

DEPARTMENT OF INSURANCE

Legal Division, Sacramento
300 Capitol Mall, 17th Floor
Sacramento, CA 95814

**BULLETIN RE COMPLIANCE WITH CALIFORNIA CODE OF REGULATIONS
SECTIONS 2646.6 ET SEQ.**

Bulletin No. 2000-5

December 27, 2000

The Office of Administrative Law approved California Code of Regulations Section 2646.6 *et seq.* "the regulation", herein, on April 20, 1994. The regulation was effective on May 20, 1994. Data gathered pursuant to the regulation is due to be filed with the Department annually, on March 1, beginning March 1, 1996. All carriers licensed to transact the business of insurance in this State, and writing lines subject to this regulation, are advised that the fines and penalties associated with failure to comply with the regulation are as follows:

WHO MUST COMPLY WITH THIS REGULATION

All carriers writing in excess of ten million dollars in any one of the following lines are subject to this regulation: private passenger automobile liability and physical damage; homeowner's multiple peril; commercial multiple peril; commercial automobile liability and physical damage; fire and liability other than automobile coverages. Commercial carriers writing policies with annual premium in excess of \$7500 are subject to this regulation based upon the total amount of premium written in any one of the covered lines.

FAILURE TO COMPLY WITH THE REGULATION

The failure to comply with the regulation *in toto*, i.e., failure to respond to the Community Service Statement circular received from the Department's Statistical Analysis Bureau (SAB), failure to comply with the requirements of CCR 2646.6; failure to correspond with the Department regarding compliance with the regulation and/or failure to otherwise cooperate with the Department for the purpose of compliance with the regulation will be considered a DEFAULT for the purposes of the assessment of fines and/or penalties.

FAILURE TO COOPERATE WITH THE STATISTICAL ANALYSIS BUREAU

The failure to correspond, communicate and/or cooperate with SAB for the purpose of providing the Department with complete and accurate information pursuant to the regulation will be considered NONCOMPLIANCE with the regulations for the purposes of the assessment of fines and/or penalties.

ORDERS TO SHOW CAUSE

Carriers found in DEFAULT or NONCOMPLIANCE with the regulation will receive an ORDER TO SHOW CAUSE setting forth allegations of DEFAULT or NONCOMPLIANCE. The ORDER TO SHOW CAUSE will provide carriers an opportunity to respond to the allegations, including the opportunity to request a hearing before the Commissioner pursuant to California Insurance Code (CIC) Section 1858.