commissioner shall have the power to participate in a supervisory college for any domestic insurer that is part of an insurance holding company system with international operations in order to determine compliance by the insurer with the Insurance Holding Company System Regulatory Act. The Commissioner may also participate in a supervisory college with other regulators charged with supervision of the insurer or its affiliates, including other state, federal, and international regulatory agencies. A supervisory college may be convened as either a temporary or permanent forum for communication and cooperation between the regulators charged with the supervision of the insurer or its affiliates.

Representing the Commissioner, FSB (in particular, the Financial Analysis Division and the Field Examinations Division) hosted and actively participated in supervisory colleges to fulfil such statutory obligations.

**SUPERVISORY COLLEGES HOSTED/PARTICIPATED
CALENDAR YEAR 2022**

TYPE	Number
Hosted	1
Participated	6
Total	7

FINANCIAL ANALYSIS DIVISION

The Financial Analysis Division (FAD) conducts ongoing, risk-focused financial surveillance of California licensed entities (including property and casualty insurers, life and disability insurers, title insurers, fraternal benefit societies, grant and annuity societies, underwritten title companies, home protection companies, motor clubs, and multiple-employer welfare arrangements); identifies those that may be trending toward hazardous financial condition; and intervenes with preventive and corrective measures, when appropriate. The workload performed by FAD is distributed among three bureaus.

Once a company is identified as financially troubled, FAD makes recommendations to the Early Warning Team (EWT) which includes the FSB Deputy Commissioner, the FAD Division Chief, the FED Division Chief, and the General Counsel (and/or designee). The EWT has the ultimate responsibility of overseeing the entities determined to be in financial difficulty or under financial distress. All formal regulatory actions require the sign-off by the FSB Deputy Commissioner, the General Counsel, and the Commissioner.

Furthermore, FAD reviews the financial aspects of corporate applications requiring the Commissioner’s prior approval and provides financial recommendations to the Corporate Affairs Bureaus within the Legal Branch. Such corporate applications include, but are not limited to, certificates of authority, amended certificates of authority, securities permits, variable contract qualifications, underwritten title company licenses, acquisitions, mergers, and other holding company transactions.

FAD also works with other branches and divisions to develop guidelines and legislative proposals to strengthen insurance solvency regulation. Moreover, FAD provides financial and technical assistance to other branches and divisions relative to the financial oversight of reinsurance practices, surplus line insurers, Lloyd’s of London, captive insurers, and risk retention groups.

Various types of financial reviews performed by FAD in 2022 are presented as follows:

**FINANCIAL ANALYSIS PERFORMED
CALENDAR YEAR 2022**

TYPE	NUMBER OF ANNUAL STATEMENTS	NUMBER OF QUARTERLY STATEMENTS
Life and Property & Casualty	468	870
Other Entities	451	77

**CORPORATE AFFAIRS APPLICATIONS REVIEWED
CALENDAR YEAR 2022**

TYPE	NUMBER OF APPLICATIONS
Certificate of Authority	31
Holding Company Matters	218
All Others	235

FIELD EXAMINATIONS DIVISION

Under the provisions of Sections 730, 733, 734.1, and 736 of the California Insurance Code (CIC), the Commissioner may examine the business and affairs of every admitted insurer, whenever deemed necessary, to determine its financial condition and compliance with applicable laws. Unless financial or other conditions warrant an immediate examination, domestic insurers are usually examined every three to five years, and foreign insurers are usually examined in accordance with the NAIC's procedures for examination scheduling. The Field Examinations Division (FED) also performs financial examinations of underwritten title companies, home warranty companies, and other entities as necessary.

It is FED's responsibility to determine the financial condition of insurance companies in accordance with the CIC, legal requirements, and prescribed accounting practices as promulgated by the NAIC. Examinations are conducted in accordance with the NAIC's Financial Condition Examiners Handbook.

Various types of examinations initiated and completed by FED in 2022 are presented as follows:

**FED INITIATED EXAMINATIONS
CALENDAR YEAR 2022**

TYPE	INITIATED	COMPLETED
Domestic Companies	35	24
Underwritten Title Companies	18	15
Foreign Companies	2	0
Qualifying Exams	4	4
Statutory Exams	0	1
Total	59	44

PREMIUM TAX AUDIT BUREAU

Insurance Taxes – The Premium Tax Audit Unit audits gross premium tax returns filed by insurance companies and surplus lines brokers. The premium tax supports State General Fund obligations.

Basis and Rate of Tax – A rate of 2.35% is levied on the amount of “gross premiums” received, less return premiums from insurance business done in California. A lower premium tax rate of 0.50% is applied to premiums received under pension and profit-sharing plan contracts “qualified” under the Internal Revenue Code.

Title insurance and ocean marine insurance are exceptions to the general premium tax rate basis and rate structure. Insurers transacting title insurance are taxed at a rate of 2.35% upon all income received in this state, with the exception of income arising out of investments. Ocean marine insurers are taxed at a rate of five percent of the average annual underwriting profit earned during the preceding three calendar years.

Retaliatory Taxes – Insurers domiciled in states with a higher tax rate than California pay a “retaliatory tax” to California equal to the difference in the tax rate of their state of domicile and the tax rate of the State of California.

Surplus Line Taxes – The surplus lines insurance brokers pay a tax rate of 3.00% levied on surplus line premiums pursuant to CIC Section 1775.5.

**FED - PREMIUM TAX AUDIT UNIT INITIATED EXAMINATIONS
CALENDAR YEAR 2022**

TYPE	INITIATED	COMPLETED
Domestic Companies	0	0
Foreign Companies	29	18
Surplus Line Brokers	7	8
Total	36	26

**TAXES LEVIED AND COLLECTED
FISCAL YEAR 2021-22**

TYPE	AMOUNT COLLECTED
Insurance premium taxes, Ocean Marine taxes, and Retaliatory taxes	\$3,024,157,453
Premium tax refunds	\$53,927,797
Surplus line taxes	\$483,497,458
Surplus line taxes refunds	\$743,776

LIFE ACTUARIAL OFFICE

The Life Actuarial Office (LAO) provides technical assistance within FSB. The LAO monitors reserves established by life and health insurance companies; drafts new legislation, regulations, and bulletins regarding actuarial matters; reviews selected portions of life insurance and annuity policy forms; and ensures compliance regarding Appointed Actuary changes, long-term care loss ratios, and illustration certifications. The LAO also provides technical assistance to FSB in its work with the NAIC.

PROPERTY & CASUALTY ACTUARIAL OFFICE

Like the LAO, the Property & Casualty Actuarial Office (PCAO) provides technical assistance within FSB. The PCAO provides reserve analysis on financial examinations and provides technical assistance to FSB on projects and the work of FSB with the NAIC.

Listed below are workload statistics of the LAO and PCAO for the year 2022:

**LAO AND PCAO WORKLOAD STATISTICS
CALENDAR YEAR 2022**

ACTUARIAL REVIEWS	NUMBER REVIEWED
Actuarial Memorandum for Statement Reserves	101
Regulatory Asset Adequacy Issues Summaries	438
Illustration Certifications	225
Life Insurance and Annuity Policy and Rider Submissions	567
Grant and Annuity Submissions	14
Disability Income Rate Filings	23
Long Term Care Rate Filings	81
Credit Insurance Rate Deviation Filings	9
Schedule P Loss Review Compilations	312
Assisted FED on Financial Examinations	19

OFFICE OF PRINCIPLE-BASED RESERVING

The Office of Principle-Based Reserving (OPBR) is responsible for reviewing life insurance companies' principle-based reserves and related calculations for compliance with Principle-Based Reserving (PBR) requirements.

PBR has introduced increased complexity into reserve calculations and has increased flexibility on the part of each company in the selection of reserving systems, models, methodologies, and assumptions. PBR became effective in 2017, although there was a three-year transition period whereby companies were allowed to defer implementation of PBR for one, two, or three years at their option. For the first valuation date of 12/31/2017, there were 20 companies that performed PBR. By the end of the transition period in 2022, around 165 companies were performing PBR. Some of these companies are reviewed by other states or by the NAIC, but the vast majority of PBR reviews (around 130 of them) are performed by OPBR, over 90 of those in a primary reviewer capacity and the rest as a secondary reviewer.

OPBR is responsible for the review of PBR Actuarial Reports submitted by California licensed domestic and non-domestic life insurance companies for compliance with all PBR Actuarial Report requirements. OPBR is also responsible for the review of company PBR modeling procedures, controls, and oversight for compliance with the requirements for PBR model governance. OPBR performs both off-site and on-site (either virtually or physically) company reviews related to PBR. Furthermore, OPBR actively participates in the NAIC's continued development of requirements and guidance on Principle-Based Reserving (e.g., *Valuation Manual* revisions, interpretation, and guidance). Beginning in 2019, the scope of OPBR's responsibilities expanded to include the review of long-term care (LTC) insurance reserves and models for California licensed domestic and non-domestic companies issuing or renewing LTC policies. Approximately 50 LTC companies are in scope for OPBR's review annually.

2022 ANNUAL REPORT
LEGAL BRANCH

Legal Branch

The Legal Branch ensures compliance with the California Insurance Code and related laws that apply to the business of insurance by all insurers, insurance agents and brokers, and any other person or organization engaging in or applying to engage in the business of insurance in California. The Legal Branch serves an integral part of the Department's mission by:

- Litigating enforcement actions
- Reviewing and analyzing certain insurance policies to determine whether the policy should be approved for sale to consumers
- Ensuring rate filings comply with the requirements of Proposition 103
- Providing legal assistance to other branches of the Department
- Supporting the Department's Fraud Division in the prevention of insurance fraud
- Handling corporate licensing applications and providing governance oversight in order to ensure insurer compliance with all relevant state laws.

The Legal Branch also assists with the promulgation of regulations implementing California statutes and provides legal services to the Department relating to service of process and records requests. The Legal Branch is divided into ten bureaus:

- Auto Enforcement Bureau
- Corporate Affairs Bureau I
- Corporate Affairs Bureau II
- Enforcement Bureau Oakland
- Enforcement Bureau Sacramento
- Fraud Liaison Bureau
- Government Law Bureau
- Health Policy Approval Bureau
- Policy Approval Bureau
- Rate Enforcement Bureau

AUTO ENFORCEMENT BUREAU

The Auto Enforcement Bureau (AEB) litigates enforcement actions against insurance companies and broker-agents (producers). As an enforcement bureau, AEB protects policyholders, prospective policyholders, consumers, and the California insurance marketplace by ensuring that insurance producers and insurers comply with the California Insurance Code and other laws and regulations that apply to the business of insurance.

AEB handles all aspects of litigation and enforcement known as “compliance” cases. AEB attorneys prepare and file pleadings and represent the Commissioner in administrative hearings in disciplinary actions against both licensed and unlicensed

insurers and producers, including the revocation or denial of licenses and imposing fines for unfair claims practices. In conjunction with representation from the California Attorney General’s Office, AEB lawyers also work on civil litigation that may arise from enforcement actions.

An additional responsibility for AEB is Vehicle Service Contracts (VSC), including the review of contracts and forms and background information of new applicants, and related license disciplinary matters.

Beyond its core function as an enforcement litigation bureau, AEB generally provides legal opinions to the Commissioner and to the various divisions of the Department; provides support for investigations of producers and examinations of insurers; assists with the development of regulations; and represents the Department in adverse personnel actions as needed.

**AUTO ENFORCEMENT BUREAU STATISTICS
CALENDAR YEAR 2022**

MATTER TYPE	MATTERS OPENED	MATTERS CLOSED
Disciplinary	121	164
Vehicle Service Contract	611	592
Unfair Practices Act	0	0
Legal Opinion	2	1
Regulation	0	0
Cease & Desist	4	1
Litigation/Defense	3	0
Legislation (bill analysis)	2	0
Miscellaneous	0	0
Human Resources	0	0
Order to Show Cause	2	1
Public Records Act Request	0	0
Oversight	19	8
Total	764	767

CORPORATE AFFAIRS BUREAU I

The Corporate Affairs Bureaus protect California consumers through licensing, oversight, and enforcement. These activities protect insurer solvency and require the conduct of company affairs in accordance with the law. The Corporate Affairs Bureau I (CAB I) concentrates on the areas of surplus lines, risk retention and risk purchasing

groups, title and underwritten title companies, insurer name approvals, and premium tax issues. In addition, CAB I reviews applications filed by insurance companies seeking approval to issue securities, mergers, acquisitions, inter-affiliate service agreements, extraordinary dividend payments, and other insurance holding company act filings.

CORPORATE AFFAIRS BUREAU II

The Corporate Affairs Bureau II (CAB II) concentrates on the areas of reinsurance, non-standard company structures, and life settlements. In addition, CAB II handles insurance company licensing and oversight and provides legal services to the Financial Surveillance Branch's Early Warning Team and to the Department's Conservation & Liquidation Office (CLO). The CLO conserves and manages insurers found to be in a financially hazardous condition such that further transaction of business would pose a risk to policyholders, creditors or to the public and in the event the insurance company cannot be rehabilitated, the CLO liquidates the insurer. The goal is to protect those stakeholders, and in the case of liquidation, maximize return to policyholders and creditors. In addition, CAB II reviews securities permits, mergers, acquisitions, inter-affiliate service agreements, extraordinary dividend payments, and other insurance holding company act filings.

CORPORATE AFFAIRS BUREAUS STATISTICS CALENDAR YEAR 2022

TYPE	BEGIN # ASSIGNED CASES	ASSIGNED	CLOSED	END # ASSIGNED CASES
Accredited Reinsurer	1	2	3	0
Accredited Reinsurer Renewal	1	25	24	2
Advisory Organization License	2	3	4	1
Amended Deed of Trust	0	0	0	0
C/A Amend-Add Line	10	15	17	8
C/A Amend-Delete Line	1	2	0	3
C/A Amend-Domestic Change 709.5	1	1	2	0
C/A Amend-Name	11	30	33	8
C/A Amend-Non-Domestic Re-domicile	2	17	15	4
Certificate of Authority	9	23	24	8
Certificate of Authority Status - 700C	9	11	11	9
Certified Reinsurer	1	1	1	1
Certified Reinsurer Renewal	4	16	15	5

TYPE	BEGIN # ASSIGNED CASES	ASSIGNED	CLOSED	END # ASSIGNED CASES
Custodian Qualification	0	0	0	0
Custody Agreement	0	7	5	2
Exemption – Certificate of	0	0	0	0
Failure to Make Required Filing	0	0	0	0
Grants/Annuities - C/A	4	8	5	7
Grants/Annuities-Amended C/A	2	1	3	0
HC Disclaimer of Affiliation .4l	40	17	52	5
HC Exempt - Comm. Domiciled Status .14b	0	1	1	0
HC Exempt – Form A .2g	1	5	5	1
HC Extraordinary Dividend .5g	1	7	8	0
HC Investments .5b7	0	0	0	0
HC Guarantees .5b5	0	0	0	0
HC Mgt. Serv./Cost Share Agmt .5b4	32	107	106	33
HC Misc.	2	2	3	1
HC Reinsurance .5b3	11	23	28	6
HC Sales Purchases Loans .5b1	1	6	4	3
Holding Companies Acquisition	6	9	12	3
Home Protection	0	1	1	0
Letter of Credit	0	2	2	0
Life Settlement Provider	0	0	0	0
Merger	2	6	5	3
Miscellaneous	10	24	25	9
Motor Club License	0	1	0	1
Motor Club Service Contract	6	35	41	0
Name Approval Reservation	18	117	104	31
Organizational Permit	1	1	1	1
Purchasing Alliance Registration	0	0	0	0
Reciprocal Reinsurer	5	37	28	14

TYPE	BEGIN # ASSIGNED CASES	ASSIGNED	CLOSED	END # ASSIGNED CASES
Reciprocal Reinsurer Renewal	0	8	0	8
Rein/Sale-Purchase/Transfer-Assumption	5	12	13	4
Risk Purchasing Group	5	7	6	6
Risk Purchasing Group Renewal	39	300	300	39
Risk Retention Group	3	10	7	6
Risk Retention Group Renewal	62	131	127	66
S810	0	0	0	0
Stock Permit	1	5	4	2
Stock Permit – Amend	1	0	1	0
Surplus Line Filing	9	10	7	12
US Trust	0	0	0	0
US Trust Amendment	0	0	0	0
US Trust Renewal	6	16	21	1
UTC-Amend License	3	6	7	2
UTC-License	2	3	4	1
UTC-Organizational Permit	3	1	3	1
UTC-Permit	0	0	0	0
UTC-Transfer of Shares	3	8	9	2
Variable Annuity	1	1	1	1
Variable Annuity – Amend	19	71	77	13
Variable Life	0	0	0	0
Variable Life – Amend	11	53	53	11
WC Deposit Agreement	0	25	24	1
Withdrawal	2	8	4	6
Total	369	1,238	1,256	351

ENFORCEMENT BUREAU OAKLAND

The Enforcement Bureau Oakland (EB-OAK) litigates enforcement actions against insurance companies, insurance producers and other licensees. EB-OAK protects policyholders, prospective policyholders, consumers, and the California insurance marketplace by ensuring that insurance producers, other licensees, and insurers comply with the Insurance Code and other laws and regulations that apply to the business of insurance. EB-OAK specializes in complex cases referred by the Department's

Investigation Division, including cases involving annuities. EB-OAK prosecutes cease and desist orders against unlicensed insurance producers and against organizations that are illegally operating as insurance companies. EB-OAK brings administrative actions to enforce Insurance Code provisions regarding unfair insurance practices. EB-OAK advises the Insurance Commissioner as to matters involving the California FAIR Plan and the California Automobile Assigned Risk Plan.

In addition to its core enforcement functions, EB-OAK provides legal opinions to the Insurance Commissioner and to the various divisions of the Department; provides support for investigations of producers and examinations of insurers; assists with the development of regulations; analyzes legislation; and represents the Department in adverse action matters involving employees as needed.

Enforcement Bureau Oakland Statistics

- During the 2022 year, 224 cases were received and action was completed on 276.
- In 2022, EB-OAK concluded 29 administrative hearings.
- Monetary penalties, cost reimbursement, and restitution assessed through negotiated settlements and/or hearings amounted to \$126,317.

**ENFORCEMENT BUREAU OAKLAND STATISTICS
CALENDAR YEAR 2022**

RESOLUTION OF ENFORCEMENT CASES	MATTERS CLOSED
Order of Revocation	21
Order of Revocation/Issuance of Restricted License	15
Order of Revocation/Issuance of Restricted License with fines	5
Order of Denial	19
Order of Denial/Issuance of Restricted License	34
Order of Denial/Issuance of Restricted License with fines	3
Order of Suspension	13
Order for Monetary Penalty and/or Reimbursement	9
Order for Monetary Penalty in lieu of Suspension	0
Order of Dismissal	6
Cease and Desist	3
Order Removing Restrictions Granted	3
Order Removing Restrictions Denied	1
Rewritten Decision	0

RESOLUTION OF ENFORCEMENT CASES	MATTERS CLOSED
Miscellaneous	20
No Disciplinary Action Warranted	37
Warning Letter	11
Lapsed License	2
Surrender License	7
License Application Granted	3
License Application Withdrawn	1

ENFORCEMENT BUREAU SACRAMENTO

The Enforcement Bureau Sacramento (EB-SAC) litigates enforcement actions against insurance producers, insurers, and other persons conducting insurance business in California. EB-SAC assists the Licensing Services Division in evaluating qualifications for licensure of producer applicants and other licensees who have a criminal record or a record of professional license discipline, and reviewing legal documents implementing recommended action regarding those applicants and licensees.

In addition to its core enforcement functions, EB-SAC works closely with the Investigations Division, Consumer Services Division, and the Curriculum and Officer Review Bureau to provide legal support and direction. EB-SAC also assists the Legislative Branch with analyzing proposed legislation and developing regulations when necessary and regularly represents the Department in actions in front of the Administrative Hearing Bureau.

Enforcement Bureau Sacramento Statistics

- During the 2022 year, 1,193 cases were received and action was completed on 1,247.
- In 2022, EB-SAC concluded 26 administrative hearings.
- Monetary penalties, cost reimbursement, and restitution assessed through negotiated settlements and/or hearings amounted to over \$2,859,633.

**ENFORCEMENT BUREAU SACRAMENTO STATISTICS
CALENDAR YEAR 2022**

RESOLUTION OF ENFORCEMENT CASES	MATTERS CLOSED
Order of Revocation	161
Order of Revocation / Issuance of Restricted License	20
Order of Revocation / Issuance of Restricted License with fines	12
Order of Denial	156
Order of Denial / Issuance of Restricted License	256
Order of Denial / Issuance of Restricted License with fines	32
Order of Suspension	19
Order of Dismissal	9
Cease and Desist	8
Order for Monetary Penalty and/or Reimbursement	31
Order Removing Restrictions Granted	145
Miscellaneous Orders	1
Warning	45
Voluntary Withdrawal of Application	20
No Disciplinary Action Warranted	38
No AR Action/Referred for Disciplinary Proceeding	163
Order Granting 1033 Consent	30
Order Denying 1033 Consent	9
Barred from Licensure/Exam	10

FRAUD LIAISON BUREAU

The Fraud Liaison Bureau (FLB) provides legal support to the Department's Fraud Division (FD) and represents the State directly in cases brought pursuant to the Insurance Frauds Prevention Act, Insurance Code section 1871.7.

FLB provides legal advice related to FD's peace officer functions such as search and seizure, and unique employment-related issues due to the status of its investigators as peace officers. The FLB coordinates with the Office of the Attorney General when FD employees are involved in civil litigation cases. This type of litigation often involves the conduct of an employee in the performance of their duties on the job.

Qui Tam Cases

FLB handles numerous civil cases, often filed by private party whistleblowers alleging violations of the Insurance Frauds Prevention Act (IFPA). These cases brought by

private party whistleblowers are referred to as “qui tam cases”. Qui tam cases are complex civil actions. Civil qui tam complaints brought by private parties must be served on the Commissioner. The cases cover a large range of alleged unlawful conduct including kickbacks in the sales and promotion of pharmaceuticals, misleading billing practices by hospitals, fraud by medical clinics, and the unlawful promotion and sale of medical devices. The Commissioner may intervene in these cases. These cases can involve large companies that have been accused of engaging in false and misleading practices.

On December 31, 2022, there were 212 active qui tam cases pending.

Commissioner’s Intervention – The Commissioner represents the interests of the State in IFPA cases. In cases in which the Commissioner has not intervened, the Commissioner must approve the allocation of funds that result from a settlement or judgment against the defendant(s) to ensure that the State’s interest in the case is protected.

**FRAUD LIAISON BUREAU WORKFLOW
CALENDAR YEAR 2022**

TYPE	MATTERS OPENED	MATTERS CLOSED	PENDING AT YEAR-END
Qui Tam Litigation	30	39	212
Qui Tam Investigative Hearing	3	8	31
Non-Qui Tam Civil Litigation	1	0	1
Total	34	47	244

GOVERNMENT LAW BUREAU

The Government Law Bureau (GLB) provides legal support to the Legislative Office and for the Department’s rulemaking program. GLB personnel assist the Special Counsel to the Commissioner with the oversight and management of all Department rulemaking actions. An attorney in GLB serves as the Department’s Privacy Officer, and GLB recently expanded the Privacy Office by adding an attorney who serves as the Assistant Privacy Officer. Consequently, GLB personnel are responsible for implementing the Department’s privacy policy and provides advice to the Department on questions relating to the protection of personally identifiable information contained within the Department’s records. Staff in GLB monitor the workers’ compensation system, assist the Commissioner with his review of the workers’ compensation advisory pure premium rate, and preside over the hearing for the annual Worker’s Compensation Insurance Rating Bureau’s regulatory filing. GLB also handles all requests made pursuant to the Public Records Act, serves as the Department’s agent for service of process, and is the Department’s primary custodian of records.

**GOVERNMENT LAW BUREAU STATISTICS
CALENDAR YEAR 2022**

NAME	ASSIGNED	CLOSED
Litigation – Defense/Other	1	0
Public Records Act Request	808	806
Records Request from Governmental Agency	160	160
Subpoena	89	83
Substituted Service of Process	48	48
Legislation Analyses/Proposals	117	117
Regulation	3	2
Total	1,226	1,216

POLICY APPROVAL BUREAU

The Policy Approval Bureau (PAB) reviews life and non-health disability insurance products for compliance with California law and regulations. PAB advises Department personnel and others, regarding statutes and regulations pertaining to life and disability insurance. Further, PAB assists with the development of regulations relating to life and non-health disability insurance law, advertising, and administration.

**POLICY APPROVAL BUREAU STATISTICS
CALENDAR YEAR 2022**

PRODUCT	RECEIVED	CLOSED
Group Non-Health Disability and Group Life	178	197
Supplemental Life Insurance	196	225
Variable Contracts	196	210
Unclassified	98	106
Individual Non-Health Disability	60	59
Individual and Group Credit Insurance	5	5
Long Term Care Insurance	124	141
Total	857	943

HEALTH POLICY APPROVAL BUREAU

The Health Policy Approval Bureau (HPAB) reviews health insurance and health disability insurance products, such as individual, small group, and large group major

medical; specialized health; Medicare Supplement; student blanket health; and health-related stop-loss, for compliance with California law and regulations. HPAB advises Department personnel and others, regarding statutes and regulations pertaining to health insurance. HPAB assists with the development of regulations relating to health insurance law, advertising, and administration; provides Department enforcement staff with expert advice and technical guidance to assist with regulatory actions and examinations of insurance companies; and analyzes health insurance legislation.

HPAB reviews health insurer network adequacy reporting to confirm that insurers provide consumers with adequate and timely access to health services and, in 2022, analyzed and monitored 27 separate health insurer provider networks.

HPAB also enforces prescription drug coverage laws applicable to health insurers to ensure their prescription drug formularies do not include benefit designs that discriminate based on health condition, disability, and other protected characteristics. HPAB continued its partnership with the Department of Clinical Pharmacy at the University of California, San Francisco, to review health insurer formularies for clinically appropriate drug coverage.

**HEALTH POLICY APPROVAL BUREAU STATISTICS
CALENDAR YEAR 2022**

PRODUCT FILINGS	RECEIVED	CLOSED
Individual and Group Health Insurance	98	116
Dental Insurance	63	62
Vision Insurance	27	31
Network Adequacy Reporting	74	92
Student Blanket Health Insurance	55	53
Medicare Supplement Insurance	58	57
Medicare Supplement Advertisements	188	189
Health-Related Stop-Loss Insurance	36	33
Other Health Insurance Filings and Reporting	555	519
Total	1,154	1,152

RATE ENFORCEMENT BUREAU

The Rate Enforcement Bureau (REB) enforces the provisions of Proposition 103 and other laws pertaining to the availability and affordability of insurance and the rating and underwriting practices of property and casualty insurers. REB provides legal support to the Department’s Rate Regulation Branch, represents the Department in prior approval rate hearings, and represents the Department in administrative enforcement cases alleging rating and underwriting violations. REB provides legal assistance for issues

related to the California Earthquake Authority, the Commissioner’s Catastrophe and Climate Change Initiatives, the California Automobile Assigned Risk Plan, and the California Low Cost Automobile Insurance Program.

**RATE ENFORCEMENT BUREAU STATISTICS
CALENDAR YEAR 2022**

MAJOR ACTIVITIES	MATTERS
Prior Approval (and COVID-19 Rate Challenges):	
Petitions for Hearing Received	7
Petitions for Hearing Granted	0
Petitions for Hearing Denied	1
Notices of Hearing Issued	1
Petitions for Hearing Resolved Without Hearing	1
Petitions for Hearing Resolved Following Hearing	1
Matters Based on Petitions for Hearing Pending at Year End	6
Regulations:	
Regulation Matters Opened	0
Regulations Approved	1
Regulations Pending	3
Enforcement Matters and Primary Jurisdiction Referrals:	
Enforcement Matters Opened	4
Enforcement Matters Closed	3
Enforcement Matters Pending	3
Civil Litigation and Appeals:	
Matters Opened	1
Amicus Brief Filed	0
Matters Closed	2
Matters Pending	2

2022 ANNUAL REPORT
OFFICE *of* CIVIL RIGHTS

Office of Civil Rights

The Office of Civil Rights (OCR) is responsible for developing policies and procedures that ensure compliance with Title VII of the Civil Rights Act of 1964, ensuring that all managers, supervisors, and employees promote a workplace environment free of discrimination, harassment, and retaliation, administering the Disability Programs and the California Department of Insurance's (CDI) discrimination complaint programs, and providing consultative services to Executive Management. OCR is also responsible for providing training related to policies and procedures issued.

In 2022, with the continuation of the Governor's orders to maximize teleworking opportunities in order to reduce our Department's office footprint, OCR continued to administer the Sexual Harassment Prevention training virtually so CDI could maintain compliance with all state and federal laws relating to Civil Rights and Equal Employment Opportunity.

In 2022, the Department continued the Equal Employment Opportunity and OCR services and complaint processes in a virtual manner, ensuring CDI staff would always have access to our office while teleworking.

In 2022, OCR continued the statutorily mandated Disability Advisory Committee (DAC) virtually to continue to meet with and advise the Commissioner, managers, and supervisors on disability-related matters and to help identify any systemic access issues for employees or applicants with disabilities. The DAC meets on the second Thursday of every quarter, and it distributes monthly Disability Awareness Campaigns highlighting different disabilities, notable persons with different abilities, and disability-related educational material.

By the end of 2022, the Department's staff continued to be fully compliant with the Sexual Harassment training requirements as mandated by state and/or federal law.

2022 ANNUAL REPORT
OFFICE *of the* SPECIAL COUNSEL

Office of the Special Counsel

The Office of the Special Counsel (OSC) provides independent legal advice directly to the Insurance Commissioner, handles various special projects and Commissioner initiatives, advises the Commissioner concerning administrative litigation matters presented to him for a decision, oversees the Department's rulemaking projects, and manages the Department's participation and interaction with the National Association of Insurance Commissioners (NAIC).

RULEMAKING PROCEEDINGS (REGULATIONS)

The OSC oversees the process for promulgating regulations at the California Department of Insurance. This process requires project management, economic analysis, legal research, collaborating with different program areas and subject matter experts, engaging with the insurance industry, consumer advocates and other stakeholders, and navigating the requirements of the Administrative Procedure Act (APA) in conjunction with the Office of Administrative Law (OAL).

In 2022, the Department evaluated or developed 36 rulemaking projects and reviewed and filed 11 rulemaking projects with OAL.

Public Meetings of Contemplated Regulations and Completed Rulemaking Examples

Mitigation in Rating Plans and Wildfire Risk Models Rulemaking

After receiving public input at an Investigatory Hearing, and in numerous community meetings and town halls throughout the State, Commissioner Lara promulgated regulations that promote careful and systematic consideration of wildfire risk by insurers, and enhance communications by insurers about their rating of properties with respect to wildfire risk, in order to ensure that rates attributable to wildfire risk are not excessive, inadequate or unfairly discriminatory.

Effective as of October 14, 2022, the adopted regulations are expected to: incentivize individual and community mitigation efforts by requiring consideration of property and community-level mitigation against wildfire risk; reduce the risk of loss posed by wildfires; improve accuracy in the classification of wildfire risk and the resulting rates and premiums; increase transparency in, and consumer awareness of, insurers' rating and/or scoring of wildfire risk; enhance consumer protection by establishing a consumer appeals process; reduce unfair discrimination by enhancing consistency in insurers' wildfire rating practices and/or risk scoring practices; and potentially improve availability and affordability of property-casualty insurance for communities and properties where wildfire mitigation measures have been implemented.

Workshop Examining Bias and Discrimination: Insurance Industry Algorithms, Machine Learning and Artificial Intelligence

The increasing prevalence of the insurance industry's use of big data and algorithmic tools to underwrite, rate, process claims, and market to consumers presents a new potential for unfair discrimination in the business of insurance whether it is intentional or not.

California law prohibits discrimination in insurance ratemaking, claims handling practices, accepting insurance applications, and when canceling or nonrenewing insurance policies. The purpose of the September 19, 2022 workshop was to explore how Artificial Intelligence (AI), Machine Learning (ML) and other algorithmic tools are used by insurance companies in California, and to find common purpose, and ultimately rules to prescribe, the responsible governance and use of those tools in insurance decisions that affect all Californians.

National Association of Insurance Commissioners (NAIC)

The OSC coordinates the Department's interaction with the NAIC and the Department's participation on NAIC committees, task forces, and working groups. As the largest insurance market in the nation, California plays a significant role in helping shape model laws and regulatory policy. The Department's work with the NAIC involves active participation in national meetings and conference calls with regulators from other states. In 2022, California served as Chair, Vice Chair and/or Member on 80 out of the 120 NAIC Committees, Task Forces and Working Groups and monitored approximately 40 others. California served in a leadership capacity as Chair or Vice Chair on 9 Committees, Task Forces, and Working Groups. The OSC also directly supported the Deputy Commissioner of the Climate and Sustainability Branch along with the Commissioner in his roles as Co-Chair of the Climate and Resiliency (EX) Task Force and Chair of the Cannabis Insurance (C) Working Group.

2022 ANNUAL REPORT
POLICY *and* LEGISLATION BRANCH

Policy and Legislation Branch

Established under Commissioner Lara, the Policy and Legislation Branch (PLB) oversees major policy initiatives and special initiatives of the Commissioner that are Department-wide and across multi-branches in line with the Commissioner’s vision and main goals. PLB houses the Legislative Office, the Insurance Diversity Initiative, the California Organized Investment Network Program, the Health Actuarial Office, the Health Equity and Access Office, and the Appointments Office, as well as helps coordinate the implementation of major chaptered legislation and Department-wide innovation policy efforts.

LEGISLATIVE OFFICE

The Legislative Office (LO) represents the Commissioner and the California Department of Insurance (CDI) in all matters pending before the California State Legislature, the Governor’s Office and Administration, and the U.S. Congress. Its staff is responsible for advancing CDI’s legislative agenda, establishing effective working relationships with interested stakeholders in the legislative process, and providing technical assistance to elected officials and their staff on insurance-related issues.

LO staff are responsible for coordinating departmental legislative proposals and the analyses of introduced legislation likely to have a potential impact on the Department. The staff also coordinates and prepares testimony and materials for legislative hearings and participates in meetings with authors, sponsors, and advocates of legislation affecting the Department. In addition, staff conducts in-house training on legislative bill analysis and the legislative process.

Under the leadership of Commissioner Lara, CDI sponsored thirteen (13) bills in 2022, eleven (11) of which were signed into law by Governor Gavin Newsom.

In addition to strongly advocating for CDI’s 2022 sponsored bills, the Legislative Office closely monitored, provided technical assistance to, took positions on, and/or advocated for or against 918 bills this past legislative calendar. This included 352 bills that made it to Governor Newsom’s desk, 294 of which were signed. The other 566 bills that the Legislative Office engaged on or tracked were introduced and amended throughout this year, yet did not make it through the legislative process and to the Governor’s desk.

The following are the thirteen (13) CDI sponsored bills, eleven (11) of which became law:

1. **Senate Bill (SB) 262 authored by Senator Robert Hertzberg (D-San Fernando Valley) and Senator Nancy Skinner (D-Berkeley) on “Pretrial Justice Reform Act of 2021/22” – Remained in Legislature.** This bill would have created a more fair pretrial justice system in California by establishing a statewide bail schedule and by ensuring people accused do not remain in custody simply because they cannot afford to pay bail and do not assume any costs of court-imposed release conditions.

This bill also required bail companies to refund the premiums they receive from defendants who are not charged, have their case dismissed, or make all of their required court appearances.

2. **SB 852 authored by Senator Bill Dodd (D-Napa) on “Climate Resilience District” – Signed into law as Chapter 266.** This bill authorizes the creation of Climate Resilience Districts (CRDs) in order to allow these regional special districts to focus on extreme heat, wildfire, and flooding hazards and provide more tools to improve local community preparation, mitigation, and recovery. (NOTE: This bill is co-sponsored with CivicWell, formerly Local Government Commission.)

3. **SB 972 authored by Senator Lena Gonzalez (D-Long Beach) on “Modernization of the California Retail Food Code for Public Health and Economic Inclusion” – Signed into law as Chapter 489.** This bill reduces barriers and brings thousands of entrepreneurial sidewalk food vendors into a more equitable and well-regulated food economy while maintaining critical health and food safety regulation. (NOTE: This bill is co-sponsored with the California Street Vendors Campaign, comprised of Inclusive Action for the City, Public Counsel, Community Power Collective, the Western Center on Law and Poverty, and the Coalition for Humane Immigrant Rights of Los Angeles.)

4. **SB 1040 authored by Senator Susan Rubio (D-Baldwin Park) on “Authorize Restitution for Consumers Harmed by Unlicensed Sellers of Insurance” – Signed into law as Chapter 540.** This bill authorizes the Insurance Commissioner to order persons who sell insurance without the necessary license and misappropriate the premium to pay restitution to the victims.

5. **SB 1242 authored by Senate Insurance Committee on “Annual Omnibus Bill” – Signed into law as Chapter 424.** This bill remedies several issues identified and vetted by CDI and stakeholders to clarify and clean-up various technical Insurance Code sections.

6. **Assembly Bill (AB) 1823 authored by Assembly Member Isaac Bryan (D-Los Angeles) on “Ensure Student Blanket Policies Contain Affordable Care Act (ACA) Consumer Protections” – Signed into law as Chapter 688.** This bill aligns the definition of student blanket policies with the federal Affordable Care Act, which considers student blanket policies to be individual health insurance. This alignment ensures state regulatory oversight and consumer protections applicable to individual health insurance also apply to student blanket coverage, which are student health policies sold through a university or college to enrolled students, including Dreamers

(young people impacted by DACA and the DREAM Act) and refugee students.

7. **AB 2029 authored by Assembly Member Buffy Wicks (D-Oakland) on “Prevent Discrimination in Fertility/Infertility Coverage” – Remained in the Legislature.** This bill would have required a disability insurance policy or health care service plan (health plan) contract that is issued, amended, or renewed on or after January 1, 2023, to provide coverage for the diagnosis and treatment of infertility and fertility services. The bill revised the definition of infertility, and removed the exclusion of in vitro fertilization (IVF) from coverage and lastly, forbid discrimination in fertility/infertility coverage, including for same-sex couples and domestic partners. (NOTE: This bill is co-sponsored with the American Society for Reproductive Medicine, Alliance for Fertility Preservation, Equality California, and RESOLVE: The National Infertility Association.)
8. **AB 2043 authored by Assembly Member Reggie Jones-Sawyer (D-Los Angeles) on “License Bail Fugitive Recovery Persons” – Signed into law as Chapter 768.** This bill raises the standard to become a bail fugitive recovery person, otherwise known as bounty hunter, in California by requiring these individuals to obtain a license from CDI which would include the passage of an examination and of a fingerprint-based background check done by both the California Department of Justice and the Federal Bureau of Investigation before they can begin work in California, among other requirements.
9. **AB 2127 authored by Assembly Member Miguel Santiago (D-Los Angeles) on “Expand Health Care Coverage for Dependent Adults” – Signed into law as Chapter 118.** This bill clarifies and strengthens noticing requirements for Medicare-eligible older adults who are seeking to be added as dependents to their adult child’s individual health insurance policy. Specifically, it clarifies that a health insurer, health plan, solicitor, or agent is required to provide at the time of solicitation and on the application for dependent coverage for a parent or stepparent who is a qualifying relative information about the Health Insurance Counseling and Advocacy Program (HICAP), and requires the information to include the name, address, telephone number of the local HICAP program, and the statewide HICAP telephone number, 1-800-434-0222.
10. **AB 2134 authored by Assembly Members Akilah Weber (D-San Diego) and Cristina Garcia (D-Bell Gardens) on “Establish Gap Coverage Program for Abortion and Other Reproductive Health Services” – Signed into law as Chapter 562.** This bill establishes the California Abortion and Reproductive Equity (CARE) Act, and the California Reproductive Health Equity Program (Program) within the Department of Health Care Access and Information (HCAI), to ensure

abortion and contraception services are affordable for, and accessible to, all patients and to provide financial support for safety net providers of these services.

- Authorizes a Medi-Cal enrolled provider to apply for a grant, and a continuation award after the initial grant, to provide abortion and contraception at no cost or reduced cost to an individual with a household income at or below 400% of the federal poverty level who is uninsured or has health care coverage that does not include both abortion and contraception, and who is not eligible to receive both abortion and contraception at no cost through the Medi-Cal and Family Planning, Access, Care and Treatment programs.
- Requires a health insurer that provides health coverage to employees of a religious employer that does not include coverage and benefits for both abortion and contraception to provide an enrollee or insured with written information that abortion and contraception benefits and services may be available at no cost through the Program.
- Requires the Department of Industrial Relations (DIR) to post information regarding benefits that may be available at no cost through the Program on its website.

11. **AB 2205 authored by Assembly Member Wendy Carrillo (D- Los Angeles) on “Ensure Annual Disclosure of Health Insurer/Health Plan Abortion Funds” – Signed into law as Chapter 563.** Health insurers and health plans offering coverage through Covered California must report annually to CDI the total amount of segregated abortion funds maintained. This annual report shall contain the ending balance of the account and the total dollar amount of claims paid during the reporting year. (NOTE: This bill is co-sponsored with Planned Parenthood Affiliates of California.)
12. **AB 2238 authored by Assembly Members Luz Rivas (D-), Cristina Garcia (D-), and Eduardo Garcia (D-) on “Establish Statewide Extreme Heat Ranking System” – Signed into law as Chapter 264.** This bill directs the California Environmental Protection Agency, in coordination with the Integrated Climate Adaptation and Resiliency Program at the Governor’s Office of Planning and Research, the Department of Public Health, and the California Department of Insurance, to develop a statewide extreme heat ranking system based on climate and health impact information, as contained as a recommendation in the Commissioner’s Climate Insurance Working Group’s Report.
13. **AB 2568 authored by Assembly Member Ken Cooley (D-Rancho Cordova) on “Safe Harbor’ to Those Providing Insurance to State Legal Cannabis Businesses” – Signed into law as Chapter 393.** This bill creates a “safe harbor” by stating that an individual or firm providing insurance or related services to a state legal cannabis business does not commit a crime under California law solely for providing that insurance or related service.

APPOINTMENTS OFFICE

On an on-going basis, the Appointments Office manages appointments made by Commissioner Lara to nine advisory boards, task forces, and committees including the:

1. California Automobile Assigned Risk Plan (CAARP) Advisory Committee,
2. California Earthquake Authority (CEA) Advisory Panel,
3. California Insurance Guarantee Association (CIGA) Board of Governors,
4. California Life & Health Insurance Guarantee Association (CLHIGA) Board of Governors,
5. California Long Term Care Insurance Task Force,
6. California Organized Investment Network (COIN) Advisory Board,
7. California Workers' Compensation Insurance Rating Bureau (WCIRB) Governing Committee,
8. Curriculum Board, and
9. Insurance Diversity Task Force.

In alignment with the goals of the Commissioner's Insurance Diversity Initiative, the Department aimed to identify and broaden the demographic diversity of appointees, including gender, race/ethnicity, sexual orientation, and disabled veteran status. In 2022, the Appointments Office facilitated 31 appointments made by the Commissioner, 26 of which were diverse individuals, or 84%. Of the 67 total appointees to boards and committees, 52 are diverse individuals, or 77%, with 37 of those individuals being ethnically diverse, or 55%. For reference, of the total California population, 66% are racially or ethnically diverse (based on the [2021 American Community Survey 1-Year Estimates](#)). Commissioner Lara will continue striving to achieve diversity in his appointments to emulate the growing demographics and great diversity of the Golden State.

INSURANCE DIVERSITY INITIATIVE

As we continue to navigate the challenges amidst an ever-evolving global health crisis, our commitment to creating equitable and inclusive opportunities with the goals of diversifying California's insurance industry from the supply chain to the boardrooms remain more imperative than ever. The disproportionate number of diverse businesses that are still reeling from the adverse effects of COVID-19 coupled with boardrooms that still struggle to reflect the changing demographics in our state both demonstrate the saliency of creating goals that spur progress, while underscoring the critical mission of the Department's nationally-recognized Insurance Diversity Initiative (Initiative). Since 2011, the Initiative focuses on accelerating the level of diversity and equity within California's \$409 billion insurance industry by advancing supplier and board diversity.

Namely, these efforts by Department staff and the Commissioner-appointed Insurance Diversity Task Force are meant to encourage diverse board leadership and increased procurement from businesses owned by women, LGBTQ+ people, veterans, disabled veterans, and historically underrepresented communities, or collectively referred to as

“diverse suppliers.” The Initiative accomplishes these goals by conducting surveys to collect and publicly disseminate information about the diversity efforts of insurers, as well as through spearheading public policy, outreach, partnerships, and Department-hosted events. In 2022, Commissioner Lara strengthened his leadership role on the Special Executive (EX) Committee on Race & Insurance within the NAIC by extolling best practices of the Initiative. Through his actions, Commissioner Lara continues to demonstrate his unwavering commitment to creating greater equitable opportunities for diverse businesses in California and among insurer board members.

Collectively, the Initiative is comprised of the following components:

- **Insurance Diversity Task Force**

- A Commissioner-appointed 15-member advisory group comprised of diversity advocates, supplier and board diversity experts, community leaders, and insurer representatives. In 2022, Commissioner Lara reappointed five (5) members to the Task Force.
- Upon successfully achieving its goals as part of the prior 2020-2021 Strategic Plan, the Task Force, in collaboration with Commissioner Lara and the Department, embarked on a new 2022-2023 Strategic Plan — one that builds upon the progress and includes more innovative goals for increasing board diversity and positively impacting supplier diversity. This plan provides a roadmap for the years ahead, and is based on four (4) strategic pillars of impact that focus on: 1) Education and Awareness; 2) Community Engagement; 3) Access to Opportunities; and 4) Recognition & Accountability.

- **Insurance Diversity Surveys**

- Since 2012, with the enactment of AB 53 (Solario, Chapter 414, Statutes of 2012), the Department has administered insurance diversity surveys. The transparency achieved through AB 53 highlighted important findings on diversity within the insurance industry.
- In 2019, following the sunset of AB 53 and prior unsuccessful legislative efforts, Commissioner Lara sponsored SB 534 (Bradford, Chapter 249, Statutes of 2019) which was signed into law by Governor Gavin Newsom. SB 534 extended and codified components of the insurance diversity survey; expanded diverse business definitions to include LGBT- and veteran-owned businesses; and codified the Insurance Diversity Task Force.
- In 2021, building upon the success of enacted SB 534, Commissioner Lara sponsored SB 655 (Bradford, Chapter 390, Statutes of 2021) which was signed into law by Governor Newsom. SB 655 expanded disclosures and reporting requirements for underrepresented groups on insurance company boards, thereby cementing Commissioner Lara’s legacy of bringing greater

protections to consumers, including historically underserved groups within California's insurance industry.

- In 2022, the Initiative administered the statutorily-codified California Insurance Diversity Survey (CAIDS) which mandates reporting from California admitted insurance companies that meet the prerequisite \$75 million California premium reporting threshold. The CAIDS yielded report submissions from 376 and 386 insurance companies in 2020 and 2021, respectively. CAIDS data revealed that procurement from diverse suppliers among California insurance companies reached \$3.1 billion, an increase of 233% (\$930 million in 2012 to \$3.1 billion in 2021) since its inception.

- **Insurance Diversity Summit**

- Since 2012, the Department has hosted an annual summit that brings together insurance industry experts, diverse businesses, diverse chambers of commerce, government leaders, and other diversity stakeholders for an opportunity to engage in meaningful discussions, benefit from networking opportunities, and inspire ideas for measurable progress within the insurance industry.
- In 2022, the Department hosted its virtual Insurance Diversity Summit. The Summit's theme for this year was "Magnify Your Impact" and included remarks from California's Attorney General, the U.S. Small Business Administration, the Chief Diversity, Equity, and Inclusion (officer) of a major insurance company. The purpose of the theme was to empower attendees to share best practices on how they have leveraged their power and ability to affect positive change in their workplace and communities, with a focus on the insurance industry. The Summit was free of charge to members of the public who wished to attend, and included Matchmaking Roundtables and engaging webinars led by experts on the topics of race and diversity in the insurance industry, how to do business with insurance companies, strategies to embed the tenets of diversity, equity, and inclusion into organizational culture, and more.

- **Special Mission-Critical Projects**

- The Insurance Diversity Initiative also leads and/or participates in special projects that are imperative to our mission.
- To proactively address the disproportionately negative impact of COVID-19 to California's diverse business community, the Initiative deepened its partnership with the **Statewide Coalition on Diversity Initiatives** (Coalition) that is committed to increasing the economic impact of the state's small and/or diverse businesses by expanding access to business

resources and procurement opportunities across California's Executive Branch. The Coalition is comprised of the following state agencies:

- California Public Utilities Commission
 - California Office of the Small Business Advocate
 - California Department of General Services
 - California Department of Transportation
 - Department of Healthcare Access & Information (formerly the Office of Statewide Health Planning and Development)
- In 2022, Coalition members led a series of workshops specifically designed to educate and inform diverse suppliers of the state's procurement and funding resources as part of the Department's 2022 Virtual Insurance Diversity Summit. In December 2022, the Coalition set forth initial plans for a prospective statewide procurement event with the goal of engaging with stakeholders in the upcoming Quarter 1 of 2023.
 - Other projects include the *Diversity Digest*, a monthly e-newsletter that is distributed to over 5,000 stakeholders on our listserv; regular updates to the [Insurance Diversity Initiative's website](#); and, attendance at local, national and statewide conferences, and webinars in order to continue to increase our knowledge of best practices, support our mission of increasing supplier and board diversity, expand our network of stakeholders, and participate in legislative activities as it relates to the mission of the Initiative.

Magnifying Supplier and Board Diversity Commitments

The aftermath of the COVID-19 pandemic continues to disproportionately impact California's diverse, historically underrepresented communities. Throughout 2022, Commissioner Lara continued to deepen his long-standing commitment to advancing board diversity within the insurance industry by extolling the value of community engagement in elevating the significance of the mission of the Initiative by sharing best practices with fellow commissioners and diversity stakeholders on both a state and national level. In particular, Commissioner Lara demonstrated the importance of creating equity in this industry through the following supplier and board diversity commitments:

- **NAIC Special Executive (EX) Committee on Race and Insurance** – With the continuation of the first-ever Special EX Committee on Race and Insurance that was created in 2020, the Initiative provided critical subject matter expertise to the Commissioner as part of the Committee's Workstream One that is charged with researching and analyzing the level of diversity and inclusion within the insurance industry. The Department offered feedback on Workstream One's recommendations in regards to action steps both state insurance regulators and

companies can take to improve upon the level of diversity and inclusion within the insurance industry. In 2022, the Department presented at the NAIC Fall National Meeting to share the progress of the NAIC Diversity, Equity, and Inclusion (DE&I) Forum, including the anticipated launch of an inaugural state regulator DE&I coursework that aims to provide state insurance department staff across the country with foundational knowledge on the value of DE&I and its impact in the workplace.

- **Women’s Herstory Month Virtual Town Hall** – Commissioner Lara hosted a virtual town hall in honor of “Women’s Herstory Month” to amplify the voices & celebrate the stories of trailblazing women leaders from the public and private sectors who spoke on the topics of gender pay equity, diverse boardroom representation, and healthcare equity.
- **Magnifying the State of Diversity on Insurance Company Boards** – To continue strengthening the Department’s role in providing “best in class” examples of public-private collaboration in advancing board diversity, the Department shared its key findings from the 2022 CAIDS as part of a webinar entitled “The State of Board Diversity in California’s Insurance Industry,” featuring a prominent board director of a California admitted insurance company. The Department also partnered with thought leaders from KPMG Board Leadership Center and Women2Boards, to host a webinar on the “Future of Board Diversity,” which explored the evolving role and expectations of the board amidst digital disruption, socioeconomic volatility, and increased focus on the board composition and stakeholder expectations for greater accountability.

Diversity in California’s Insurance Industry

With the enactment of CDI-sponsored SB 655, the California Insurance Diversity Survey (CAIDS) requires California admitted insurers that collect at least \$75 million in annual California premiums to report on its supplier procurement and governing board diversity data from the previous two years.

2022 State of Board Diversity in California’s Insurance Industry

The breadth and scope of California’s increasingly diverse population means that it is equally important to see the diversity of the State and consumers reflected on the boards of insurance companies. Board directors, as part of the highest decision-making entity of a company, have the power to direct company-wide policies, allocate resources, and make impactful decisions that can transform a company’s culture. However, diversifying insurer governing boards remains a challenge.

A total of 376 (2020) and 386 (2021) companies reported to the California Department of Insurance, representing 1,582 and 1,644 board seats, respectively. According to the 2022 CAIDS report data, in 2021, 26% of insurance company boards had reached a critical mass of having 30% female board directors, or the point where women can

become an influential body on their boards. And for the first time, 4% reported having gender-balanced boards, or equal proportions of men and women board directors. Yet in that same year, our analysis also reveals that 17% of insurance company boards reported the absence of any woman. Representation among ethnically diverse board members continues to remain a challenge within the insurance industry, and is not reflective of the U.S. population. In 2021, among the boards of respondent insurance companies, 31% reported zero ethnic diversity.

2022 CAIDS – CALIFORNIA INSURANCE INDUSTRY BOARD DIVERSITY

Year	Number of Board Directors	Women Board Directors (%)	Ethnically Diverse* Directors (%)	Veteran Board Directors	Disabled Veteran Board Directors	LGBT Board Directors
2021	1,644	23.8%	17.4%	4.1%	< 1.0%	< 1.0%
2020	1,582	22.8%	15.6%	4.1%	< 1.0%	< 1.0%
2019	1,341	23.1%	14.3%	6.0%	< 1.0%	< 1.0%
2018	1,227	22.2%	14.2%	5.8%	< 1.0%	< 1.0%

*Includes board directors that self-identify as African American, Hispanic-Latino, Asian/Pacific Islander, or Native American

2022 State of Supplier Diversity in California’s Insurance Industry – Survey Highlights

The 2022 administration of the biennial CAIDS provided key insights on how the racial justice movement and the COVID-19 public health crisis impacted the procurement practices from California admitted insurance companies that collect at least \$75 million in California premiums, annually. At the height of the COVID-19 pandemic in 2020, survey data indicates that insurance companies drastically decreased its procurement with diverse suppliers, dipping to only \$1.5 billion in 2020 before rebounding to \$3.1 billion in 2021. As compared to the pre-pandemic year of 2019, CAIDS data indicates that in 2020, procurement spending with Asian/Pacific Islander- and Latino/Hispanic-owned business enterprises experienced the largest percentage decreases of 62% and 50%, respectively. In 2021, insurance companies considerably increased their procurement with minority business enterprises (\$2.1 billion) and women business enterprises (\$715 million).

DIVERSE PROCUREMENT BY CERTIFICATION CATEGORY

Year	Diverse Spend
2012	\$930 Million
2013	\$1.3 Billion
2014	\$1.5 Billion
2015	\$1.7 Billion
2016	\$1.6 Billion
2017	\$1.8 Billion
2018	\$1.8 Billion
2019	\$2.1 Billion
2020	\$1.5 Billion
2021	\$3.1 Billion

DIVERSE PROCUREMENT BY CERTIFICATION CATEGORY

Certification Category	2018	2019	2020	2021
Women Business Enterprise (WBE)	\$669 Million	\$678 Million	\$295 Million	\$713 Million
Minority Business Enterprise (MBE)	\$1.02 Billion	\$1.2 Billion	\$715 Million	\$2.1 Billion
Disabled Veteran Business Enterprise (DVBE)	\$16 Million	\$28 Million	\$3.8 Million	\$25 Million
LGBT Business Enterprise (LGBTBE)	\$9.8 Million	\$10 Million	\$4.7 Million	\$11 Million
Multi-Certified Business Enterprise (MCBE)	\$83 Million	\$126 Million	\$44 Million	\$195 Million
Veteran Owned Business Enterprise (VOBE)*	\$27 Million	\$28 Million	\$12 Million	\$58 Million

DIVERSE PROCUREMENT BY ETHNICITY

Ethnicity	2018	2019	2020	2021
Asian Pacific Islander	\$368 Million	\$542 Million	\$206 Million	\$801 Million
African American	\$232 Million	\$254 Million	\$205 Million	\$320 Million
Latino/Hispanic	\$139 Million	\$155 Million	\$77 Million	\$101 Million
Multi-Ethnic	\$9.1 Million	\$24 Million	\$13.2 Million	\$8.8 Million
American Indian	\$9.3 Million	\$14.6 Million	\$13.1 Million	\$15.4 Million

*2018 and 2019 data amended to reflect additional reported procurement dollars

CALIFORNIA ORGANIZED INVESTMENT NETWORK

The California Organized Investment Network (COIN) guides insurers on making financially sound investments that provide environmental benefits in California and social and economic benefits for the state’s low-to-moderate income, rural, and underserved communities.

Commissioner Lara has made it a priority of COIN to increase and enhance its focus on environment/green investments, affordable housing, and healthcare. Furthermore, insurers are encouraged to allocate investments to Diverse Investment Managers to the extent possible.

Increasing capital into these focus areas is achieved through COIN’s Investment Bulletin Program and Impact Investment Marketplace and further enhanced through individual discussions with insurance companies and asset managers. COIN annually conducts an impact metrics survey in the Impact Investment Marketplace platform. COIN sent out this questionnaire to approved Investment Bulletin managers, which measured their investments’ social and environmental impact and collected data on insurers who have made investments in the Bulletin Program.

Highlights from 2022:

- COIN continued to build relationships throughout the institutional investment industry, including with insurers, asset managers, socially responsible investors, and community development organizations. Participation in the COIN program achieved a record number of primary insurer and asset manager investor contacts, Impact Investment Marketplace account holders, and an increase in the percentage of insurers who hold COIN-qualified investments.

- 2022 Bulletins continue to raise capital in 2023. Total insurer investment numbers are not yet available.

BULLETIN TRACKING SUMMARY

Year	Number of Bulletins	Number of DIMs	Total Insurer Investment (\$)
2016	5	N/A	\$25,000,000
2017	7	N/A	\$51,000,000
2018	5	N/A	\$0
2019	10	N/A	\$856,791,041
2020	22	8	\$4,321,055,829
2021	15	6	\$2,081,000,000
2022	24	11	*

- COIN approved twenty-four new Investment Opportunity Bulletins in 2022. COIN staff continued to suspend marketing trips due to the COVID-19 pandemic and focused more time on sourcing, reviewing, and approving new COIN Investment Bulletins, which provided social and environmental benefits in:
 - Affordable housing.
 - Healthcare.
 - Small and middle-sized businesses.
 - Real estate.
 - Renewable energy.
 - Mortgage loans for low-to-moderate-income populations in California.
- COIN conducted three virtual COIN Advisory Board meetings and reappointed six members.
- COIN hosted two webinars to give investment bulletin managers a platform to directly market their investment bulletins to insurance companies and asset managers:
 - [Building a Better California Through Impact Investing](#)
 The Building a Better California Through Impact Investing webinar discussed how impact investing provides diversification during market uncertainty and impacts lives and communities. The webinar covered COIN-qualified investments in the affordable housing and municipal bond space. The webinar included 57 participants consisting of institutional investors from insurers and asset managers in the COIN Network, who, in the aggregate, manage over \$7 trillion of investible assets.
 - [Tech’s Influence on Impact Investments](#)

The Tech's Influence on Impact Investments webinar discussed how tech is combatting climate change, providing social impact in education, and how tax equity and proptech affect affordable housing and green building. The webinar included 78 participants consisting of institutional investors from insurers and asset managers in the COIN Network, who, in the aggregate, manage over \$7 trillion of investible assets.

- COIN published a newsletter in [September 2022](#). The newsletter touched on the following:
 - In 2022, Commissioner Lara urged insurance companies to revise their Community Development Investment Policy Statements, which had been on record since 2011. A letter was sent to 266 insurance companies, and 72% of them complied by updating their policy statements. The updated policy statements will be utilized by COIN to collaborate with insurance companies that aim to enhance their capital allocations for impact investing.
 - The Leeway Law, introduced recently, permits California-based insurance companies to exceed the 5% limit on their allocation to schedule BA investments, provided they meet two conditions: obtaining approval from the Commissioner, and investing in COIN qualified opportunities. This law enables such insurers to increase their investment allocations specifically towards COIN qualified investments.
 - COIN has recognized and brought attention to the impactful efforts made by insurers and investment managers in the impact investment arena. Some examples include: The Hartford's commitment to investing \$2.5 billion in technologies, companies, and funds dedicated to advancing the energy transition and addressing climate change over the next five years; Monarch Private Capital's financing of a \$74 million affordable housing development in Northern California, consisting of 134 two and three-bedroom rental units for low-income individuals, utilizing low-income tax credits; and also, R4 Capital's acquisition of Gloria Apartments comprised of 32 units in seven one-story, garden-style residential buildings, benefiting low-income residents in the greater Sacramento area.

COIN Community Development Policy Statements

In early 2022, California Insurance Commissioner Ricardo Lara encouraged all California licensed insurance companies to update their Community Development Investment Policy Statements on file with the COIN Program since 2011. Socially Responsible Investments help address some of society's most significant challenges in California, such as affordable housing, climate and environmental sustainability, and small business challenges due to the COVID-19 pandemic. Community Development Investment Policy Statements allow us to more clearly see and understand how insurers

guide their investments for the betterment of communities in which they operate. 72% of the insurance companies updated their policy statements to reflect their current Environmental, Social, and Governance goals.

COIN Insurer Investment Bulletin Program

Investment Bulletins, pre-qualified by COIN, help insurers to easily find investments that can enhance their current investment portfolio. The investments are focused on providing social and environmental impact in California, with competitive financial returns for insurance company investors. In 2022, COIN continued to see increased direct investments by insurers.

Through the COIN Investment Bulletin program, COIN does investment research for the insurer, providing:

- Expertise - Finding California-focused investment opportunities for insurers.
- Due Diligence - Evaluating and verifying management, risks, benefits, and potential returns of investments.
- Performance - Seeking consistent, competitive financial returns with a social/environmental benefit.
- Unlocking Capital - Finding insurers to fund social/environmental impact investments.

COIN Advisory Board

COIN utilized the COIN Advisory Board (CAB) to advise the best methods to increase insurance industry capital in financially sound investments and facilitate contact among executives at insurance companies, community-based organizations, and community development financial institutions.

HEALTH EQUITY AND ACCESS OFFICE

The Health Equity and Access Office (HEAO) reviews, analyzes, and develops policy positions on health insurance issues within CDI. HEAO strives to push and implement health policies that increase health equity and access for all, including historically underrepresented communities. The significant and structural changes that have taken effect since the implementation of the federal Affordable Care Act (ACA) continue to require a robust framework of legal and policy support. This focus has helped the Department work effectively towards implementation of the federal health care reform requirements, integrate ongoing federal and state changes to the marketplace, increase coordination across state agencies, actively represent California insurance consumers with the federal government and the NAIC, and respond to federal actions that significantly challenge the stability of California's health insurance market.

HEAO Accomplishments

Protect and Promote Reproductive Freedom in California and Nationally

- **Abortion Collaborative Workgroup**
The Commissioner worked with other like-minded insurance regulators from across the nation to create a workgroup aimed at protecting reproductive freedom. The workgroup focused on developing and implementing protections for reproductive freedom and access in insurance coverage. The workgroup heard from various groups regarding reproductive freedom and access, and worked together to identify anticipated issues, discuss solutions, and advocate publicly.
- **Protect Abortion Coverage**
As part of his ongoing effort to protect access to reproductive health care services and abortion coverage in California, Commissioner Lara issued a [Bulletin](#) to remind insurers of their current obligations to cover abortion care and abortion-related services, and to alert insurers to both recent and soon-to-be-enacted changes in California state law.
- **Department answers questions on insurance coverage for abortion**
With the U.S. Supreme Court decision overturning *Roe v. Wade*, CDI shared [information](#) about how California law protects insurance coverage for abortion.

Expansion of LGBTQ+ Health Access in California and Nationally

- **NAIC Special Committee on Race and Insurance Workstream 5**
At the national level, Commissioner Lara continued to expand the focus of the National Association of Insurance Commissioners (NAIC) to include LGBTQ+ equity in his role as member of the Special Committee on Race and Insurance Workstream dedicated to health insurance. The Workstream also worked on developing recommendations for health insurance regulatory changes to address the intersectionality of health disparities amongst historically disadvantaged groups.
- **Joint Letter to U.S. Department of Health and Human Services (HHS) Secretary Xavier Becerra supporting the Biden Administration’s proposed regulatory action addressing unfair discriminatory treatment of transgender consumers (October 4, 2022)**
Along with 21 insurance commissioners from across the nation, the Commissioner issued a [joint letter](#) in support of proposed changes to federal regulations, which would prohibit discrimination based upon gender identity and transgender status. The letter affirms that, if adopted, the proposed rule “would promote civil rights protections for millions of consumers, ensure a level playing field for regulated entities, and enhance state insurance markets.”

Separately, Commissioner Lara commented in support of the same proposed rule as it related to prohibitions against discrimination on the basis of sex, including sex stereotypes, sexual orientation, sexual characteristics (including

intersex traits), pregnancy or related conditions.

- **Letter to U.S. HHS Secretary Xavier Becerra and U.S. FDA on Blood Donation Policy (January 24, 2022)**
[Urged](#) Secretary Becerra and the U.S. Food and Drug Administration (FDA) to permanently lift the deferral period and out-of-date and discriminatory rules that prevent men who have sex with men from donating blood to help meet urgent blood supply shortage during the COVID-19 public health pandemic. The letter stresses the current three-month deferral period is discriminatory and solely based on sexual orientation, as opposed to an individual's risk factors and health history.

HIV & STD Testing and Prevention

- **CDI Notice About Changes in Existing Law Governing Life Insurance and Disability Income Insurance for Individuals Living with HIV (June 20, 2022)**
Worked with the Policy Approval Bureau to issue a [Notice](#) to strongly encourage insurers to provide life and disability income insurance to individuals living with HIV in advance of upcoming mandatory changes to California's HIV statutes that take effect on January 1, 2023. These changes were a result of legislation co-sponsored by Insurance Commissioner Ricardo Lara that ends unfair discrimination in California's HIV statutes.
- **CDI Bulletin Concerning Coverage Limits on Screening, Diagnosis and Treatment of Sexually Transmitted Infections (June 1, 2022)**
Issued a [Bulletin](#) to health insurance companies concerning health insurer obligations to cover screening, diagnosis, and treatment of sexually transmitted infections (STIs) under state law and the ACA's requirement that health insurers cover preventive services without cost sharing.
- **Support for End the Epidemics Budget Investments in Health Care (March 21, 2022)**
Drafted and submitted a letter to the Assembly and Senate Budget Subcommittees on health urging support for a number of proposals aimed at eliminating health inequities among Black, Indigenous, People of Color (BIPOC) and LGBTQ+ individuals, in addition to other vulnerable Californian communities. These proposals would increase the state's commitment to addressing the ongoing HIV, sexually transmitted infection (STI), viral hepatitis, and overdose crises in California.

Co-sponsoring or Supporting Bills Promoting Health Equity and Access

- **Support Giving All Californians Access To Quality Health Care (January 26, 2022)**
Issued a [statement and letter](#) of strong support for AB 1400, a bill jointly authored by Assemblymembers Ash Kalra (D-San Jose), Alex Lee (D-San Jose) and

Miguel Santiago (D-Los Angeles); which would have set in motion a new single-payer health care coverage system in California.

- **California Assembly Bill 2091 by Assemblymember Mia Bonta (2022 Legislative Session)**

Supported [Assembly Bill 2091](#), authored by Assemblymember Mia Bonta, which would give penalty and enforcement authority to CDI to ensure patients seeking sensitive services (services related to mental health, reproductive health, sexually transmitted infections, substance use disorder, transgender health, including gender affirming care, and intimate partner violence) are afforded automatic confidentiality by insurance companies. AB 2091 was signed by the Governor on September 27, 2022.

- **AB 1823, AB 2029, AB 2127, AB 2134, AB 2205**

HEAO worked closely with the Legislative Office on these bills. Detailed information on each bill can be found in the Legislative Office section of this report.

- **Provided Technical Assistance to Governmental Agencies and Insurers with Complex Health Insurance Issues**

As experts on the ACA, the California Insurance Code, and the large body of new legal requirements, the Department provided extensive technical assistance to Covered California, legislators and their staff, consumers, and insurers. Further, HEAO provided technical support to consumers with complex health insurance issues.

- **Represented CDI and the Commissioner at the NAIC**

HEAO actively participated in weekly NAIC meetings and conference calls, influencing the national dialogue by providing California's perspective and experience in insurance market reform, and analyzing information essential to the implementation of the ACA and subsequent federal regulatory actions in California. The team also participated in weekly NAIC meetings, the State Rate Review sub-group, and is California's representative on the Pharmacy Benefit Manager sub-group, the Health Workstream of the Special Committee on Race and Insurance, as well as the Mental Health Parity and Addiction Equity Act (MHPAEA) Working Group.

HEALTH ACTUARIAL OFFICE

The Health Actuarial Office provides technical assistance within PLB, including review of health insurance rate filings and assistance in the formulation of policy related to health insurance equity and reform initiatives.

Health Prescription Drug Cost Reporting and Insurance Premium Rates

Pursuant to Senate Bill 17 (Hernandez, Chapter 603, Statutes of 2017), insurers are required to report information regarding outpatient generic, brand name, and specialty prescription drugs for the 25 most frequently prescribed drugs, 25 costliest drugs by total annual plan spending, including cost sharing, and the 25 drugs with the highest year-over-year increase. CDI received and analyzed this data from insurers and reported its findings to the Legislature at the end of 2022.

Pursuant to Senate Bill 546 (Leno, Chapter 801, Statutes of 2015) for large group and Assembly Bill 2118 (Kalra, Chapter 277, Statutes of 2020) for individual and small group, insurers are required to report to the CDI specified aggregate information on premiums, cost sharing, benefits, enrollment, and trend factors for all grandfathered and non-grandfathered products. In 2022, CDI received and analyzed the information received from insurers pursuant to these bills.

Pursuant to Assembly Bill 731 (Kalra, Chapter 807, Statutes of 2019), insurers are required to disclose with a rate filing specific information by geographic region for individual, grandfathered group, and non-grandfathered group contracts and policies, including the price paid compared to the price paid by the Medicare Program for the same services in each benefit category. CDI received and analyzed the data from the insurers. AB 731 also authorizes a large group health insurance contract holder, which meets specified criteria, to apply to the Department of Insurance within 60 days of receiving notice of a rate change to review the rate change and determine if it is unreasonable or not justified. That requires the Department to use reasonable efforts to complete the review within 60 days of receiving all the information required to make a determination. CDI has not received any such requests yet.

Saved Consumers Money through Rate Review

In 2022, the Health Actuarial Office reviewed all major medical rate increases in the individual and small group markets filed with the Department, as well as Medicare supplement rates. California law does not give the Insurance Commissioner authority to reject excessive health insurance rate increases. However, the Department reviews rates and discusses concerns with insurance carriers, who voluntarily agree to reduce rates. This process has resulted in an estimated total savings of \$4.4 million for California consumers with various medical insurance products in 2022.

CANNABIS INSURANCE INITIATIVE

The Cannabis Insurance Initiative was established in 2017 to encourage admitted insurers to write more cannabis insurance products in the state. The Department's goal is to ensure that insurance products for the cannabis industry are available, particularly for businesses that will require insurance to secure an annual license from California's cannabis licensing agencies.

In California, there are currently eleven (11) admitted carriers that offer at least one insurance product to a legal cannabis business. The non-admitted market currently provides the majority of the insurance products available to legal cannabis businesses.

In 2022, the Department launched the following initiatives to assess the availability of insurance and close insurance gaps in the cannabis industry:

- Served as Chair for the NAIC Cannabis Insurance Working Group and oversaw the group’s activities for 2022, including the implementation of the Working Group’s 2022 charges. The Working Group was charged with continuing to work on the following:
 - Assess and periodically report on the status of federal legislation that would protect financial institutions from liability associated with providing services to cannabis businesses operating legally under state law.
 - Encourage admitted insurers to ensure coverage adequacy in states where cannabis, including hemp, is legal.
 - Provide insurance resources to stakeholders and keep up with new products and innovative ideas that may shape insurance in this space.
 - Develop an appendix to the *Understanding the Market for Cannabis Insurance* white paper providing updated information on cannabis-related insurance issues for adoption by the 2022 Summer National Meeting.
 - Collaborate with the producer Licensing (D) Task force to study, in states where cannabis is legalized for medical and/or recreational use, whether cannabis-related convictions are preventing individuals from being licensed as an agent or broker. This includes collaborating to produce a report detailing the findings and potential guidance, if needed.
- Reported the Cannabis Insurance Working Group’s progress regarding their meetings, activities, and white paper drafting progress at the NAIC Property & Casualty Committee.
- Continued to monitor federal legislation that would protect insurance companies and financial institutions from federal enforcement when providing insurance services to legal cannabis businesses.
 - Monitored H.R. 2068 / S. 862, known as the “Clarifying Law Around Insurance of Marijuana (CLAIM) Act”, and H.R. 1996/S. 910, known as the “Secure and Fair Enforcement (SAFE) Banking Act of 2021”, to protect insurance companies and financial institutions from federal enforcement when providing insurance services to legal cannabis businesses. CDI supported these measures in 2022.
- Continued outreach and education to cannabis business owners and consumers as well as encouragement to the insurance industry to write cannabis insurance products.

- Sponsored AB 2568 (Cooley, Chapter 393, Statutes of 2022) to help encourage admitted insurance companies to write state-legal cannabis businesses in California.

More information can be found on the [California Department of Insurance Cannabis Insurance](#) webpage.

2022 ANNUAL REPORT
RATE REGULATION BRANCH

Rate Regulation Branch

The Rate Regulation Branch (RRB) is responsible for the prior approval of property and casualty (P&C) insurance rates charged to consumers. Under California's prior approval statutes and provisions of Proposition 103 enacted by the voters in 1988, RRB analyzes rate filings submitted by P&C insurers and other insurance organizations for most P&C insurance lines of business, ensuring that proposed rates are not excessive, inadequate, or unfairly discriminatory. In addition, RRB analyzes filings submitted by P&C insurers and other insurance organizations under California's file-and-use statutes for a limited number of P&C lines of business.

RRB processed 4,059 P&C rates, rules, and form filings in 2022 and reduced requested rate increases by more than \$377.6 million. In addition, RRB approved reductions of existing rates totaling nearly \$5 million. For personal auto insurance coverage, the reductions to requested rate increases totaled more than \$82.2 million.

RATE FILING BUREAUS

RRB consists of six rate filing bureaus, three in Los Angeles, two in Oakland, and one in Sacramento. These bureaus receive and review filings from over 750 P&C companies licensed in California.

The Intake Unit in the Oakland office is responsible for processing all prior approval rate filing applications and providing copies of all filings to the Public Viewing Rooms maintained in Oakland and Los Angeles. The Intake Unit in the Los Angeles office is responsible for processing all file-and-use rate filing applications which cover the Workers' Compensation and Title lines of insurance.

RRB actively utilizes the National Association of Insurance Commissioners' (NAIC) System for Electronic Rate and Form Filings (SERFF). SERFF is designed to enable companies to send and states to receive, comment on, approve, or reject insurance industry rate and form filings. This system helps increase efficiency and facilitates communication between the rate filing bureaus and insurers. The percentage of filings received via SERFF continues to increase each year. In 2022 the percentage of total filings received through SERFF was 100%.

NUMBER OF RATE FILINGS RECEIVED IN CALENDAR YEARS 2021 AND 2022

TYPE	2021	2022
Private Passenger Automobile	260	256
Homeowners	252	142
Title	66	118
Other Personal Lines Products	262	195
Workers' Compensation	527	475

TYPE	2021	2022
Medical Malpractice	46	30
Other Commercial Lines Products	3,900	2,856
Total	5,313	4,072

RATE ACTUARY OFFICE

The primary function of the Rate Actuary Office (RAO) is to provide consultative services to RRB. RAO's actuaries are assigned to review filings which impact the greatest number of consumers in need of protection – generally, those rates and automobile class plan filings submitted by the larger personal line insurers. In addition, RAO actuaries are often called upon to review more complex filings, with or without statistical models, help train non-actuarial staff, provide their expertise in the development of new and revised regulatory and legislative proposals; research, opine on and develop solutions to emerging issues that impact rates such as the COVID-19 pandemic, serve as expert witnesses in litigated rate matters, and represent the Department within the professional actuarial community by participating in topical panel discussions at annual and regional meetings of the Casualty Actuarial Society.

RATE SPECIALIST BUREAU

The Rate Specialist Bureau (RSB) provides advice and support to the California Insurance Commissioner (Commissioner), Executive Staff, RRB, other Department managers, the industry, and consumers concerning underwriting, rating, data collection, statistical analysis, profitability, and rate-of-return issues. In addition, RSB also monitors different emerging issues affecting insurance regulation, such as the use of InsurTech in the areas of sharing economy, autonomous vehicles, artificial intelligence, blockchain, etc. RSB's duties and responsibilities extend to all lines of insurance and special task force assignments.

Besides producing the essential Rate Component Determination (RCD) generic rating factors for use by RRB staff, RSB is also responsible for reporting data under California Insurance Code (CIC) Sections 674.5 and 674.6. Under CIC Section 674.5, an insurer ceasing to offer any particular class of commercial liability insurance must provide prior notification of its intent to the Commissioner. Likewise, under CIC Section 674.6, an insurer offering policies of commercial liability and most types of P&C insurance must provide prior notification to the Commissioner of its intent to withdraw wholly or substantially from the specified line of insurance. The list of notifications that RSB received in 2022 is shown in the following table.

**COMPANIES FILING WITHDRAWALS, CEASE WRITINGS, ETC.
CALENDAR YEAR 2022**

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
33898	Aegis Security Insurance Company	AEGIS Group	12/25/2022	4/1/2023	Withdraw Manufactured Home policies.
21652	Farmers Insurance Exchange	Farmers Insurance Group	12/21/2022	5/1/2023	Withdraw Commercial Legacy Products: (1) Commercial Inland Marine; (2) Equipment Breakdown; (3) Commercial General Liability; (4) Commercial Package. (5) Commercial Property (Fire and Allied Lines); (6) Commercial Crime.
21687	Mid-Century Insurance Company	Farmers Insurance Group	12/21/2022	5/1/2023	Withdraw Commercial Legacy Products: (1) Commercial Inland Marine; (2) Equipment Breakdown; (3) Commercial General Liability; (4) Commercial Package. (5) Commercial Property (Fire and Allied Lines); (6) Commercial Crime

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
21709	Truck Insurance Exchange	Farmers Insurance Group	12/21/2022	5/1/2023	Withdraw Commercial Legacy Products: (1) Commercial Inland Marine; (2) Equipment Breakdown; (3) Commercial General Liability; (4) Commercial Package. (5) Commercial Property (Fire and Allied Lines); (6) Commercial Crime
10200	Hiscox Insurance Company Inc.	Hiscox Insurance Group	11/21/2022	3/1/2023	Discontinue Kidnap and Ransom ("K&R") Insurance.
29459	Twin City Fire Insurance Company	Hartford Fire & Casualty Group	11/17/2022	TBD	Withdraw Data Privacy Network Security Liability Product (DPNSLP). Line of business is 17.2-Other Liability (Claims Made Only).
19682	Hartford Fire Insurance Company	Hartford Fire & Casualty Group	11/17/2022	TBD	Withdraw Data Privacy Network Security Liability Product (DPNSLP). Line of business is 17.2-Other Liability (Claims Made Only).
10759	Universal North America Insurance Company	Universal Insurance Corporation Group	11/16/2022	1/16/2023	Discontinue the DP-3 and H0-3 policies sold through its unaffiliated managing general agency,

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
					Arrowhead General Insurance Agency ("AGIA").
16217	National Farmers Union Property and Casualty Company	Allstate Insurance Group	11/4/2022	2/12/2023	Discontinue writing Rural Utilities Commercial General Liability ("Rural CGL") coverage.
34495	The Doctors' Company - An Interinsurance Exchange	Doctors' Company Group	11/2/2022	1/1/2023	Withdraw Personal Auto Liab & PD – Non-Standard Program. No policies in-force in program and the company plans to amend its Certificate of Authority to remove Automobile class.
38318	Starr Indemnity & Liability Company	Starr Group	10/14/2022	TBD	Discontinue Commercial Multiple Peril ("CMP") insurance products.
23248	Occidental Fire & Casualty Company of North Carolina	IAT Reinsurance Company Group	10/13/2022	1/15/2023	Withdraw from California Homeowners Market.

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
19402	AIG Prop Cas Co	American International Group	10/11/2022	1/31/2023	Withdraw from the listed personal lines Programs (products): (1) AIG Private Client Excess Flood; (2) AIG Private Client Personal Excess Liability; (3) AIG Private Client Personal Group Excess Liability; (4) AIG Private Client Homeowners; (5) AIG Private Client MINI Earthquake (Personal) and AIG Private Client BROAD Earthquake (Personal); (6) AIG Private Client Private Collections (Personal Inland Marine).
39217	QBE Insurance Corporation	QBE Insurance Group	10/3/2022	3/15/2023	QBE Ins. Corp. intent to non-renew policies in Arrowhead Residential Earthquake Insurance Program effective March 15, 2023. Arrowhead (general administrator), who owns the policy expirations, has a replacement carrier that will take over book of business.

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
23035	Liberty Mutual Fire Insurance	Liberty Mutual Group	10/1/2022	12/1/2022	Withdraw personal lines watercraft/boatowners program from state. Product discontinued due to maintenance cost of system. Will transfer existing policies to equivalent product policy underwritten by Liberty Mutual Group affiliate insurer.
43460	Aspen American Insurance Company	Apollo Global Management Group	9/28/2022	1/1/2023	Terminate Rental Dwelling Program written in California by Aspen's Program Administrator Deans & Homer ("D&H").
43460	Aspen American Insurance Company	Apollo Global Management Group	9/28/2022	1/1/2023	Terminate Renters Insurance Program written in California by Aspen's Program Administrator Deans & Homer ("D&H"). When these Aspen Renters insurance policies are set to expire D&H plans to offer replacement coverage with their alternate carrier.

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
39306	Fidelity & Deposit Company of Maryland	Zurich Insurance Group	9/30/2022	1/1/2023	Substantially withdraw from its rental dwelling program in California. F&D writes these rental dwelling policies through its program administrator, Deans & Homer (D&H).
14907	Oregon Mutual Insurance Company	Oregon Mutual Group	9/8/2022	1/1/2023	Withdraw three existing Programs: (1) Homeowners; (2) Personal Umbrella; (3) Dwelling Fire.
19429	The Insurance Company of the State of Pennsylvania	American International Group	8/23/2022	10/22/2022	Substantially withdraw from writing its tenant homeowners' line of insurance being written through a program administrator, Pomorum Renters Insurance Agency, LLC ("Program Administrator").
10315	Civic Property and Casualty Company	Farmers Insurance Group	8/5/2022	12/5/2022	Withdraw Dwelling Fire program

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
10317	Neighborhood Spirit Property and Casualty Company	Farmers Insurance Group	8/5/2022	12/5/2022	Withdraw Dwelling Fire program
10318	Exact Property and Casualty Company	Farmers Insurance Group	8/5/2022	12/5/2022	Withdraw Dwelling Fire program
10315	Civic Property and Casualty Company	Farmers Insurance Group	8/5/2022	12/5/2022	Withdraw Homeowners program
10317	Neighborhood Spirit Property and Casualty Company	Farmers Insurance Group	8/5/2022	12/5/2022	Withdraw Homeowners program
10318	Exact Property and Casualty Company	Farmers Insurance Group	8/5/2022	12/5/2022	Withdraw Homeowners program
26522	Mount Vernon Fire Insurance Company (Surplus Writer)	Berkshire Hathaway Group	8/22/2022	12/1/2022	Discontinue offering personal umbrella policies in California.
10915	Unitrin Property & Casualty Company	Kemper Corporation Group	7/7/2022	9/15/2022	Discontinue Renters program underwritten by Unitrin Direct Property & Casualty Company in the State of California. The Company will instead offer renewal policies in the existing Prime program currently underwritten by affiliated insurer.

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
31968	Merastar Insurance Company	Kemper Corporation Group	7/7/2022	9/15/2022	Discontinue Homeowners insurance programs underwritten by Merastar Insurance Company in the State of California. The Company will instead offer renewal policies in the existing Prime program currently underwritten by affiliated insurer.
31968	Merastar Insurance Company	Kemper Corporation Group	7/7/2022	9/15/2022	Discontinue Renters insurance programs underwritten by Merastar Insurance Company in the State of California. The Company will instead offer renewal policies in the existing Prime program currently underwritten by affiliated insurer.
10914	Kemper Independence Insurance Company	Kemper Corporation Group	7/7/2022	9/15/2022	Withdraw/discontinue Dwelling Fire insurance programs underwritten by Kemper Independence Insurance Company in the State of California.
32778	Swiss Re Corporate Solutions Premier	Swiss Re Group	5/3/2022	TBD	Withdraw the Commercial Businessowners Program. Program

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
	Insurance Corporation's (formerly Washington International Insurance Company)				has no existing policyholders.
37885	XL Specialty Insurance Company	AXA Insurance Group	6/24/2022	10/10/2023	Withdraw personal auto business due to impending termination of the program manager agreement between XL Specialty and its program administrator Leland West through which it underwrites this business.
39861	Golden Bear Insurance Company		6/1/2022	8/1/2022	Substantially cease to offer Homeowners insurance product and discontinue Dwelling Fire product in California except San Joaquin County.
33898	Aegis Security Insurance Company	AEGIS Group	4/28/2022	7/1/2022	Discontinue Commercial DIC policies written through Aegis General Insurance Agency.
24767	St. Paul Fire and Marine Insurance Company	Travelers Group	3/31/2022	TBD	Withdraw Oil and Gas General Liability product.
24775	St. Paul Guardian Insurance Company	Travelers Group	3/31/2022	TBD	Withdraw Oil and Gas General Liability product.

Rate Regulation Branch

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
24791	St. Paul Mercury Insurance Company	Travelers Group	3/31/2022	TBD	Withdraw Oil and Gas General Liability product.
37273	AXIS Insurance Company	AXIS Capital Group	3/9/2022	10/1/2022	Terminate lawyers' professional liability program written through Affinity Insurance Services, Inc.
22322	Greenwich Insurance Company	AXA Insurance Group	3/2/2022	TBD	Withdraw Accountants Professional Liability Program written exclusively through the Professional Advisers' Risk Purchasing Group.
23841	New Hampshire Insurance Company	American International Group	3/1/2022	6/20/2022	Withdraw commercial liability excess policies that were written under a program administrator agreement with Attune Insurance Services, LLC ("Attune").
21962	Pennsylvania Insurance Company	AU Holding Company Group	3/1/2022	TBD	Withdraw Finance and Insurance Products Target Market (Contractual Liability Finance & Insurance) program.
26433	Harco National Insurance Company	IAT Reinsurance Company Group	2/7/2022	7/1/2022	Withdraw Commercial Auto Dealers program - Line 20 Commercial Auto.

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
10472	Capitol Indemnity Corporation	Alleghany Group	2/2/2022	6/1/2022	Discontinue Commercial Excess Liability policies - Line 17.0 Other Liability (Occurrence and Claims Made).
41238	Trans Pacific Insurance Company	Tokio Marine Holdings Incorporated Group	1/14/2022	6/1/2022	Withdraw Personal Umbrella/Excess Program - Line 17.1 Other Liability-Occurrence Only.