

PROTECT • PREVENT • PRESERVE

2024 ANNUAL REPORT OF THE COMMISSIONER



California Department of Insurance



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

August 1, 2025

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

Dear Governor Newsom,

The California Department of Insurance (CDI or Department) respectfully submits the *2024 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 market in California and the vital work we do at CDI regulating the nation's largest insurance market.

Since the beginning of my tenure, my top priority has remained protecting California consumers by ensuring access to a stable, competitive, and fair insurance market. Even with the most destructive wildfires in California and U.S. history occurring earlier this year, people have been paying more and getting less for insurance coverage options. That is why, in the Fall of 2023, I unveiled the [Sustainable Insurance Strategy](#), a bold and comprehensive plan to stabilize our state's insurance market in response to the unprecedented challenges posed by climate change and increased wildfire risk. Over the past year and a half, we made significant progress toward implementing this historic reform including:

- On December 13, 2024, I announced the finalization of a [wildfire catastrophe modeling regulation](#) with a requirement for insurers to increase their policy offerings in underserved areas of the state as a condition of incorporating catastrophe modeling into ratemaking. Building on my "Safer from Wildfires" initiative — the nation's first wildfire safety discount program — this regulation requires catastrophe models to account for mitigation efforts by homeowners, businesses, and communities. The regulation also supports the development of a public catastrophe model, currently being considered by a strategy group that I convened of researchers and education leaders led by Cal Poly Humboldt.
- On December 30, 2024, I announced the new [Net Cost of Reinsurance in Ratemaking Regulation](#), which is the final major element of the largest insurance reform in 30 years for California. The regulation requires insurance companies, for the first time, to increase coverage in high-risk areas if they opt to incorporate

net costs of reinsurance in their rate applications, thus ensuring more options for Californians while limiting the costs passed on to consumers.

- In July 2025, my Department completed its review of the first wildfire catastrophe model, paving the way for insurers to file their rate applications to close coverage gaps statewide. We opened the model review on January 2, 2025, which was days before the devastating Los Angeles wildfires, yet my Department remained on track while also aggressively investigating consumer complaints from the wildfires, resulting in more than \$67 million returned to wildfire survivors to date since January.

In addition to finalizing key regulatory changes, my Department has increased transparency and efficiency in our processes by issuing a [Bulletin](#) which accomplishes reforms that were included in budget trailer bill language introduced by you back in May of 2024, and that were first proposed as part of the Sustainable Insurance Strategy before then. At the core of the Bulletin, the Department seeks to increase the transparency and speed of rate change application review and approval times in ways that are beneficial to consumers, the Department, and the insurance market. Also, as part of this reform, the Department will create a “data reconciliation tool” as a check that insurance companies must complete upon submitting their rate applications to the Department for review. This action helps create certainty in the insurance marketplace and holds all parties accountable for meeting the rate application review timeline requirements originally set forth under Proposition 103.

I have personally met with tens of thousands of Californians in all 58 counties across the state since taking office as well as testifying at numerous legislative oversight hearings about my Sustainable Insurance Strategy over the past year and a half. I am confident that my actions thus far have met, and will continue to meet, my commitment to complete long-needed reforms addressing the challenges we face today in building a resilient insurance market for the future. Already, we’re seeing results: more insurers are returning to communities where the FAIR Plan had become the only option, and policyholders are beginning to experience increased availability and competition.

As we compress decades of delayed action into a transformative, fast-moving agenda, the partnership with you, the State Legislature, and constructive stakeholders has been essential. Together, we are moving toward a more sustainable insurance market that balances the needs of consumers, homeowners, and businesses while confronting the realities of climate risk head-on. I sincerely thank you for your continued support of my staff and me in implementing the Sustainable Insurance Strategy.

I remain committed to working with you and all those who want to constructively work towards real solutions to create more resilient communities in our state and provide more insurance coverage options for Californians, especially with the growing threat of climate change.

Should you or your staff have any questions regarding this report, please do not hesitate to contact me or my staff at MandatedReports@insurance.ca.gov or (916) 492-3500. Thank you for your continued partnership.

Sincerely,

A handwritten signature in black ink, appearing to read "Ricardo Lara". The signature is fluid and cursive, with a large initial "R" and a long horizontal stroke extending to the right.

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

2024 Highlights

California Department of Insurance

- **Commissioner Lara finalized landmark regulations as part of the Sustainable Insurance Strategy** to help make insurance more available and affordable to residents and businesses. The Sustainable Insurance Strategy uses a data-driven approach, based on **the multi-year wildfire data collections by CDI** to create a package of executive actions aimed at improving insurance choices and protecting Californians from increasing climate threats while addressing the long-term sustainability of the nation's largest insurance market. The **largest insurance reform** since state voters' passage of Proposition 103 nearly 35 years ago, California's Sustainable Insurance Strategy is a comprehensive approach building on Commissioner Lara's multi-year effort to modernize California's insurance market after meeting with thousands of Californians since he took office in 2019.
- **In response to Governor declarations of wildfire emergencies in California**, the Department issued nine wildfire moratoriums, protecting approximately 1 million policyholders from nonrenewal in 2024. The Department worked in partnership with the California Department of Forestry and Fire Protection and the California Office of Emergency Services to implement then-Senator Ricardo Lara's 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 develop a national Property and Casualty Market Intelligence (PCMI) Data Call** and adopt the first-ever **NAIC National Climate Resilience Strategy**. The PCMI Data Call will **help insurance regulators to better understand insurance availability and affordability related to the climate-related risks to the U.S. insurance market**, considered the largest insurance market in the world.
- The Rate Regulation Branch (RRB) successfully implemented one of the initial components of Commissioner Lara's Sustainable Insurance Strategy, **the Complete Rate Application (CRA) rulemaking**. With internal training provided to RRB's Rate Filing Intake Unit and staff, RRB is now better positioned to identify rate filing submissions that are not CRA compliant upon receipt of those filings from the insurance industry, and more quickly process rate filing submissions that are CRA compliant. The implementation of CRA along with additional Sustainable Insurance Strategy components being implemented in 2025 **will lead to significantly reducing the average amount of time it will take RRB to review and approve rate filings**.

- In Fiscal Year 2023-2024, **Department detectives handled 3,136 cases, executed 337 search warrants, made 571 arrests, and submitted 704 cases to district attorneys for prosecution**. As a result, 425 defendants were convicted and 417 were sentenced from Fraud Division cases.
- The Fraud Liaison Bureau in the Department's Legal Branch **recovered approximately \$4,885,000** in monetary penalties, costs recovery, and negotiated settlements in Qui Tam matters, resulting in **distributions of over \$2,284,781 to CDI and the General Fund combined**.
- The Rate Enforcement Bureau in the Department's Legal Branch **assessed monetary penalties** that resulted in **distributions of over \$4,200,000 to CDI and the General Fund** as part of negotiated settlements in noncompliance matters involving Proposition 103 rating and underwriting violations by insurers.
- In 2024, the Department received 104,807 individual license applications, scheduled 74,172 license examinations, **issued 82,944 new licenses**, and **responded to 188,614 calls, chats, and email inquiries related to licensing**.
- As part of the 2024 California State Agency Annual Recognition Awards, the **Department received two distinguished state awards -- the Notable Achievement Award** for achieving 30 percent or more small business participation and 5 percent or more disabled veteran business participation from CDI's procurement efforts, **and the Supplier Diversity Award** for CDI's commitment to inclusive and equitable practices in state procurement, contracting, programs, and policies.
- To deepen CDI's proactive commitment to consumer protection, market conduct oversight, and responsible insurance innovation, Commissioner Lara created the **inaugural Office of Insurance Diversity & Innovation** – which houses the Department's **first-ever Insurance Innovation Program** and its nationally-recognized Insurance Diversity Program – ensuring that CDI remains at the forefront of research, data-driven policy solutions, and industry-wide engagement and thought leadership in the expanding fields of insurance diversity and innovation.
- CDI **sponsored 9 bills** in 2024, **6 of which were signed into law by the Governor** with 2 bills vetoed and 1 that did not move forward. Legislative Office staff closely monitored, provided technical assistance to, took positions on, and/or **advocated for or against 257 bills** this past legislative calendar.
- In response to the *Braidwood* decision out of Texas, Commissioner Lara **co-sponsored legislation signed into law that codified federal guidance related to insurance coverage for services integral to providing preventive services**, such as lab visits necessary to furnish HIV pre-exposure prophylaxis (PrEP) and IUD insertion, without cost sharing on patients.

- The California Organized Investment Network (COIN) has begun **raising \$3.3 billion of capital in 2024** through its COIN Investment Bulletin program to **fund 20 approved investment opportunities** that benefit California's underserved communities, affordable housing projects, and environmental projects. The economic impact of these potential investments is estimated to **create over 17,000 jobs in the state**.
- The Health Actuarial Office's review of medical insurance rate increase filings led to voluntary rate reductions by insurers, **saving California consumers an estimated \$35.1 million in 2024**.
- In 2024, the Office of the Special Counsel evaluated **or developed 35 rulemaking projects** and reviewed and **filed 11 rulemaking projects** with the Office of Administrative Law.
- In 2024, our efforts to serve consumers culminated in **206,965 telephone calls and in-person assistance with 62,002 complaints closed**.
- The Department **recovered \$132,060,903 for consumers** as a result of direct intervention on consumer complaints and market conduct examinations.
- Consumer Services Division staff **deployed to 19 Local Assistance Centers and assisted 996 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 Safer from Wildfires framework and the Sustainable Insurance Strategy along with the insurance resources available to them by **hosting 1,069 virtual and in-person meetings and events, including 12 with members of congress, 58 with members of the California Senate, 92 with members of the California Assembly, 523 with local government offices, and 237 with community-based organizations**.
- The California Low Cost Auto Program saw a **62% increase** in applications and a **122% increase** in website visits.
- During 2024, Ombudsman staff **facilitated and closed 2,307 cases**. This included responding to 1,319 consumer requests for assistance, 741 legislative inquiries, 190 agent and applicant inquiries, 38 insurance industry inquiries, and 19 general requests, including other state agencies.
- The Department issued **65 news releases and handled more than 700 media inquiries** in 2024 related to consumer protection and education, disaster preparedness, improving access to insurance, promoting wildfire safety, fighting the effects of climate change, expanding access to health care, and protecting Californians from insurance fraud.

- To promote sound financial solvency regulation, the Department is subject to the accreditation reviews of the NAIC Financial Regulation Standards and Accreditation Program. In early 2024, our Financial Surveillance Branch, in partnership with the Legal Branch, **successfully underwent the Full Accreditation Review for the Department to maintain its Accredited status and was recognized for meeting and exceeding the NAIC Financial Solvency Oversight Standards.**

2024 Organizational Chart

California Department of Insurance

OFFICE OF THE COMMISSIONER

- Conservation and Liquidation Office

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
- Community Relations and Outreach Northern California
- Community Relations and Outreach Southern California
- Office of the Ombudsman

CONSUMER SERVICES AND MARKET CONDUCT BRANCH

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

ENFORCEMENT BRANCH

- Fraud Division
- Investigation Division

EXECUTIVE OPERATIONS BRANCH

- Executive Operations and Scheduling
- Office of Civil Rights
- Office of Insurance Diversity and Innovation
- Office of Strategic Planning and Initiatives
- Organizational Accountability Office

FINANCIAL SURVEILLANCE BRANCH

- Field Examinations Division
- Financial Analysis Division

- Property Casualty Actuarial Office
- Life Actuarial Office
- Office of Principle-Based Reserving

LEGAL BRANCH

- Litigation Division
- Regulatory and Legal Services Division

POLICY AND LEGISLATION BRANCH

- California Organized Investment Network
- Health Actuarial Office
- Health Equity and Access Office
- Legislative Office

RATE REGULATION BRANCH

- Rate Actuary Office
- Rate Regulation Division

SPECIAL COUNSEL TO THE COMMISSIONER

- Special Counsel's Office

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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, as well as provides 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 referred by the Public Advisor pursuant to the CIC. AHB also, by delegation of the Commissioner, issues proposed decisions to the Public Advisor for adoption, amendment, or rejection in such matters.

In 2024, AHB Judges presided over the following types of evidentiary hearings:

- Cease & Desist
- Prior Approval Rate
- Applications for Written Consent by Prohibited Persons
- Requests for Compensation Petitions
- Workers' Compensation Insurance Rating Bureau (WCIRB) Non-Compliance
- Appeals from decisions of the 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.

For a period of time after 2020, AHB conducted most hearings via the Zoom video-conference platform, as a result of the COVID-19 pandemic. AHB has since returned primarily to in-person hearings, which are favored under state law for their effectiveness in evaluating evidence, ensuring fairness, and maintaining public confidence. In-person formats reduce technical issues, support self-represented litigants, and encourage settlements. While remote accommodations are available when needed, with staff trained for accessibility, hearings are livestreamed to comply with public access laws. Prop 103 matters continue entirely in person, though livestreaming has expanded observation options.

In 2024, AHB opened 26 cases and closed 19 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.

2024 ADMINISTRATIVE HEARINGS BY CASE TYPE

CASE TYPE	OPENED	CLOSED
Cease & Desist	0	1
Prior Approval	1	0
Prohibited Persons	3	4
Request for Compensation Petitions	15	8
WCIRB Non-Compliance	0	0
Workers' Compensation Appeals <i>(Including procedures re: rate filings)</i>	7	6

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:

- The Accounting Services Bureau (ASB) provides support and administrative services surrounding financial transactions, including payables, receivables, revolving fund, cashiering, general ledger, time/activity reporting systems for cost accounting purposes, security deposits, and Insurance (Premium) Tax collection in order to ensure effective management of CDI's financial affairs for accurate financial reports to state control agencies.
- The Budget and Revenue Management Bureau develops CDI's annual budget submitted to the Department of Finance, develops and monitors CDI annual budget allotments, monitors expenditures and revenue collection in FI\$Cal for CDI, and develops various assessments that support CDI's operations.
- The Business Management Bureau provides a full range of administrative and business services in the areas of non-IT procurement, facilities, records, forms, reprographics, physical assets, fleet, emergency and continuity planning, mail, and supply services.

Tax Collection Program – ASB oversees the timely processing and reporting of Insurance (Premium) Tax filings filed by insurers and surplus line brokers. For calendar year 2023, ASB processed 3,506 tax returns. Additionally, CDI collected approximately \$3.9 billion in Insurance (Premium) Tax revenue for Fiscal Year (FY) 2023-24 to support the state's General Fund.

**PROCESSED TAX RETURNS
CALENDAR YEAR 2023**

INSURANCE TYPE	NUMBER OF ANNUAL TAX RETURNS	TAX RATE	LAW REFERENCE
Surplus Line	1,520	3%	CIC § 1775.5
Property & Casualty	949	2.35%	RTC § 12202
Ocean Marine	561	5%	RTC § 12101
Life	439	2.35% or 0.5%	RTC § 12202
Title	23	2.35%	RTC § 12202
Home	14	2.35%	RTC § 12202
TOTAL	3,506		

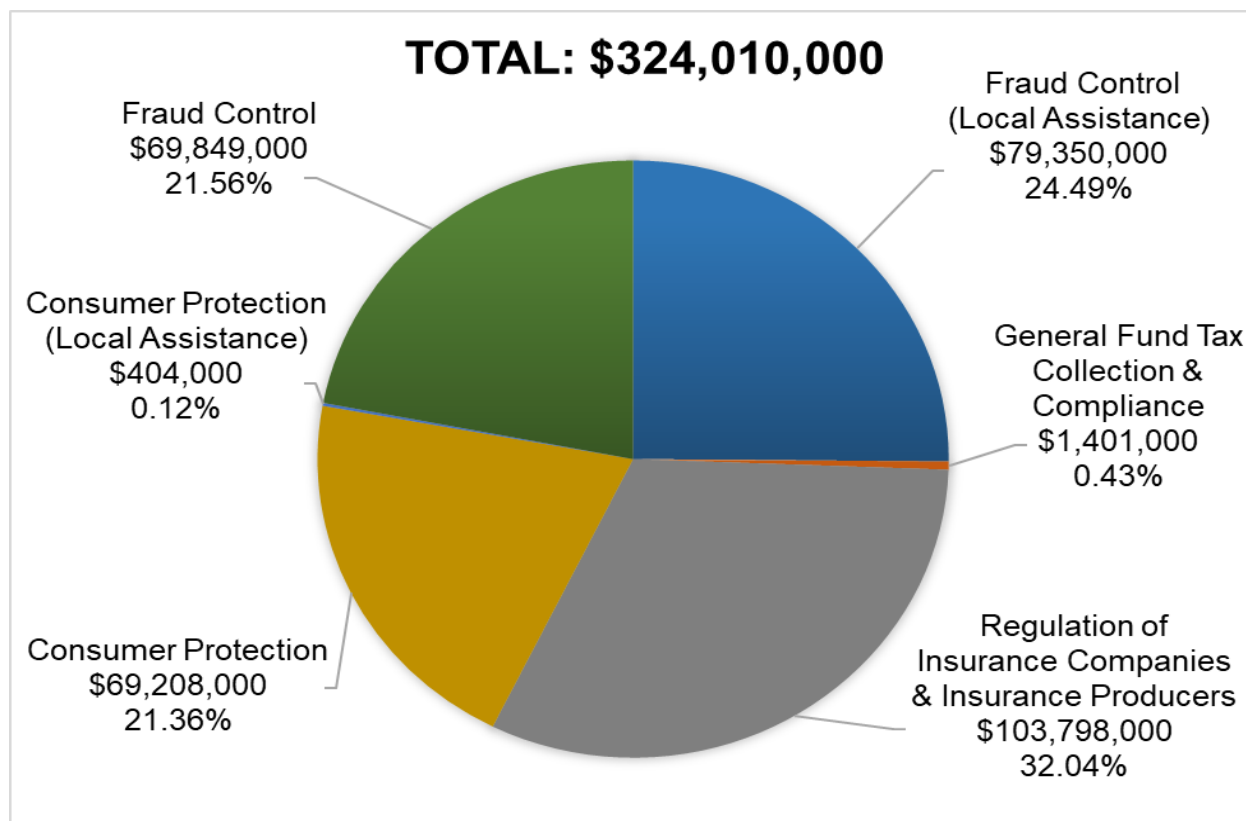
California Insurance Code (CIC), California Revenue and Taxation Code (RTC)

**FIVE-YEAR SUMMARY OF INSURANCE (PREMIUM) TAXES
COLLECTED BY CDI FOR THE STATE'S GENERAL FUND**

FISCAL YEAR	TAXES COLLECTED
2019-20	\$3,117,483,000
2020-21	\$2,959,124,000
2021-22	\$3,616,208,000
2022-23	\$3,623,038,000
2023-24	\$3,958,513,000

Expenditures – CDI’s total expenditures for FY 2023-24 were \$324.01 million.

**TOTAL EXPENDITURES BY PROGRAM
FISCAL YEAR 2023-24**



Note: The chart “Total Expenditures by Program, Fiscal Year 2023-24” includes Distributed Administration expenditures of \$40,727,000. (Distributed Administration represents the cost of centralized administrative functions that benefit all CDI programs and include Financial and Business Management, 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 2022-23**

CATEGORY	EXPENDITURES
Personal Services	\$200,619,000
Operating Expenses and Equipment	\$43,637,000
Local Assistance	\$79,754,000
TOTAL	\$324,010,000

Revenues – In FY 2023-24, CDI generated \$343.8 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 2023-24**

TYPES OF REVENUE	AMOUNT	% OF TOTAL
Fraud (shown by subset below):	\$144,411,000	42.00%
-Workers' Compensation	(\$86,043,000)	-59.58%
-Auto (\$1.50)	(\$43,048,000)	-29.82%
-Disability and Healthcare	(\$9,031,000)	-6.25%
-General	(\$6,289,000)	-4.35%
Fees and License	\$107,185,000	31.18%
Proposition 103	\$48,858,000	14.21%
Examination Fees	\$26,671,000	7.76%
Auto Consumer Services (\$0.26)	\$9,122,000	2.65%
Principle-Based Reserving (Life/LTC)	\$4,073,000	1.18%

**REVENUE COLLECTION BY TYPE
FISCAL YEAR 2022-23 (Continued)**

TYPES OF REVENUE	AMOUNT	% OF TOTAL
Seismic Safety	\$1,345,000	0.39%
Independent Medical Review	\$1,120,000	0.33%
Life and Annuity	\$1,024,000	0.30%
TOTAL	\$343,809,000	100.00%

The revenue reflected in the table “Revenue by Collection Type, Fiscal Year 2023-24” 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 up to \$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
- Monitoring and ensuring compliance with state and federal laws, rules, and regulations related to personnel administration and employee relations
- Determining appropriate position classification, gathering and evaluating pay data, tracking position movement, and managing 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, 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, as well as supporting and improving usability of CDI's website content, online services, and intranet.
- **The Business Technology Management Bureau (BTMB)** provides departmental and divisional support which includes IT procurement, IT project management, IT business analysis, control agency compliance, division expenditure tracking and human resources coordination, IT and Department infrastructure budget tracking and monitoring, and training request coordination. BTMB also coordinates the development of the IT Strategic Plan with a focus on department-wide strategic IT projects.
- **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 California Insurance Code and the California Code of Regulations. On July 1, 2024, LSD restructured its bureaus to align the licensing and background staff to optimize tasks and duties to streamline operations. LSD consists of the following newly named bureaus:

- **The Licensing and Administrative Business Bureau** issues, maintains, and updates records of all insurance agents, brokers, adjusters, bail agents, and other licenses; obtains information and documentary evidence regarding criminal convictions and other adverse actions in the backgrounds of individual and business entity license applicants and licensees; and completes LSD's administrative functions.
- **The Curriculum and Licensing Background Bureau** prepares and administers written qualifying insurance examinations; reviews and approves education courses submitted by insurance companies, educational institutions, and others; analyzes evidence and makes recommendations as to the actions, if any, to be taken against individual or business entity applicants and licensees; performs background reviews of insurance company officers and individuals seeking appointment by the Commissioner to various boards and committees; and assists in processing the applications of non-admitted insurers applying to be added to the Department's List of Approved Surplus Line Insurers.

LICENSE PROCESSING STATISTICS CALENDAR YEARS 2023 AND 2024

WORKLOAD	2023	2024	PERCENTAGE CHANGE
Individual License Applications Received	106,833	104,807	-2%
License Examinations Scheduled	67,469	74,172	10%
New Licenses Issued	83,247	82,944	-0.4%
Licenses Renewed	176,379	172,071	-2%
Insurer Appointments/Terminations	919,166	942,173	3%
Bonds Processed	2,527	1,715	-32%
Licensing Calls	113,329	102,304	-10%
Licensing Chats	16,370	21,086	29%

WORKLOAD	2023	2024	PERCENTAGE CHANGE
Email Inquiries	62,635	65,224	4%

**APPLICATIONS RECEIVED BY LICENSE TYPE
CALENDAR YEARS 2023 AND 2024**

LICENSE TYPE	2023	2024	PERCENTAGE CHANGE
Life	21,771	24,261	11%
Property and Casualty	19,158	17,149	-10%
Accident / Health or Sickness	13,009	12,553	-4%
Personal Lines	11,501	12,339	7%
Limited Lines Automobile	339	381	12%

**NEW LICENSES ISSUED BY LICENSE TYPE
CALENDAR YEARS 2023 AND 2024**

LICENSE TYPE	2023	2024	PERCENTAGE CHANGE
Life	50,955	51,268	0.6%
Accident / Health or Sickness	42,789	40,582	-5%
Property and Casualty	16,535	13,738	-17%
Personal Lines	10,915	11,277	3%
Limited Lines Automobile	305	333	9%

**LICENSE BACKGROUND STATISTICS
CALENDAR YEARS 2023 AND 2024**

WORKLOAD	2023	2024	PERCENTAGE CHANGE
Insurance agent and broker background reviews	4,158	5,280	27%
Cases referred to Legal Branch for disciplinary action	136	125	-8%
Insurance agent and broker alternative resolution program cases	638	961	51%
Insurance company officer and director background reviews	569	470	-17%
Updates to List of Approved Surplus Line Insurers	9	9	0%
Orders of Administrative Bar for cheating on examinations	4	20	400%
Commissioner Board and Committee appointments background reviews	8	38	375%

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 rates by gender, ethnic group, and education levels is also included, which the examinees provide to CDI on a voluntary basis.

**FIRST-TIME EXAMINATION PASS RATES
CALENDAR YEAR 2024**

LICENSE TYPE	EXAMINEES	PASS RATE
Property / Casualty	2,516	55%
Life and Accident / Health or Sickness	11,596	66%
Life	12,545	63%
Accident / Health or Sickness	2,734	79%
Personal Lines	729	39%
Limited-Lines Automobile	232	52%

**FIRST-TIME EXAMINATION PASS RATES BY GENDER
CALENDAR YEAR 2024**

LICENSE TYPE	EXAMINEES	PASS RATE
Property / Casualty -		
Female	2,210	51%
Male	1,981	62%
Declined to Participate	218	61%
Life and Accident / Health or Sickness -		
Female	7,194	65%
Male	7,373	72%
Declined to Participate	1,640	64%
Life -		
Female	6,375	68%
Male	6,466	74%
Declined to Participate	4,815	48%
Accident / Health or Sickness -		
Female	1,483	78%
Male	1,510	81%
Declined to Participate	241	83%
Personal Lines -		
Female	941	33%
Male	521	45%
Declined to Participate	349	54%
Limited Lines Automobile -		
Female	249	61%
Male	96	65%
Declined to Participate	15	73%

**FIRST-TIME EXAMINATION PASS RATES BY ETHNIC GROUP
CALENDAR YEAR 2024**

LICENSE TYPE	EXAMINEES	PASS RATE
Property / Casualty -		
American Indian / Alaskan Native	19	37%
Asian	480	61%
Black	176	49%
Filipino	71	65%
Hispanic	1,293	41%
Pacific Islander	21	52%
White	1,602	67%
Declined to Participate	747	58%
Life and Accident / Health or Sickness -		
American Indian / Alaskan Native	87	69%
Asian	2,838	71%
Black	1,320	60%
Filipino	785	62%
Hispanic	3,363	57%
Pacific Islander	112	54%
White	4,345	79%
Declined to Participate	3,357	67%
Life -		
American Indian / Alaskan Native	57	72%
Asian	1,991	79%
Black	1,363	70%
Filipino	729	76%
Hispanic	4,188	64%
Pacific Islander	122	70%
White	2,249	85%
Declined to Participate	6,957	52%

**FIRST-TIME EXAMINATION PASS RATES BY ETHNIC GROUP
CALENDAR YEAR 2024 (Continued)**

LICENSE TYPE	EXAMINEES	PASS RATE
Accident / Health or Sickness -		
American Indian / Alaskan Native	15	80%
Asian	479	81%
Black	328	77%
Filipino	123	76%
Hispanic	817	73%
Pacific Islander	28	54%
White	866	86%
Declined to Participate	578	83%
Personal Lines -		
American Indian / Alaskan Native	4	0%
Asian	49	41%
Black	56	45%
Filipino	12	67%
Hispanic	939	32%
Pacific Islander	6	50%
White	185	61%
Declined to Participate	560	46%
Limited Lines Automobile -		
American Indian / Alaskan Native	0	0% %
Asian	5	20% %
Black	1	100%
Filipino	0	0%
Hispanic	301	65%
Pacific Islander	0	0%
White	6	50%
Declined to Participate	47	53%

**FIRST-TIME EXAMINATION PASS RATES BY EDUCATION LEVEL
CALENDAR YEAR 2024**

LICENSE TYPE	EXAMINEES	PASS RATE
Property / Casualty -		
High School/ GED	695	36%
Some College	1,132	48%
2-Year College Degree	335	48%
4-Year College Degree	1,477	70%
Master's Degree	244	78%
Doctoral Degree	20	90%
Declined to Participate	460	57%
Life and Accident / Health or Sickness -		
High School/ GED	1,899	51%
Some College	3,471	63%
2-Year College Degree	1,327	62%
4-Year College Degree	4,923	77%
Master's Degree	1,589	81%
Doctoral Degree	280	83%
Declined to Participate	2,568	63%
Life -		
High School/ GED	2,617	58%
Some College	3,330	71%
2-Year College Degree	1,150	74%
4-Year College Degree	2,842	86%
Master's Degree	845	88%
Doctoral Degree	132	97%
Declined to Participate	6,489	50%

**FIRST-TIME EXAMINATION PASS RATES BY EDUCATION LEVEL
CALENDAR YEAR 2024 (Continued)**

LICENSE TYPE	EXAMINEES	PASS RATE
Accident / Health or Sickness -		
High School/ GED	476	62%
Some College	841	78%
2-Year College Degree	315	80%
4-Year College Degree	892	87%
Master's Degree	224	92%
Doctoral Degree	43	98%
Declined to Participate	404	81%
Personal Lines -		
High School/ GED	528	27%
Some College	450	39%
2-Year College Degree	111	41%
4-Year College Degree	175	58%
Master's Degree	10	40%
Doctoral Degree	1	100%
Declined to Participate	516	49%
Limited Lines Automobile -		
High School/ GED	203	65%
Some College	86	65%
2-Year College Degree	20	60%
4-Year College Degree	16	75%
Master's Degree	1	0%
Doctoral Degree	0	0%
Declined to Participate	31	45%

**FIRST-TIME EXAMINATION PASS RATES BY LANGUAGE
CALENDAR YEAR 2024**

LICENSE TYPE	EXAMINEES	PASS RATE
Property / Casualty -		
Chinese (Simplified)	20	41%
English	2,486	55%
Korean	6	38%
Spanish	4	9%
Tagalog*	0	0%
Vietnamese	0	0%
Life and Accident / Health or Sickness -		
Chinese (Simplified)	372	75%
English	10,962	67%
Korean	84	63%
Spanish	169	37%
Tagalog*	2	25%
Vietnamese	7	35%
Life -		
Chinese (Simplified)	712	82%
English	11,247	64%
Korean	10	77%
Spanish	571	39%
Tagalog*	1	50%
Vietnamese	4	50%

**FIRST-TIME EXAMINATION PASS RATES BY LANGUAGE
CALENDAR YEAR 2024 (Continued)**

LICENSE TYPE	EXAMINEES	PASS RATE
Accident / Health or Sickness -		
Chinese (Simplified)	50	75%
English	2,615	80%
Korean	8	73%
Spanish	60	58%
Tagalog*	0	0%
Vietnamese	1	100%
Personal Lines -		
Chinese (Simplified)	1	25%
English	715	40%
Korean	1	50%
Spanish	11	14%
Tagalog*	1	100%
Vietnamese	0	0%
Limited Lines Automobile -		
Chinese (Simplified)	0	0%
English	223	62%
Korean	0	0%
Spanish	9	53%
Tagalog*	0	0%
Vietnamese	0	0%

*Tagalog language license examination began on July 1, 2024, as stated in California Insurance Code section 1677(c).

2024 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 policy development for climate resilience to wildfire, flood, and extreme heat risks, collecting and analyzing climate risk and insurance market data, 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 and regulations. The following summary describes some of the highlights from 2024, all aligning with the California Department of Insurance's (CDI) focus on Disaster Recovery and Climate Change.

Implementation of Insurance Data Collections and Reporting.

CSB coordinated and implemented a substantial year for the collection and use of CDI-collected data on many issues, including wildfire risk and insurance, and annual overviews of different insurance lines to inform CDI policy priorities and decisions. The Data Analytics and Reporting (DAR) Division collected, analyzed, and reported data on non-renewals and FAIR Plan policies in the residential market, implemented data collections on losses in relation to wildfire risk categories, and provided regular updates to the Department's wildfire data webpage to provide a consistent, publicly accessible place for data resources related to wildfire. This data provided the backbone of information used to develop the implementation approach for the Commissioner's Sustainable Insurance Strategy, announced in September 2023. Among the many data-driven reports and information releases in 2024, DAR produced important new data on an emerging technology, zero-emission heavy duty trucks, which helped achieve new reports and collaborative deliverables with the California Air Resources Board.

Took major steps to implement the Climate Insurance Report, including publishing the first-ever Extreme Heat Protection Gap Study on the Insured and Uninsured Costs of Severe California Heat Events

CSB achieved multiple recommendations of the [Climate Insurance Report](#) in 2024, including catalyzing [new insurance concepts](#) and [strategies](#) in coastal southern California and Sacramento-San Joaquin Delta. In July 2024, CSB staff completed and published a comprehensive analysis titled: "Impacts of Extreme Heat to California's People, Infrastructure, and Economy." This first-of-its-kind report, the result of legislation that Commissioner Lara sponsored in 2022, meticulously quantifies the uninsured and insured costs of seven recent extreme heat events across the state, highlighting the urgent need for adaptive strategies to mitigate the growing threat of extreme heat.

The report creates a framework to measure the true costs of seven significant extreme heat events over the past decade, providing a detailed analysis of the financial and human tolls they exacted on our communities. The full spectrum of costs is likely much

deeper than the report's preliminary estimates. Some kinds of insurance are available to cover costs connected to extreme heat such as health coverage, workers' compensation insurance, and crop insurance. However, the report exposes significant gaps in traditional insurance coverage for heat-related losses and calls for the development of innovative insurance mechanisms and investments in adaptation and resilience. Key findings of the report include:

- The preliminary estimates on the cumulative cost of the seven studied heat events amounted to \$7.7 billion, affecting nearly the entire population of California.
- Adverse health outcomes disproportionately impacted Black, Hispanic, and Native American communities, with significant mortality rates among older adults and heat-related illnesses among younger populations.
- Labor productivity losses ranged between \$7.7 million and \$210 million per event due to extreme heat, with substantial uninsured wage losses.
- Power outages during heat events resulted in substantial economic impacts, with the 2022 Coastal Inland event incurring the highest costs at \$230 million.
- Infrastructure costs due to heat-related damage repair and delays ranged from \$3.8 million to \$35 million per event, predominantly affecting roads and rails.

Pursuant to Public Resources Code 71410 (f), this report was also used as one part of the information considered for the creation of California's extreme heat ranking tool, called CalHeatscore, by the California Environmental Protection Agency in early 2025. CSB continues to work with the California Environmental Protection Agency on further enhancements to understanding the risks and financial consequences of extreme heat events.

Developed the Sustainable Insurance Strategy Regulations on Catastrophe Modeling, Distressed Areas, and Net Cost of Reinsurance

CSB staff collaborated with the Department's Office of Special Counsel, Rate Regulation Branch and Legal Branch to create new regulations for the use of catastrophe modeling, the development of a standard net-cost of reinsurance metric, and the determination of wildfire distressed areas for use in rate filings and procedures for rate review. The new Sustainable Insurance Strategy regulations are the most substantial regulatory changes in over thirty years and include, for the first time ever, commitments by insurance companies to write more policies in wildfire distressed areas.

CSB used multiple lines of existing data and information, including the Climate Risk Disclosure Survey, to understand risk strategies used by insurers. Upon that foundation of analysis, DAR utilized a thorough analysis of multiple sources of Property & Casualty

and FAIR Plan data to develop and implement the distressed areas calculations. These areas serve as the essential guidance system for where insurance availability is most concentrated and where insurance companies should target their increase in written policies. Furthermore, DAR and CSB developed tracking metrics for a wildfire portfolio that each insurer will now keep to enable CDI to verify growth in policies written and monitor insurance market trends in wildfire distressed areas.

Led the adoption of the first-ever NAIC National Climate Resilience Strategy for Insurance.

In March 2024, CSB worked with the NAIC Climate and Resiliency Executive Committee Task Force members to finalize and adopt the first-ever NAIC National Climate Resilience Strategy for Insurance. The goal of the strategy is to drive faster and more effective risk reduction by state insurance regulators to ensure that insurance continues to be available and reliable as a crucial backbone to communities facing climate risks. This strategy gives regulators the tools to do that and an action plan by advocating for home hardening from wildfires, floods, and storms; utilizing catastrophe modeling information; better informing the public of risks; and making sure new solvency tools are updated to incorporate further analysis of climate risks.

The new strategy creates a multi-year approach to the work of the NAIC Climate and Resiliency Task Force. The cornerstones of the nonpartisan strategy are the capabilities of the NAIC Center of Excellence on Catastrophe Modeling and the states' Property & Casualty Market Intelligence Data Call (PCMI) to collect and analyze data covering more than 80% of the U.S. property insurance market by premium volume.

Led NAIC Climate Risk and Resilience Executive Task Force and NAIC Property and Casualty Standing Committee (C Committee) to implement first-ever NAIC Property and Casualty Market Intelligence Data Call.

CSB worked with the NAIC and other state insurance regulators to design a multi-state data call coordinated by the NAIC to collect and analyze data covering more than 80% of the U.S. property insurance market by premium volume. The Property & Casualty Market Intelligence Data Call (PCMI) will gather data from more than 400 property insurers operating locally and across the country to give state insurance regulators a clear sense of what is happening in their individual property markets and the nation overall.

This PCMI Data Call represents the first multi-state data collection on the availability and affordability of residential property insurance related to climate risks, such as wildfires, storms, and wind events. The PCMI Data Call was developed under the coordination of the NAIC's Property and Casualty Insurance (C) Committee, with the collaboration of NAIC staff and members of the NAIC Climate Risk and Resilience

Executive Task Force, and was implemented by the U.S. state insurance regulators in 2024.

2024 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 the local, 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 other branches of the Department 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 2024, major initiatives included:

- **Consumer protection and education:** CPRB communicated and coordinated with numerous international, national, state, and local reporters to promote the Consumer Services and Market Conduct Branch and Consumer Hotline. The Branch supported outreach regarding pending legislation, including media coverage, developing fact sheets, consumer stories, virtual events, briefing calls, townhalls, 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 wildfire season and to educate them about post-disaster recovery by combining efforts with CAL FIRE, Cal OES, 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.
- **Improving Access to Insurance:** CPRB worked with multiple branches across the Department to announce major milestones of the Sustainable Insurance Strategy implementation, a comprehensive approach building on Commissioner Lara's multi-year effort to modernize California's insurance market and the largest insurance reform since the passage of Proposition 103. CPRB coordinated press conferences, media briefings, press releases, fact sheets, videos, graphics, PowerPoints and numerous other materials to support each of the executive actions and announcements that were part of the Department's efforts to improve insurance choices for consumers and stabilize the insurance market as part of the Sustainable Insurance Strategy. CPRB also partnered with consumer advocates to produce video resources for consumers for finding insurance, agents, and tips on how to keep their coverage and lower costs.

- **Promoting Wildfire Safety:** CPRB worked with agencies and other stakeholders to continue to promote Safer from Wildfires, the 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.
- **Fighting the Effects of Climate Change:** In addition to the continued work of the Climate Insurance Working Group, CPRB produced press releases, speeches, and social media by the Commissioner about his comprehensive effort to reduce the effects of climate change. Additionally, CPRB helped coordinate and execute the first annual Global Sustainable Insurance Summit co-sponsored by the Department and Ceres. The Summit was an international multi-stakeholder event aimed at identifying solutions that close protection gaps and strengthen climate resilience. CPRB produced video, social media, press releases, talking points, PowerPoint presentations, and arranged interviews with reporters to highlight the work of the Department, the Commissioner, and partners from around the world focused on climate solutions.
- **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 and defending the right to reproductive freedom in the face of continued attacks. CPRB arranged interviews about health insurance changes and other health care system information to media outlets across the nation.
- **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 following disasters as well as the consequences and dangers of insurance fraud. CPRB worked with the Enforcement Branch to produce Public Service Announcements to share with media and consumers.
- **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, to inform the public about breaking news, and to participate 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.

2024 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 2024, 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. CROB held meetings, roundtable discussions, townhalls, and tabled at events, among other efforts. Meetings and events included:

- 12 events with members of Congress, 58 events with members of the California Senate, 92 events with members of the Assembly, 120 events with county officials and 270 events with city officials.
- Partnered with 237 local community-based organizations, including chambers of commerce, national, state-wide, and local service associations.
- The CROB Outreach Team held a total of 1069 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 2024, Ombudsman staff facilitated and closed 2,307 cases. This included responding to 1,319 consumer requests for assistance, 741 legislative inquiries, 34 local government requests, 190 agent and applicant inquiries, 38 insurance industry inquiries, and 19 general requests from other divisions within the Department or other state agencies.

LIFE AND ANNUITY CONSUMER PROTECTION PROGRAM (LACPP)

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.

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 through alerts and advisories issued by CDI. The website also includes 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 41,978 in 2024 alone, and continues to be a source of valuable information to consumers.

In order to reach more seniors, we are advertising on social media, Facebook/Meta and Instagram. From September 2024 to December 2024 social advertisements ran across Meta in English and Spanish. We had 549,927 impressions and 3,212 clicks.

English – 316,745 impressions

Spanish – 233,182 impressions

To further educate seniors about life insurance and annuity products, CROB participated in 298 senior events in 2024. 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, and various legislative offices, as well as our presence at senior expos and health fairs, enhanced the Department's ability to reach the public with our resources.

The following educational materials were distributed during 2024:

- Annuities, What Seniors Need to Know (English and Spanish)
- Informing Seniors and 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."

In order to reach more consumers we are advertising CDI's toll-free telephone number on social media, Facebook/Meta and Instagram. From September 2024 to December 2024 social ads ran across Meta in English and Spanish. There were 1,379,618 impressions and 11,525 clicks (increase of 43 percent from 2023).

English – 688,048 impressions

Spanish – 515,396 impressions

Announcements have been made throughout the year at public events 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 our 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 (AUTO) INSURANCE PROGRAM

The California Low Cost Auto Insurance (CLCA) program is a state-sponsored program that makes auto insurance affordable. It was designed to provide income eligible drivers with affordable rates to meet California's mandatory auto insurance law.

CLCA went into effect in 2000 and has provided auto insurance coverage to more than 461,175 California drivers since its inception. In the year 2024, there were a total of 34,171 new applications assigned, 19,035 canceled policies, 22,732 renewed policies, and 1,619 policies reinstated. At the end of 2024, there were 46,175 active policies. This is an increase of 54% since 2023. According to the California Assigned Risk Plan (CAARP), approximately 73% of applications assigned were from uninsured motorists at the time of their CLCA policy application.

As insurance premiums continue to increase to untenable levels across the state, more drivers are searching for affordable insurance. In 2024, there were 488,254 first-time visits to the CLCA website compared to 219,418 first-time visits in 2023, which shows an increase of 122%.

Since its inception, the program has continued to evolve through legislative changes to better meet the needs of California drivers, allowing more Californians to participate. In 2023, Assembly Bill 917 (Ortega, Chapter 350, Statutes of 2023) made the CLCA program permanent under California law, eliminating the January 1, 2025 sunset date and requiring CDI to submit a report to the Legislature on or before March 15, 2024, March 15, 2025, March 15, 2026, and every 5 years thereafter.

California Low Cost Auto Insurance 2024 Overview Report

- Unique Website Visits:
 - 2023: 219,418
 - 2024: 488,254
 - 122% increase
- CLCA Applications:
 - 2023: 21,157
 - 2024: 34,171

- 62% increase
- AB 917 passed to make the program permanent
- 34,171 new applications assigned
- 19,035 policy cancellations
- 22,732 policy renewals
- 1,619 policy reinstatements
- 46,175 active policies at year-end, which is an increase of 54% from 2023
- 92,152 informational materials dispersed (increase of 50%)
- Continued partnership with the Department of Motor Vehicles (DMV) for a total of over 7,200 unique scans for silent commercial:
 - DMV Silent Ad (English): 3,091
 - DMV Silent Ad (Spanish): 4,165

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

2024 ANNUAL REPORT

CONSERVATION *and* LIQUIDATION
OFFICE

CONSERVATION & LIQUIDATION OFFICE

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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 Office of the Attorney General, applies to the Superior Court (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.

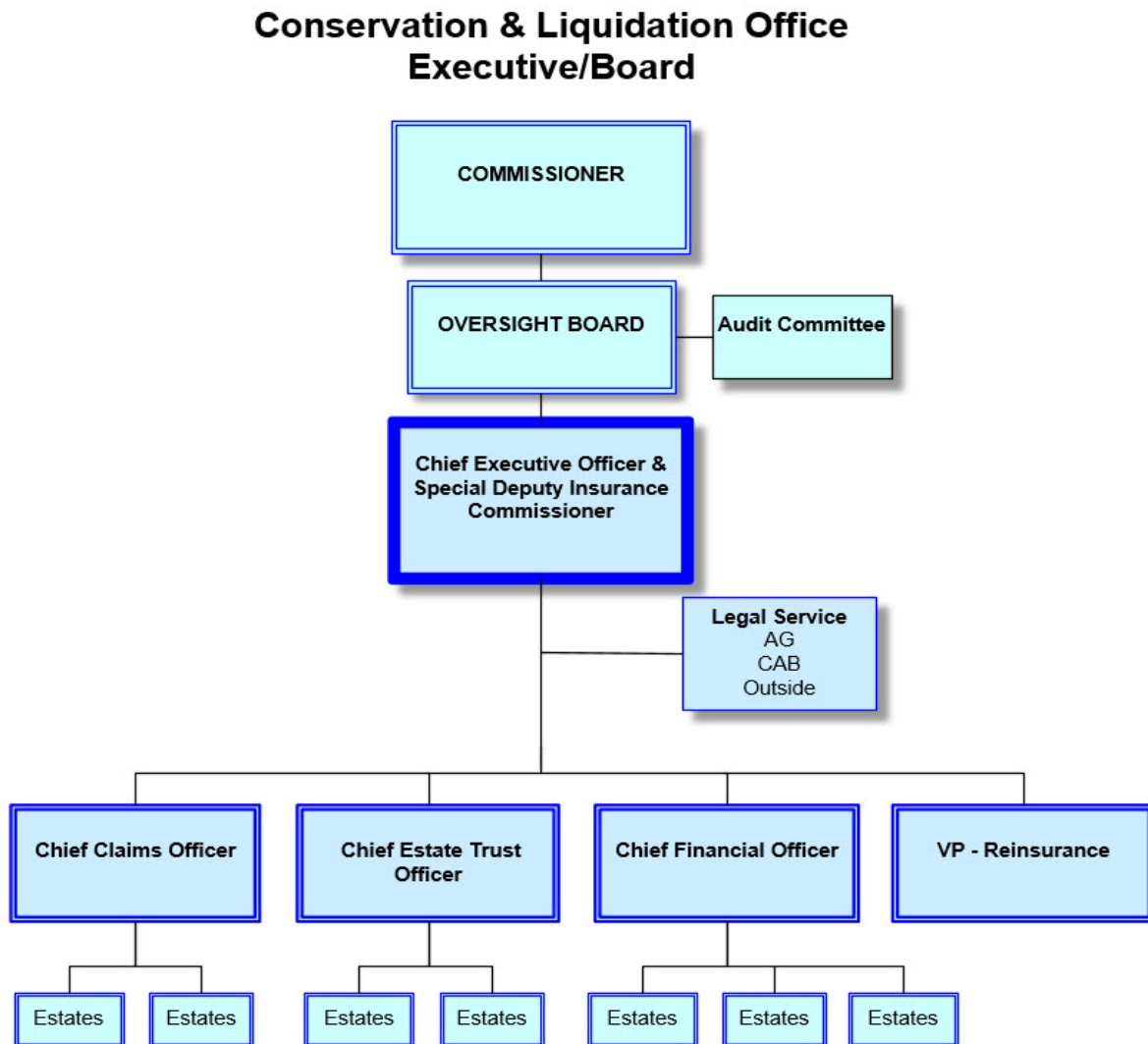
The CLO was created in 1994 as the successor to the Conservation & Liquidation Division of the California Department of Insurance which was managed by state employees. The CLO is based in San Francisco, California. As of December 31, 2024, the CLO is responsible for the administration of nine insurance estates.

In addition to the role described above, the CLO at times provides special examination services. The CLO is reimbursed directly by the company being examined. During 2024, the CLO assisted with two special examinations.

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. In 2023, the Board authorized an engagement with the State of Colorado to assist with the Administrative Supervision of a Colorado domiciled company. In 2024, the Board authorized an engagement with the State of Oregon to assist with the Administrative Supervision of an Oregon domiciled company. By providing professional troubled company and 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



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 2024, the Oversight Board and Audit Committee members were the Chief Deputy Commissioner, General Counsel / Deputy Commissioner, and Deputy Commissioner of the Financial Surveillance Branch (vacant).

During 2024, the Oversight Board and Audit Committee held three regularly scheduled meetings.

Mission Statement and 2024 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.

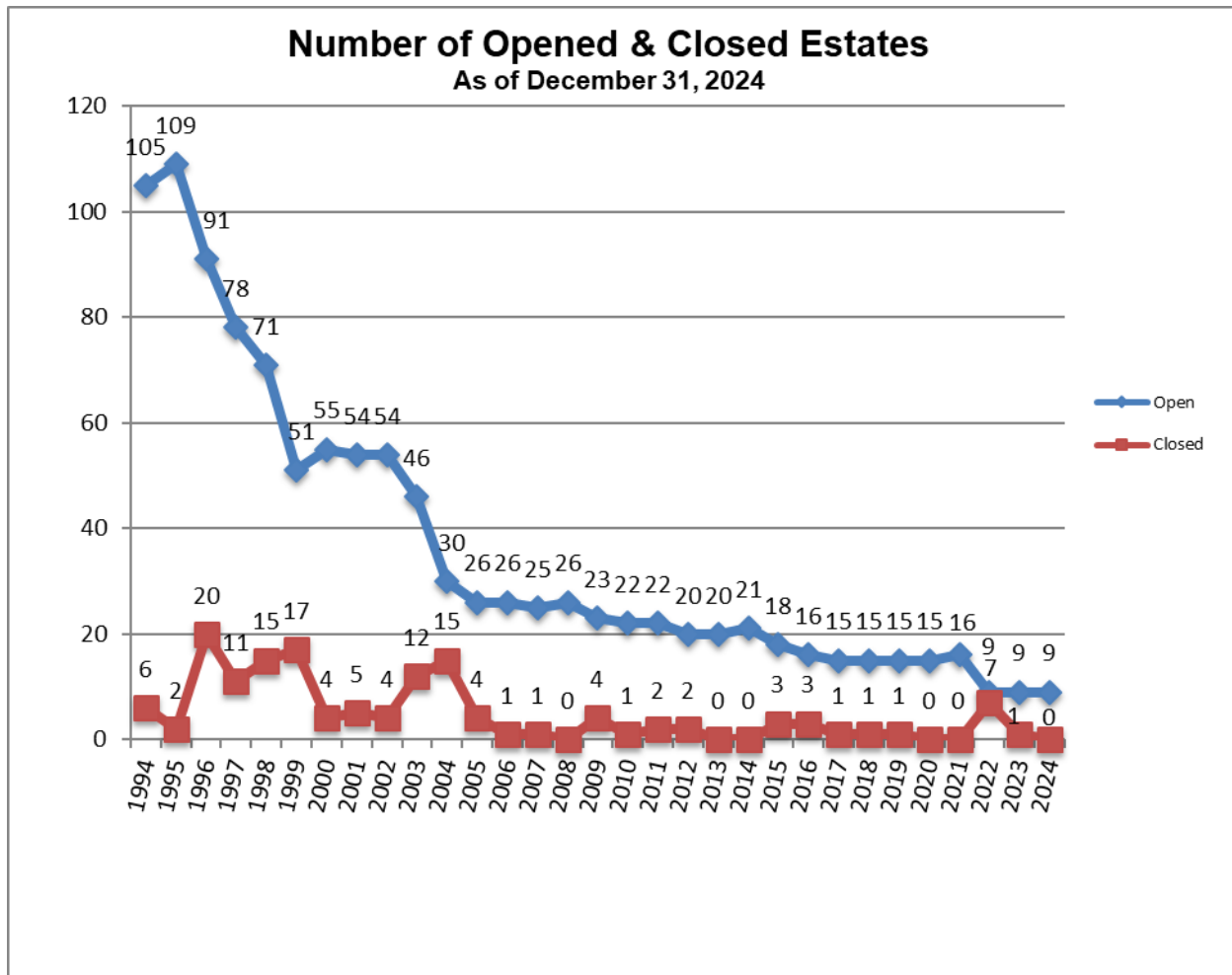
On an annual basis, the CLO prepares a Business Plan for the organization supporting the CLO Mission Statement. The Business Plan is presented to the Oversight Board for approval.

The 2024 Business Plan focused on estate closings and distributions, collecting/converting assets, evaluating claims and enhancing the operating efficiencies of the CLO.

Entering 2024, there were 9 open estates under management. All open estates are property & casualty estates. The CLO goal in 2024 was to close one estate and distribute \$25 million.

1. Closings

GOAL	RESULTS
<p>Close one Estate:</p> <p>1) Merced Property and Cas. Co.</p>	<p>The Merced Property and Cas. Co. closure was delayed due to the resolution of the federal waiver release.</p>



Since 1994, there have been approximately 141 estates closed. These estates consisted of 55 ancillaries, 22 title companies and 64 regular insurers. Ancillary and title companies typically require only limited work on behalf of the Liquidator.

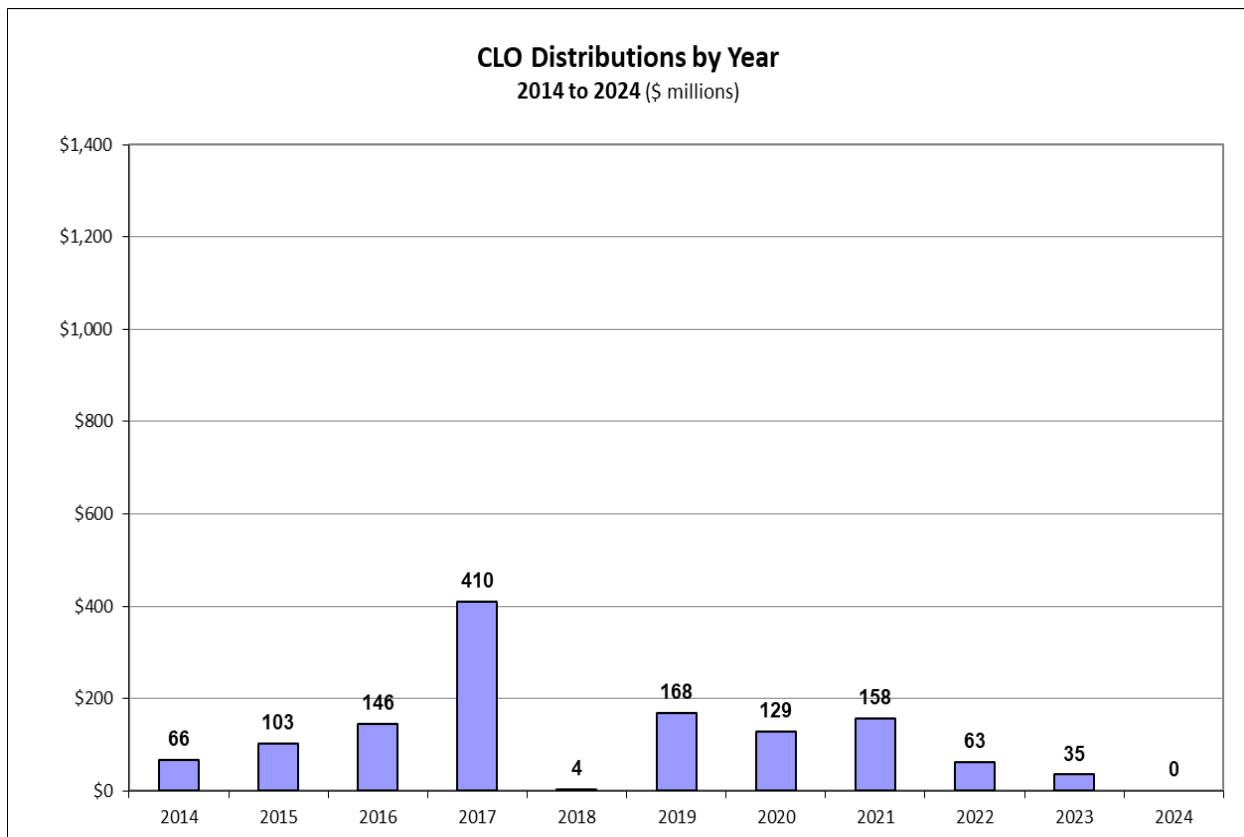
2. Distributions

Early Access Distribution

Estate	2024 Actual (\$ Millions)	2024 Goal (\$ Millions)
CastlePoint National Ins. Co.	\$0	\$20.00
Sub-total:	\$0	\$20.00

Final Distributions

Estate	2024 Actual (\$ Millions)	2024 Goal (\$ Millions)
Merced Property and Cas. Co.	\$0	\$5.00
Sub-total:	0	5.00
TOTAL DISTRIBUTIONS:	\$0	\$25.00



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. Government/Credit 1-3 Yr. The average duration was approximately 2 years at December 31, 2024.

The investments are managed in equal parts by two professional money management firms and are warehoused with US Bank.

At December 31, 2024, the CLO had \$210.7million of estate marketable investment securities under management.

For the year ending December 31, 2024, the average portfolio balance was approximately \$201 million. The portfolio earned an interest yield of 4.1% and a net yield after security gains/losses and mark-to-market adjustments of 4.7%.

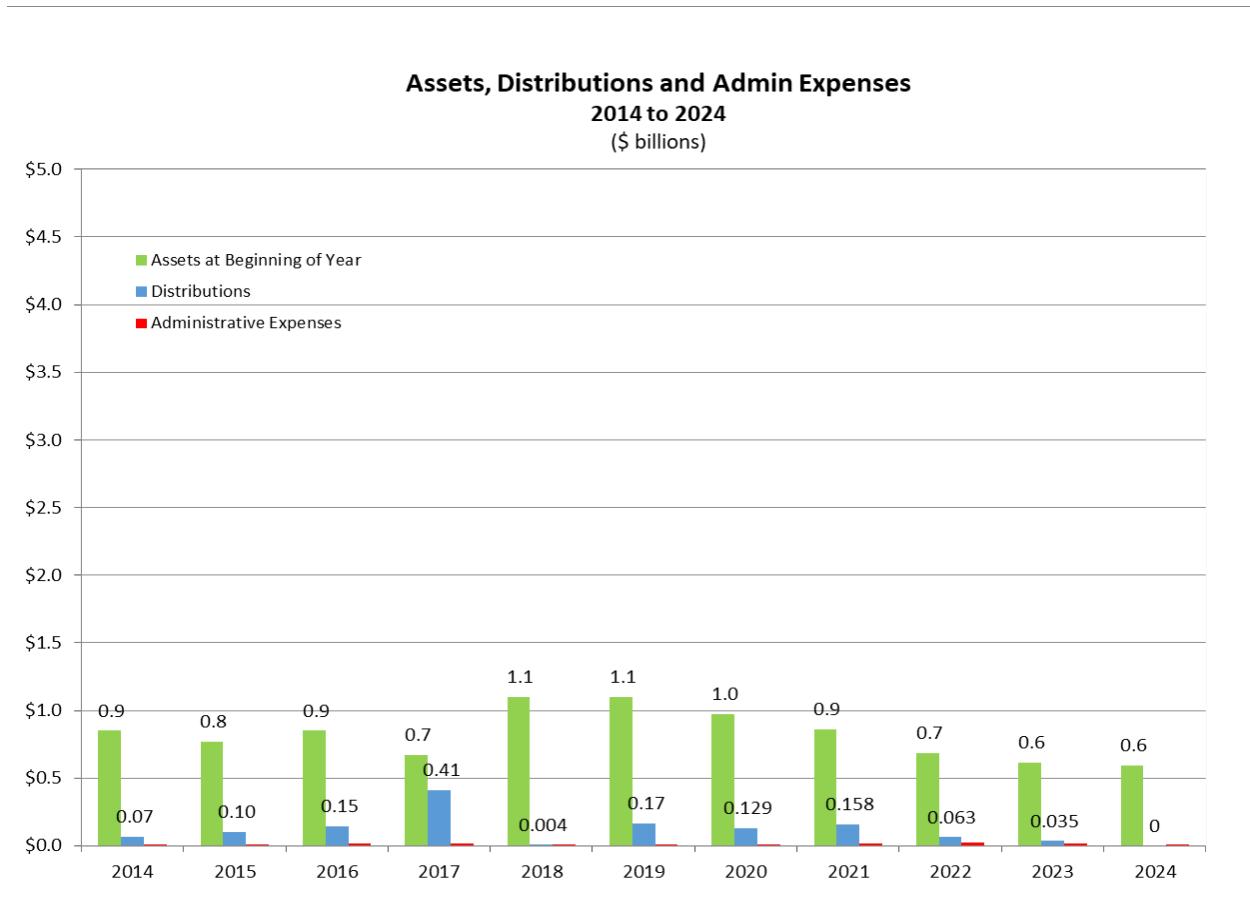
Administrative Expenses

Administrative expenses consist of both direct and indirect expenses. See "CLO Financial Results" section of this report on the budget and actual expenditures for 2024 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 each year, and distributions and administrative expenses from the year 2014 to 2024. The table below lists these figures.

Year	Assets (\$ billions)	Distributions (\$ millions)	Administrative Expenses (\$ millions)
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

Year	Assets (\$ billions)	Distributions (\$ millions)	Administrative Expenses (\$ millions)
2019	\$1.1	\$168	\$13
2020	\$1.0	\$129	\$11
2021	\$0.9	\$158	\$15
2022	\$0.7	\$63	\$24
2023	\$0.6	\$35	\$17*
2024	\$0.6	\$0	\$9

* This amount includes a 5% contingent legal fee (\$5,530,505) incurred by Colorado HealthOp in 2023 for litigating and collecting \$110 million in risk corridor receivables from the Centers for Medicare and Medicaid Services (“CMS”). If the Colorado Health expenses for 2023 are excluded, the total CLO administrative expenses for 2023 were \$11,095,495.

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.

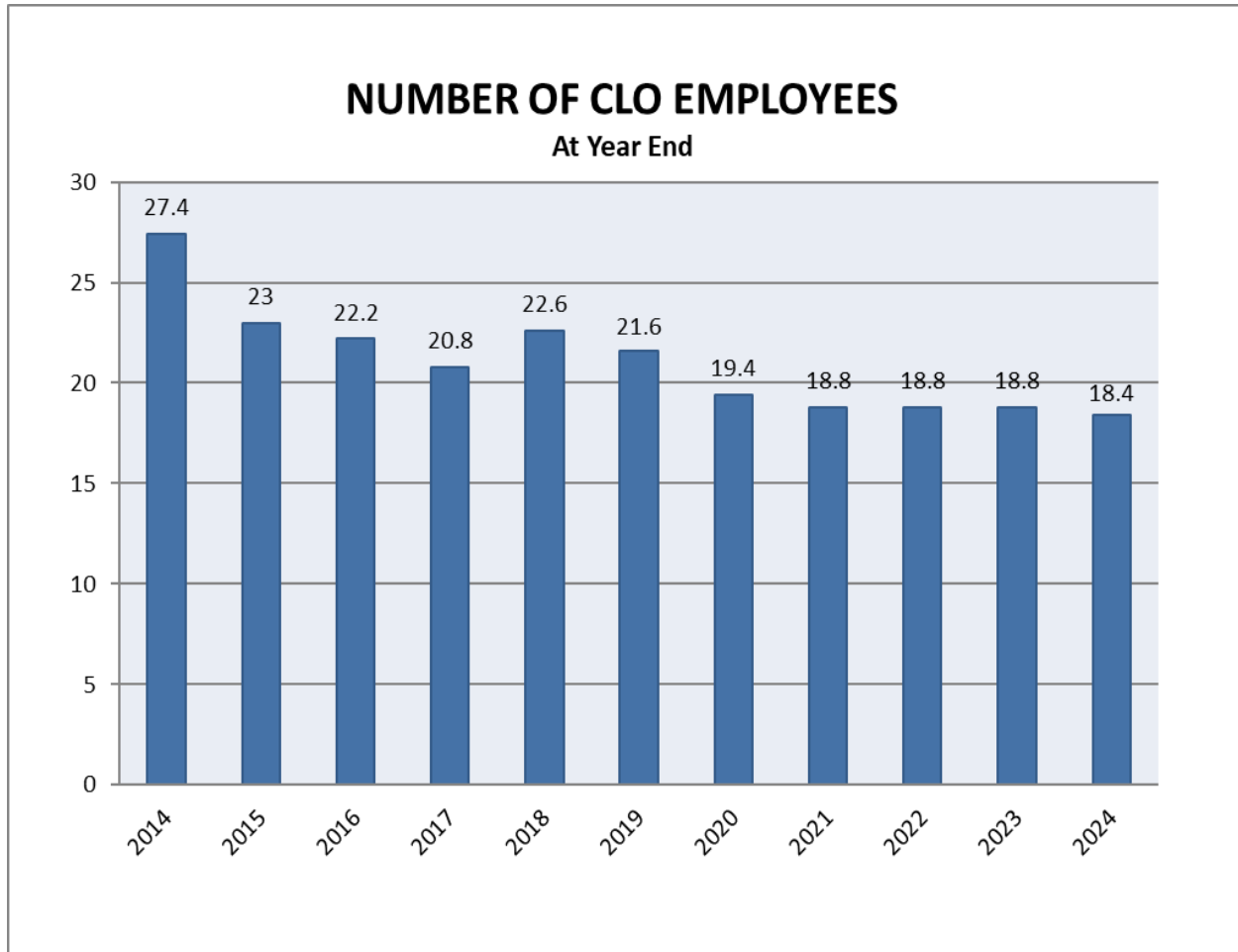
A summary of the compensation procedures follows:

- 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:

	2024	2025 (Budget)
Number of CLO full-time equivalent employees at beginning of year	18.8	18.4
Total compensation and benefits for CLO employees	\$4,550,891	\$4,786,281



The chart above shows the number of CLO full-time employee equivalent from 2014 to 2024.

As estates have closed resulting in reduced workloads, and as a result of internal operating efficiencies, the number of full-time employees decreased by 33% compared to December 31, 2014.

CLO Financial Results**For Years Ended December 31, 2024 and December 31, 2023**

Cash received	December 31, 2024	December 31, 2024	December 31, 2023
	Actual	Budget	
Reinsurance recoveries, and miscellaneous income	\$11,578,800	Reinsurance recoveries and miscellaneous income are not amendable to budgeting due to the irregular timing of their occurrence.	\$57,217,400
Investment income, net of expenses	18,346,800	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.	15,615,900
Total:	\$29,925,600		\$72,833,300

	December 31, 2024	December 31, 2024	December 31, 2023
	Actual	Budget	
Distributions	\$0	\$25,000,000	\$35,067,300

Administrative – Estate Direct Expenses

Estate Direct Expenses	December 31, 2024	December 31, 2024	December 31, 2023
	Actual	Budget	
Legal expenses	\$1,277,900	\$1,994,700	\$6,991,000
Consultants and contractors	1,144,600	1,312,000	1,709,500
Office expenses	1,023,500	642,400	1,527,200
Compensation and benefits	0.00	15,000	535,900
Total:	\$3,446,000	\$3,964,100	\$10,763,600

Administrative – CLO Overhead Expenses

CLO Overhead Expenses	December 31, 2024 Actual	December 31, 2024 Budget	December 31, 2023
Compensation and benefits	\$4,550,900	\$4,718,800	\$4,437,500
Office expenses	951,800	1,042,300	1,308,000
Consultants and contractors	98,100	94,000	114,200
Legal expenses	3,000	9,000	2,700
Total:	\$5,603,800	\$5,864,100	\$5,862,400

Administrative Totals	December 31, 2024 Actual	December 31, 2024 Budget	December 31, 2023
Estate Direct Expense Total	\$3,446,000	\$3,964,100	\$10,763,600
CLO Overhead Expense Total	5,603,800	5,864,100	5,862,400
Total:	\$9,049,800	\$9,828,200	\$16,626,000

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; the distribution 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. The estate currently anticipates sufficient asset collections to potentially release a distribution in 2026.

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 be sufficient to pay all claims.

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 EPA 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	1,906	1,401	505
Crusader Ins Co	N/A	TBD	TBD	TBD
Fremont	7/2/2003	45,673	45,673	0
Golden Eagle	2/18/1998		n/a (see below)	
Merced	12/3/2018	440	439	1
Mission (2 estates)	2/24/1987	141,646	141,646	0
Western General	08/05/2021	2,593	1,718	875
	Total:	192,258	190,877	1,381

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.

2025 Business Goals

The 2025 Business Plan is focusing on estate closings and distributions.

Entering 2025 there are nine open estates under management by the CLO. The open estates consist of nine Property & Casualty Estates. Our goal in 2025 is to distribute \$20.00 million.

Starting 2025, we have 18.4 full-time employee equivalents. We will re-assess staffing requirements throughout the year and will make any changes deemed necessary.

The 2025 Goals are as follows:

1. Close 1 Estate
Merced Property and Cas. Co.

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

2. Early Access and Final Distributions

Interim Distribution:

CastlePoint National Ins. Co. 15,000,000

Final Distributions:

Merced Ins. Co. 5,000,000

\$20,000,000

SECTION TWO – ESTATE SPECIFIC INFORMATION**Conservation or Liquidation Estates Opened During the Year 2024**

None

Conservation or Liquidation Estates Closed During the Year 2024

None

**Conservation & Liquidation Office
Current Year and Cumulative Distributions by Estate
Year Ended 12/31/2024
Federal and State**

ESTATE	POLICYHOLDERS	CLAIMS	GENERAL CREDITORS	TOTAL
CastlePoint National Ins Co	2,593	-	-	2,593 ^A
Fremont Indemnity Co	-	-	-	-
Merced Property & Casualty Ins	(461,769)	-	-	(461,769) ^B
Mission Ins Co	-	-	-	-
Mission National Ins Co	-	-	-	-
	(459,176)	-	-	(459,176)

*A: Statutory deposit released to NM**B: CIGA returned excess EAD*

**Cumulative to 12/31/2024
Federal and State**

ESTATE	POLICYHOLDERS	CLAIMS	GENERAL CREDITORS	TOTAL
CastlePoint National Ins Co	342,349,902	-	-	342,349,902
Fremont Indemnity Co	1,106,139,443	-	-	1,106,139,443
Merced Property & Casualty Ins	26,953,260	-	-	26,953,260

ESTATE	POLICYHOLDERS	CLAIMS	GENERAL CREDITORS	TOTAL
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
	2,858,757,760	28,711,132	417,118,851	3,304,587,744

*The CastlePoint estate made statutory deposit releases of \$227.6 million (2017), \$4.9 million (2018), and \$19 million (2019) and an early access distribution of \$60.7 million occurred in October of 2022. These statutory deposit releases and prior distributions coupled with the 2023 early access distribution of \$30.1 million give the estate a cumulative distribution total of \$342.3 million.

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

Estates in Conservation and/or Liquidation as of December 31, 2024

Estate Name	Date Conserved	Date Liquidated
California Insurance Company	11/04/19	*
CastlePoint National Insurance Company	07/28/16	04/01/17
Crusader Insurance Company	06/07/2023	*
Fremont Indemnity Company	06/04/03	07/02/03
Golden Eagle Insurance Company	01/31/97	02/18/98
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 2024 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 taken into account:

- 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 where available assets are insufficient to pay all policyholder claims, the CLO intentionally does not evaluate the lower priority proofs of claims (POCs), since to do 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

2024 Report

California Insurance Company ("CIC") 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 CIC's recent attempt to exit the California market without the necessary prior approval to do so. The Conservator developed and seeks court approval of a comprehensive rehabilitation plan to address the issues with CIC and their desire to re-domesticate outside California. The Conservator has argued their rehabilitation plan before the San Mateo Superior Court.

Following the favorable ruling from the San Mateo Superior Court on April 3, 2024 approving the Conservator's rehabilitation plan, CIC's former management filed their opening appeal brief on August 27th. Legal counsel for the Conservator has prepared and filed a reply brief in opposition to the appeal brief mentioned above. There is no definitive timeframe or schedule established for a ruling from the panel. The replacement audit firm of Baker Tilly (Marcum has been acquired and the entity has withdrawn from performing the 2021, 2022 and 2023 annual audits of CIC) has completed its initial scope and budget for the engagement and cleared conflict checks.

The firm has agreed to provide audit services for the years 2021, 2022, 2023 and 2024. CIC has addressed most of the previously reported regulatory exam findings associated with speculative investments acquired without the consent and approval of the Conservator and in violation of the Conservation order. The Conservator continues to monitor final resolution to several open investments the company has not been able to monetize within the timeframe afforded by the Conservator. General Counsel for CIC has requested meetings with the Conservator in April of 2025 to discuss their real estate holdings. The Conservator together with the California Department of Insurance exam and analysis staff are working closely with the New Mexico and Texas insurance regulatory staff coordinating efforts to bring the entire Omaha based insurance group into regulatory compliance.

California Ins Co**ASSETS**

As of December 31, 2023 and December 31, 2024

ASSETS	12/31/2023	12/31/2024
Cash and investments	\$1,213,785,263	\$1,655,257,011
Other assets	434,660,232	174,219,671
Total assets	\$1,648,445,495	\$1,829,476,682

LIABILITIES

As of December 31, 2023 and December 31, 2024

LIABILITIES	12/31/2023	12/31/2024
Claims against policies	\$570,880,853	\$679,415,346
All other claims	445,681,235	555,280,546
Total liabilities	1,016,562,088	1,234,695,892
Net assets (deficiency)	\$631,883,407	\$594,780,790

INCOME

For Year Ended December 31, 2024

INCOME	2023	2024
Net premium income	\$501,177,607	\$617,869,491
Investment income	23,525,497	15,122,174
Other income	(44,562,867)	(547,332)
Total income	\$480,140,237	\$632,444,333

EXPENSES
For Year Ended December 31, 2024

EXPENSES	2023	2024
Loss and claims expenses	\$472,390,038	\$649,260,597
Federal income tax expenses	5,507,680	12,924,192
Total expenses	477,897,718	662,184,789
Net income (loss)	\$2,242,519	(\$29,740,456)

CastlePoint National Insurance Company

Conservation Order: July 28, 2016

Liquidation Order: April 1, 2017

2024 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. At December 31, 2017, the estate had received in excess of 1,250 claims seeking in excess of \$4.6 billion in damages. The CLO claims department, conforming to the creditor-priority statutes established in California Insurance Code, have reviewed all timely received POCs for basic compliance and classification. The open claim population has recently fallen below 1,000 (subject to any late POCs approved and issued) to be reviewed.

The estate continues to address all the normal issues of long-tail liquidation and remains primarily focused on collecting assets, updating and managing legacy and standalone systems to efficiently bill and collect reinsurance assets. In addition to data management for asset collections the estate will rely on legacy information and documentation to properly analyze priority and or complex policy claims received through the POC process. CastlePoint has also collected in excess of \$50 million in miscellaneous assets and \$77 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, IT and accounting functions of the insolvency through December 31, 2024.

CastlePoint received court approval and completed its first early access distribution in the amount of \$60 million in October 2022. The estate completed a second early access distribution in the amount of \$30 million in November 2023. After considerable review and determination efforts, the estate released a full interim distribution in the amount of \$20 million in mid-January 2025, and will plan to release a second interim distribution later in the year. The CastlePoint estate team continues to work through the usual long-tail liquidation demands and impediments associated with determining complex policyholder exposure, administering estate reporting compliance and updating/managing legacy and standalone systems to efficiently bill and collect reinsurance assets. The estate continues to rely on legacy information and documentation (systems) to properly analyze priority and or complex policy claims received through the POC process. As mentioned above, the estate will seek approval to release a \$15 million interim distribution in late 2025, and will seek approval of its annual procedural filings at the same time in early December (2024 Status and Fee Application).

CastlePoint National Ins Co**ASSETS**

As of December 31, 2023 and December 31, 2024

ASSETS	12/31/2023	12/31/2024
Cash and investments	\$252,164,400	\$265,232,100
Recoverable from reinsurers	200,772,200	205,116,800
Other assets	17,492,100	16,495,800
Total assets	470,428,700	486,844,700

LIABILITIES

As of December 31, 2023 and December 31, 2024

LIABILITIES	12/31/2023	12/31/2024
Secured claims and accrued expenses	7,119,000	105,500
Claims against policies, before distributions	1,103,874,200	1,117,567,300
Less distributions to policyholders	(342,347,300)	(342,349,900)
All other claims	63,651,300	64,676,000
Total liabilities	832,297,200	839,998,900
Net assets (deficiency)	(361,868,500)	(353,154,200)

INCOME

As of December 31, 2023 and December 31, 2024

INCOME	2023	2024
Investment income	\$12,982,900	\$14,822,500
Salvage and other recoveries	877,700	249,500
Total income	13,860,600	15,072,000

EXPENSES

As of December 31, 2023 and December 31, 2024

EXPENSES	2023	2024
Loss and claims expenses	37,685,300	9,437,900
Administrative expenses	3,819,400	3,933,100
Total expenses	41,504,700	13,371,000
Net income (loss)	(\$27,644,100)	1,701,000

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$519,264,000
Recoveries, net of expenses	88,318,000
Distributions	(342,349,900)
Monetary assets available for distribution	\$265,232,100

Crusader Insurance Company

Conservation Order: June 7, 2023

2024 Report

Crusader Insurance Company was placed into Conservation on June 7, 2023 after being found to be operating in hazardous financial condition. The Conservator has established weekly oversight and control of the estate's run-off operations in Calabasas.

The CLO has completed the separation of all co-mingled systems and assets (in accordance with the Conservation Order). Notices of the Conservation have been issued to all claimants, vendors and potential creditors. The Conservator has extended retention agreements to 8 employees to preserve a knowledgeable workforce throughout the claim run-off. One claim adjuster will retire at the end of the first quarter of 2025. The Conservator has secured a lease extension in its current space and favorable terms through December 31, 2025.

Crusader has filed their December 31, 2024 annual statement and reported policyholders' surplus of \$2.784 million. During the fourth quarter, the estate continued to experience material legal and claim adjustment expenses. With approximately 85 claims still open, the estate still reports \$3 million in LAE reserves and \$10.9 million in remaining loss reserves. The estate's administrative expense has been mitigated by positive investment yields. While the estate continues to close claims, we continue to receive several new claims each month. As of December, the total claim count has been reduced to just under 85 open claims. Milliman as well as CDI actuaries have reviewed the December 31, 2024 reserves and believe that they are fairly stated. Crusader will continue its efficient claims run-off.

The Crusader estate has eliminated most all operational reliance on its parent company with the exception of certain insurance contracts still handled on a shared/prorated basis. The estate has commenced its 2024 statutory CPA audit and will file it with the California Department of Insurance and the NAIC upon completion.

Crusader Ins Co**ASSETS**

As of December 31, 2023 and December 31, 2024

ASSETS	12/31/2023	12/31/2024
Cash and investments	\$30,701,390	\$14,326,899
Other assets	965,830	2,632,651
Total assets	\$31,667,220	\$16,959,550

LIABILITIES

As of December 31, 2023 and December 31, 2024

LIABILITIES	12/31/2023	12/31/2024
Claims against policies	\$26,255,000	\$13,991,001
All other claims	63,960	183,839
Total liabilities	26,318,960	14,174,840
Net assets (deficiency)	\$5,348,260	\$2,784,710

INCOME

For Year Ended December 31, 2024

INCOME	2023	2024
Net premium income	\$0	\$0
Investment income	1,741,290	955,072
Other income	(218,984)	328
Total income	\$1,522,306	\$995,400

EXPENSES
For Year Ended December 31, 2024

EXPENSES	2023	2024
Loss and claims expenses	\$8,918,240	\$4,190,991
Federal income tax expenses	-	-
Total expenses	8,918,240	4,190,991
Net income (loss)	(\$7,395,934)	(\$3,195,591)

Fremont Indemnity Company

Conservation Order: June 04, 2003

Liquidation Order: July 02, 2003

2024 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 all customary post distribution and closing activities in 2020. The estate remains administratively closed before the Court. In accordance with its 2019 closing order, the dormant estate continues to collect periodic annuity payments which, when coupled with other recent recoveries, will lead to a further distribution, possibly in 2026. The estate seeks to accumulate approximately \$5 million of cash receipts prior to scheduling a distribution.

Fremont Indemnity Co**ASSETS**

As of December 31, 2023 and December 31, 2024

ASSETS	12/31/2023	12/31/2024
Cash and investments	\$6,561,400	\$7,416,600
Recoverable from reinsurers	44,200	-
Other assets	67,200	67,200
Total assets	6,672,800	7,483,800

LIABILITIES

As of December 31, 2023 and December 31, 2024

LIABILITIES	12/31/2023	12/31/2024
Secured claims and accrued expenses	32,300	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	1,647,676,600	1,647,676,600
Net assets (deficiency)	(\$1,641,003,800)	(\$1,640,192,800)

INCOME

For Year Ended December 31, 2023 and 2024

INCOME	2023	2024
Investment income	\$337,900	\$307,300
Salvage and other recoveries	451,100	286,900
Total income	789,000	594,200

EXPENSES

For Year Ended December 31, 2023 and 2024

EXPENSES	2023	2024
Loss and claims expenses	-	(443,900)
Federal Income Tax expense	26,000	122,000
Administrative expenses	108,700	105,200
Total expenses	134,700	(216,700)
Net income (loss)	\$654,300	810,900

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$434,855,900
Recoveries, net of expenses	678,700,100
Distributions	(1,106,139,400)
Monetary assets available for distribution	\$7,416,600

Golden Eagle Insurance Company

Conservation Order: January 31, 1997

Rehab/Liquidation Plan Approved: August 4, 1997

Liquidation Order: February 18, 1998

2024 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

As of December 31, 2023 and December 31, 2024

ASSETS	12/31/2023	12/31/2024
Cash and investments	\$1,284,300	\$1,311,800
Total assets	1,284,300	1,311,800

LIABILITIES

As of December 31, 2023 and December 31, 2024

LIABILITIES	12/31/2023	12/31/2024
Total liabilities	-	-
Net assets (deficiency)	\$1,284,300	\$1,311,800

INCOME

For Year Ended December 31, 2023 and 2024

INCOME	2023	2024
Investment income	\$69,500	\$57,700
Total income	69,500	57,700

EXPENSES

For Year Ended December 31, 2023 and 2024

EXPENSES	2023	2024
Administrative expenses	28,700	30,200
Total expenses	28,700	30,200
Net income (loss)	\$40,800	\$27,500

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover ⁹	\$2,029,000
Recoveries, net of expenses	(717,200)
Monetary assets available for distribution	\$1,311,800

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

Merced Property & Casualty Company

Liquidation Order: December 3, 2018

2024 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 PG&E and to date has collected approximately \$60 million in recoveries.

As of December 31, 2024 the Merced estate, in coordination with the California Insurance Guarantee Association (“CIGA”), has paid all statutory obligations associated with the Merced liquidation.

The Merced estate, with the assistance of the California Insurance Guarantee Association (“CIGA”), has paid all Class 2 statutory obligations associated with the Merced liquidation. The estate has determined and resolved all properly filed POCs including the guarantee association’s final claim. All recoveries associated with the PG&E bankruptcy’s Wildfire Subrogation Trust have been properly billed and collected by both the estate and CIGA. Between the two entities the estate benefitted in excess of \$85 million in subrogated claim payment reimbursements or approximately 70% of total loss and loss adjustment expenses were recovered.

After two years of effort, legal counsel for the estate has received an acceptable super-priority release agreement from the United States Department of Justice. The Merced estate has filed its final status report and application to distribute remaining assets and a hearing has been scheduled for April 2, 2025. Upon court confirmation and approval to enter into the federal release agreement, as well as release a final distribution to approved general creditor and equity class claimants and thereafter to return all remaining assets to the parent after fulfilling all required closing tasks and requirements.

Merced Property and Casualty Co**ASSETS**

As of December 31, 2023 and December 31, 2024

ASSETS	12/31/2023	12/31/2024
Cash and investments	\$7,912,600	\$8,393,800
Total assets	7,912,600	8,393,800

LIABILITIES

As of December 31, 2023 and December 31, 2024

LIABILITIES	12/31/2023	12/31/2024
Secured claims and accrued expenses	\$670,000	\$563,600
Claims against policies, before distributions	26,953,300	26,953,300
Less distributions to policyholders	(27,415,000)	(26,953,300)
All other claims	1,748,800	370,200
Total liabilities	1,957,100	933,800
Net assets (deficiency)	5,955,500	7,460,000

INCOME

For Year Ended December 31, 2023 and 2024

INCOME	2023	2024
Investment income	\$423,900	\$367,800
Salvage and other recoveries	750,500	200
Total income	1,174,400	368,000

EXPENSES

For Year Ended December 31, 2023 and 2024

EXPENSES	2023	2024
Loss and claims expenses	(\$41,700)	\$147,300
Administrative expenses	816,500	248,600
Total expenses	774,800	395,900
Net income (loss)	\$399,600	(27,900)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$23,011,357
Recoveries, net of expenses	12,335,743
Distributions	(26,953,300)
Monetary assets available for distribution	\$8,393,800

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

2024 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 of 2019, the Mission estate received a material distribution from the receivership estate of Centaur insurance in Illinois. In November 2020, the Mission estate completed a distribution of approximately \$49.5 million to creditors. From inception of the trusts, the Mission estates have distributed a cumulative total of approximately \$1.4 billion.

The three Mission Trusts still have material recoveries due from the Holland America liquidation estate in Missouri. The Mission Trust's approved proofs of claim amount to millions of dollars in potential recovery, but are subject to the Missouri liquidation estate obtaining a release of liability from the federal government.

Counsel for the Mission Trusts has reported some settlement progress with the Missouri liquidation, and that the federal government is actively involved with legal counsel for Holland America. Mission estate legal counsel continues to offer support and remains ready to participate in any discussions aimed at final settlement and further distributions to the Mission estates. The Mission Trusts were extended another year after a hearing in late December 2024. Subject to collecting on pending proofs of claim, the Trusts will continue to distribute estate assets upon recovery in accordance with the comprehensive 2006 Mission closing order. There are no immediate distributions planned for the trusts.

Mission Ins Co**ASSETS**

As of December 31, 2023 and December 31, 2024

ASSETS	12/31/2023	12/31/2024
Cash and Investments	\$2,896,800	\$2,354,100
Recoverable from reinsurers	649,700	649,700
Other assets	23,816,400	23,816,400
Total Assets	27,362,900	26,820,200

LIABILITIES

As of December 31, 2023 and December 31, 2024

LIABILITIES	12/31/2023	12/31/2024
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)	(48,112,700)	(48,655,400)

INCOME

As of December 31, 2023 and December 31, 2024

INCOME	2023	2024
Investment income	\$156,700	\$106,100
Salvage and other recoveries	150,000	1,300
Total Income	306,700	107,400

EXPENSES

As of December 31, 2023 and December 31, 2024

EXPENSES	2023	2024
Administrative expenses	\$334,200	\$650,100
Total expenses	334,200	650,100
Net income (loss)	(27,500)	(542,700)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$133,667,000
Recoveries, net of expenses	1,105,672,300
Distributions	(1,236,985,200)
Monetary assets available for distribution	2,354,100

Mission National Ins Co**ASSETS**

As of December 31, 2023 and December 31, 2024

Assets	12/31/2023	12/31/2024
Cash and Investments	\$3,370,300	\$3,514,300
Recoverable from reinsurers	1,793,200	1,793,200
Total assets	5,163,500	5,307,500

LIABILITIES

As of December 31, 2023 and December 31, 2024

Liabilities	12/31/2023	12/31/2024
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)	(\$72,792,200)	(\$72,648,200)

INCOME

For Year Ended December 31, 2023 and 2024

Income	2023	2024
Investment income	\$180,200	\$151,900
Salvage and other recoveries	83,400	83,900
Total income	263,600	235,800

EXPENSES

For Year Ended December 31, 2023 and 2024

Expenses	2023	2024
Administrative expenses	85,200	91,700
Total expenses	85,200	91,700
Net income (loss)	\$178,400	\$144,100

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$18,289,000
Recoveries, net of expenses	548,785,200
Distributions	(563,559,900)
Monetary assets available for distribution	\$3,514,300

Western General Insurance Company

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

2024 Report

Western General was 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).

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.

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.

On August 5, 2021, Western General was declared insolvent and placed into Liquidation. All Western General policies were terminated as of September 4, 2021. The Liquidator has moved all run-off operations into the offices of the CLO. The estate continues monthly asset recovery through the processing of reinsurance billings being fed by guaranty association loss payments. The estate has reached a mutually acceptable compromise and settlement of the arbitration proceeding reported last quarter. After retaining all necessary legal resources and retaining a party arbitrator, the parties completed a comprehensive document production and shortly thereafter, the parties came to settlement terms and have executed a settlement agreement subject to court confirmation. The estate prepared and filed the necessary pleadings and attended a hearing on January 29, 2025 where the court approved the settlement with Yosemite Re and entered an order that will become a final order on or about April 1, 2025. The estate will expect to receive \$517,000 plus any other unpaid amounts subsequently billed and due on or about April 11, 2025. With the exception of a fronting program still

working through 2024 data reconciliation and loading, the balance of the reinsurance program is either paid current or is being positioned for final commutation.

The CLO claims staff have reviewed all POCs properly received for compliance/timeliness and initial priority determination. The priority continues to be the determination of all Class 2 policyholder exposure including claims with guaranty coverage and uncovered claims. The estate has received 2,593 timely submitted POCs, 2,405 are policyholder class POCs and 185 are general creditor demands and 3 are equity class demands. To date, the claims staff have approved 484 Class 2 POCs and denied 1,232 Class 2 POCs. Most denials were a result of confirming the benefits demanded have already been paid or will be paid by the participating guaranty associations. Those Class 2 insureds whose claims have been paid by the guarantee association have been notified of the denial.

The remaining unresolved Western General Class 2 policyholder/insured POCs have been a priority in 2024. To address these remaining open Class 2 POCs, the claims staff issued a “prove-up” notice to each claimant who submitted conditional and undetermined POC. The notice required certain documentation in support of their claim and was to be provided no later than October 15, 2024. As a result of the prove-up mailer, the estate has closed 772 open Class 2 conditional POCs. The estate has approved 61 POCs, primarily claims for unearned premium not covered by a guaranty association.

The CLO, with the help of John Hancock and Liden Nestler have closed and decommissioned the estate’s 401K program including a final funding in early December 2024. Subject to a final 5500 filing the WGIC 401K program has been decommissioned and closed. The Western General estate continues to rely upon 4 consultants (3 being former employees) to assist with claims and reinsurance processing, and human resource management (401K). Two of the consultants assisting in the HR area will term out by mid-2025 as all remaining work associated with that area of the estate has been completed.

Western General Ins Co**ASSETS**

As of December 31, 2023 and December 31, 2024

ASSETS	12/31/2023	12/31/2024
Cash and investments	\$28,936,800	\$35,031,400
Recoverable from reinsurers	27,565,300	1,448,500
Other assets	100,200	11,100
Total assets	56,602,300	36,491,000

LIABILITIES

As of December 31, 2023 and December 31, 2024

LIABILITIES	12/31/2023	12/31/2024
Secured claims and accrued expenses	1,036,800	1,130,400
Claims against policies, before distributions	58,341,700	33,463,600
All other claims	6,140,600	5,927,900
Total liabilities	65,519,100	40,521,900
Net assets (deficiency)	(\$8,916,800)	(\$4,030,900)

INCOME

For Year Ended December 31, 2023 and 2024

INCOME	2023	2024
Investment income	\$691,800	\$1,813,300
Salvage and other recoveries	94,300	61,500
Total income	786,100	1,874,800

EXPENSES

For Year Ended December 31, 2023 and 2024

EXPENSES	2023	2024
Loss and claims expenses	(5,534,800)	32,825,700
Administrative expenses	3,869,800	2,737,200
Total expenses	(1,665,000)	35,562,900
Net income (loss)	\$2,451,100	(\$33,688,100)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at year 2022	\$19,846,800
Recoveries, net of expenses	15,184,600
Distributions	-
Monetary assets available for distribution	\$35,031,400

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.
- (b) Whether such persons have resumed business or have been liquidated or have been mutualized.
- (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.
 - (2) Annual operating goals and results.

- (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.
 - (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.
 - (5) An accounting of total claims by estate.
 - (6) A list of current year and cumulative distributions by class of creditor for each estate.
 - (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.
- (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.
 - (2) The status of the conservation and liquidation process.
 - (3) Financial statements, including current and cumulative distributions, comparing current calendar year to prior year.

2024 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 2024

Result Description	Result
Consumer Telephone Calls and In-Person Assistance	206,965
Complaint Cases Opened	62,559
Complaint Cases Closed	62,002
Total Amount of Consumer Dollars Recovered	\$124,407,106
Number of Market Conduct Exams Adopted by the Commissioner	74

Result Description	Result
Total Amount of Claims Dollars Recovered or Premium Returned to Consumers from Market Conduct Exams	\$7,653,797
CSMCB Grand Total Amount (Consumer Dollars Recovered, Claims Dollars Recovered or Premium Returned to Consumers)	\$132,060,903

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 and 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 2024, 124 full-time staff were devoted to the complaint handling operation. This represents almost nine percent of the nearly 1400 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	2021	2022	2023	2024
Automobile	31.19%	33.78%	35.23%	33.24%
Accident & Health	35.02%	33.09%	28.68%	30.00%
Homeowners	12.85%	12.98%	16.36%	17.57%
Misc./Other	11.64%	11.74%	11.21%	9.49%
Life & Annuity	4.42%	4.03%	3.38%	3.20%
Fire, Allied Lines & CMP	3.14%	2.91%	3.48%	5.00%
Liability	1.67%	1.41%	1.59%	1.43%
Earthquake	0.07%	0.06%	0.07%	0.07%

TOP TEN TYPES OF COMPLAINT REASONS

Number	Types of Complaint Reasons	2021	2022	2023	2024
1	Denial of Claim	27%	26.61%	27.48%	23.24%
2	Claim Handling Delay	22.10%	25.15%	25.02%	21.60%
3	Unsatisfactory Settlement Offer	13.64%	14.43%	14.28%	12.70%
4	Nonrenewal	2.55%	2.48%	3.77%	8.51%
5	Premium & Rating	5.73%	4.52%	5.00%	7.47%
6	Cancellation	3.33%	3.26%	3.70%	4.42%
7	Premium Refund	3.80%	3.06%	2.72%	3.54%
8	Premium Notice/Billing Problem	2.01%	1.95%	1.85%	2.35%
9	Coverage Question	2.22%	2.14%	1.94%	1.83%
10	All Other Reasons	17.62%	16.40%	14.24%	14.34%

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
CALENDER YEAR 2024**

Rank	Reason	Number of Complaints
1	Nonrenewal	3404
2	Premium & Rating	2573
3	Cancellation	1395
4	Premium Refund	815
5	Surcharge	706
6	Premium Notice/Billing Problem	683
7	Coverage Question	652
8	Rescission	200
9	Delays/No Response	149
10	All Other Reasons	1364
	Total Number Reasons	11,941
	Total Number of Complaints	10,816

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
CALENDER YEAR 2024**

Rank	Final Disposition	Number of Complaints	Recovery Amount
1	Company Position Substantiated	8550	\$515,901.76
2	Compromised Settlement/Resolution	1254	\$2,330,203.88
3	Company Position Overturned	739	\$611,646.10
4	Question of Fact/Contract Provision/Legal Issue	238	\$803.08
5	Referred for Possible Disciplinary Action	22	\$1,840.00
6	All Other Disposition Codes	23	

Rank	Final Disposition	Number of Complaints	Recovery Amount
	Total Number of Dispositions	10,826	\$3,460,394.82
	Total Number of Complaints	10,816	\$3,460,394.82

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 2024, California continued to experience disasters. CSD monitored 70 wildfires, 13 earthquakes, 1 landslide and 3 atmospheric river events. We had 19 deployments to assist survivors throughout the state at various Local Assistance and Disaster Recovery Centers to assist survivors.

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 (EQ) 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 2024 are contained in the table below titled "Formal Mediation Program Results for Calendar 2024".

FORMAL MEDIATION PROGRAM RESULTS CALENDAR YEAR 2024

RESULT DESCRIPTION	Residential	EQ	Auto	Totals
Number of mediation cases eligible	1	0	1	2
Number settled within 28-day settlement period	0	0	1	1
Number sent to mediation	0	0	0	0

RESULT DESCRIPTION	Residential	EQ	Auto	Totals
Number of cases rejected by insurer	1	0	0	1
Number of cases rejected by consumers	0	0	0	0
Number accepted by insurer	0	0	0	0
Number of settlements rejected within 3 day waiting period	0	0	0	0
Number of Cases Closed	1	0	1	2
Number of Cases Pending	0	0	0	0
Amount initially claimed	\$0	\$0	\$9,244.51	\$9,244.51
Amount of settlements	\$0	\$0	\$9,244.51	\$9,244.51

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](#).

2024 INDEPENDENT MEDICAL REVIEW SUMMARY REPORT

Annual Rate of IMR Cases by Total Insured Population

Plan Type	Covered Lives as of 12/31/2024
Major Medical Plans Non-Grandfathered Large Group	624,748
Major Medical Plans Non-Grandfathered Small Group	74,598
Major Medical Plans Non-Grandfathered Individual	29
Major Medical Plans Grandfathered Large Group	9,133

Plan Type	Covered Lives as of 12/31/2024
Major Medical Plans Grandfathered Small Group	302
Major Medical Plans Grandfathered Individual	25,320
Student Health Plans	81,293
Total Insured Population	815,423
Total Number of IMR Cases	171
Annual Rate of IMR Cases by Insured Population	0.02%

Annual Rate of IMR Cases by Health Insurer

Insurance Company	IMR Case Count	Annual Rate
Aetna Life Insurance Company	88	0.0108%
Anthem Blue Cross Life & Health Insurance Company	35	0.0043%
Cigna Health & Life Insurance Company	32	0.0039%
Wellfleet Insurance Company	5	0.0006%
Blue Shield of California Life & Health Insurance Company	4	0.0005%

Insurance Company	IMR Case Count	Annual Rate
Health Net Life Insurance Company	2	0.0002%
Unitedhealthcare Insurance Company	2	0.0002%
Nippon Life Insurance Company of America	2	0.0002%
Group Insurance Trust of the California Society of Certified Public Accountants (The)	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	88	15	6	52	15
Anthem Blue Cross Life & Health Insurance Company	35	2	3	18	12
Cigna Health & Life Insurance Company	32	3	4	13	12
Wellfleet Insurance Company	5	0	0	3	2
Blue Shield of California Life & Health	4	0	1	2	1

Insurance Company	Total IMR Cases	Experimental: Denial Overturned	Experimental: Denial Upheld	Medical Necessity: Denial Overturned	Medical Necessity: Denial Upheld
Health Net Life Insurance Company	2	0	0	1	1
Unitedhealthcare Insurance Company	2	0	0	1	1
Nippon Life Insurance Company of America	2	0	0	1	1
Group Insurance Trust of the California Society of Certified Public Accountants (The)	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 2024.

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 remotely with insurers shipping or providing electronic access to 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 2024.

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 2024. The table displays exams completed, dollars returned to consumers, and legal actions taken as a result of MCD work. 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 2024**

RESULTS CATEGORY	BUREAU EXAMINATIONS (FRUB AND FCB)	DIV. OFFICE	MCD Totals
Number of Exams Adopted by the Commissioner	72	2	74
Amount of Claims Dollars Recovered or Premium Returned to Consumers in Examinations and Enforcement Actions	\$1,411,206	\$6,242,591	\$7,653,797
Number of Enforcement Actions Completed on Examinations	2	0	0
Penalties Assessed in Enforcement Actions Completed	\$1,100,000	\$0	\$1,100,000

FIELD CLAIMS BUREAU

FCB conducts market conduct examinations of the claim's 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 provisions of law cited in FCB examinations vary by line of insurance. However, those that are common across life, disability, and property and casualty insurance involve delay, incomplete 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.

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 and product filing requirements, consistency within the insurer's adopted rating and underwriting processes, fairness and accuracy in marketing and communications to consumers, and overall conformity of rating and underwriting with the 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.

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 2024. 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 2024 (ranging from 866 for the tenth-ranked company to 2,036 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 (six are in progress, two were recently completed, and two are on the upcoming examination schedule). One 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 on MCD examination resources. The five lines of business generating the highest number of complaints were:

Number	Line of Business	Number of Complaints
1	Private Passenger Auto	16,260
2	Homeowners	7,033
3	Group Accident and Health	1,465
4	Fire and Allied Lines	1,168
5	Warranty Contract	866

These lines were among the most frequently examined by the Division's FCB and FRUB during 2024. 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 2024. 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 2025.

2024 ANNUAL REPORT

ENFORCEMENT BRANCH

ENFORCEMENT BRANCH

STATUTORY REPORTING REQUIREMENTS

Pursuant to Sections 1872.9, 1872.96, and 1874.8 of the California Insurance Code (CIC) 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 2023-24.

- 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

The mission of the California Department of Insurance 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: the Fraud Division and the 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 Enforcement Branch administers five grant programs: Automobile Insurance Fraud, Organized Automobile Fraud Activity Interdiction, Disability and Healthcare Fraud, Workers' Compensation Insurance Fraud, and 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

The Enforcement Branch Headquarters is comprised of three offices: Program Operations, Investigative Support and Grants, and Northern Operations and Training. The Deputy Chiefs oversee these offices and are responsible for managing the Branch Headquarters Office that supports the Enforcement Branch Deputy Commissioner and the Fraud and Investigation Divisions' regional offices. Enforcement Branch Headquarters works closely with other units within the department, most notably the Human Resources Management Division, Financial and Business Management Division, and Information Technology Division. The Deputy Chiefs report to the Chief, Fraud Division.

- Program Operations oversees the activities of Support Services, and Professional Standards Unit (PSU).
- Investigative Support and Grants oversees the activities of the Local Assistance Unit, Audit Programs, and Computer Forensics Team.

- Northern Operations and Training oversees Training.

Anti-Fraud Outreach

One component of the Enforcement Branch's mission 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 Internet 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 and are placed on the Special Investigative Unit – E-Blast page.
- Workers’ Compensation Fraud – In keeping 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 provide information that communities may find useful in protecting 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 to inform the public 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: The International Association of Special Investigation Units, Coalition Against Insurance Fraud, Workers’ Compensation Advisory Committee, Insurance Fraud Advisory Board, National Insurance Crime Bureau Regional Advisory Committee, Health Fraud Task Force, Underground Economy Task Forces, California Coalition on Workers’ Compensation,

California Workers' Compensation Institute, various trade associations who represent insurance companies and insurance agents, company specific fraud referral trainings conducted by the Fraud Division Special Investigative Unit Compliance Review Program and Fraud Division sworn peace officers, the 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, Instructor Standards Counsel, 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, the Cemetery and Funeral Bureau, Department of Justice, Department of Corporations, Franchise Tax Board, California Board of Chiropractic Examiners, California District Attorneys Association, National Association of Insurance Commissioners, Statewide Vehicle Task Force, 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 Enforcement Branch Fraud Grant Audit Unit participates in the grant workshops when requested. 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 a mix of deputy district attorneys, investigators, fiscal officers, and grant support staff. Furthermore, the Local Assistance Unit reaches out to participating district attorneys' offices to provide training to facilitate the success of their anti-fraud program(s) and answer their program questions.

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 insurance laws helps 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 CIC under authority granted by Section 12921, and to refer crimes to appropriate prosecuting authorities pursuant to CIC Sections 12928 and 12930. The Division pursues prosecution of offenders through both criminal and regulatory justice systems.

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

- Premium theft
- Senior citizen financial 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 and fugitive recovery agent 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 CIC, California Business and Professions Code, California Code of Regulations, California Penal Code, and Title 18 of the United States Code. The Division utilizes a 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 complaints against suspected violators through investigation and disposition.

Budget and Staffing

During Fiscal Year 2023-24, the Investigation Division's expenditures totaled \$9,969,326 in support of 95 authorized positions.

Investigation Division Administration and Operations

The Investigation Division's seven regional offices (Sacramento, Golden Gate, Inland Empire, Orange, Valencia, Los Angeles, San Diego) serve 58 counties in California.

TABLE A: DIVISION-WIDE INVESTIGATIONS
Fiscal Year 2023-24

Description	Count
Complaints and General Correspondence Received	1358
New cases opened (includes subjects identified in Fiscal Year 2022-2023 for cases opened prior to July 1, 2022)	119
Additional Complaints-Consolidated with Existing Cases	432
Cases Closed	625
Investigations in Progress as of June 30, 2023:	
Criminal Cases	612
Regulatory /Administrative Cases	481
Total	1093
Reports of Suspected Violation as of June 30, 2023: - (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.)	
Criminal Cases	243
Regulatory /Administrative Cases	462
Total	705
Chargeable Fraud	\$3,138,905
Ordered Restitution	\$58,681

Description	Count
Complaints and General Correspondence Received	1358
Investigative Cost Recoveries	\$28,950
Fines and Penalties	\$155,625

TABLE B: CRIMINAL PROSECUTION CASES
Fiscal Year 2023-24

Description	Count
Cases Referred to Prosecutors	61
Case Filed by Prosecutors	28
Search Warrants Obtained	306
Arrest Warrants Obtained	17
Arrested	12
Convictions	23

TABLE C: REGULATORY PROSECUTION CASES
Fiscal Year 2023-24

Description	Count
Cases referred for regulatory prosecution	207

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

CIC 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 fee is to maintain and improve consumer service functions related to automobile insurance.

TABLE D: AUTO INSURANCE INVESTIGATIONS
Fiscal Year 2023-24

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

Description	Count
New Cases Opened (includes subjects identified in Fiscal Year 2022-2023 for cases opened prior to July 1, 2022)	255
Cases Closed	135
Investigations in progress as of June 30, 2023	216
Reports of Suspected Violation as of June 30, 2023	168

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 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 insurance transactions.
- 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 insurance transactions and enforcing those laws.
- Ongoing outreach to underserved communities, 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 CIC, “The Insurance Frauds Prevention Act.” The Division also ensures that Penal Code Section 550 is enforced throughout 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 related to managing the statewide insurance fraud grant programs. EBHQ 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 investigating automobile insurance fraud crimes. 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 2023-24, the Fraud Division received 12,559 suspected fraudulent claims (SFCs), assigned 602 new cases, made 272 arrests, and referred 354 submissions to prosecuting authorities. The potential loss amounted to \$207,629,944.

District Attorneys’ Automobile Insurance Fraud Program

During Fiscal Year 2023-24, 34 counties received funding totaling \$16,265,714 through the Department’s Automobile 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 2023-24, California district attorneys reported 243 investigations and made 405 arrests. This includes some of the Fraud Division’s enforcement actions and local law enforcement investigations. District attorneys prosecuted 1,036 cases involving 1,111 defendants with chargeable fraud totaling \$1173,599 which resulted in 343 convictions and \$1,772,027 in restitution ordered by the courts.

Organized Automobile Fraud Activity Interdiction Program

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

During Fiscal Year 2023-24, the Fraud Division assigned 65 new cases, made 99 arrests, and referred 120 cases to prosecuting authorities. The potential loss amounted to \$11,940,390.

District Attorneys' Organized Automobile Fraud Activity Interdiction Program

During Fiscal Year 2023-24, 7 counties received funding totaling \$7,523,776 through the Department's Organized Automobile Grant Program. The California district attorneys reported 136 investigations and 123 arrests, including some of the Fraud Division arrests. The district attorneys prosecuted 129 cases involving 326 defendants with chargeable fraud totaling \$31,501,316, resulting in 69 convictions and \$1,102,498 of restitution ordered.

Disability and Healthcare Insurance Fraud Program

Health insurance fraud is a significant problem for policyholders, because it drains resources out of the system, causing otherwise unnecessary premium increases. This program 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 2023-24, the Fraud Division identified and reviewed 792 SFCs, assigned 71 new cases, and made 43 arrests and 41 referrals to prosecuting authorities. Potential loss amounted to \$154,594,354.

District Attorneys' Disability and Healthcare Insurance Fraud Program

In Fiscal Year 2023-24, 10 counties received funding totaling \$5,600,000 through the Department's Disability and Healthcare Insurance Fraud Grant Program. The district attorneys reported 181 investigations and 45 arrests, including some of the Fraud Division arrests. District attorneys prosecuted 89 cases involving 168 defendants with chargeable fraud totaling \$272,535,004, which resulted in 46 convictions and \$35,764,029 in restitution ordered by the courts.

Workers' Compensation Insurance Fraud Program

Workers' compensation insurance fraud occurs in simple and complex schemes that often require challenging 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 defraud the system 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 2023-24 was \$85,700,386.

During Fiscal Year 2023-24, the Fraud Division identified and reported 2,932 suspected fraud cases (SFCs), assigned 291 new cases, made 128 arrests and referred 156 cases to prosecuting authorities. The potential loss amounted to \$157,201,942.

District Attorneys’ Workers’ Compensation Insurance Fraud Program

In Fiscal Year 2023-24, 34 counties received funding totaling \$52,201,133. The district attorneys reported 1,313 investigations and 336 arrests, which includes some of the Fraud Division arrests. During the same time frame, district attorneys prosecuted 1,041 cases with 1,168 defendants resulting in 260 convictions. Restitution of \$31,543,396 was ordered in connection with these convictions and \$11,682,851 was collected. The total chargeable fraud was \$1,202,966,076, 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 \$2,100 assessment for each certificate of authority in California. These funds are non-restrictive and can be used to support all Fraud Division program areas if needed. There is no local assistance component to this program.

During Fiscal Year 2023-24, the Fraud Division identified and reported 4,580 SFCs, assigned 52 new cases, made 16 arrests and referred 21 submissions to prosecuting authorities. The potential loss amounted to \$362,155,588.

Enhanced Fraud Investigation and Prevention

CDI has successfully litigated anti-fraud cases, resulting in settlement payments that, upon appropriation, the statute indicates shall be used by CDI for enhanced investigation and prevention efforts. CDI has received an appropriation for each of the Fiscal Years 2021-2022, 2022-2023, and 2023-2024.

During Fiscal Year 2023-24, the Fraud Division spent approximately 22,616 investigative hours working 610 cases.

Budget and Staffing

TABLE I:
FRAUD DIVISION BUDGETED/EXPENDITURES BY PROGRAM
AND FISCAL YEAR STAFFING LEVEL
(Includes all authorized Program 20 positions)
Fiscal Year 2023-24

Budgeted/Expenditures	Amount
Fraud Budgeted Levels	\$135,136,556
Fraud Actual Expenditures	\$131,314,871

Program	Amount
Insurance Fraud Assessment, Auto:	
District Attorneys' Auto Distribution	\$23,990,862
State Operations Auto Expenditures	\$17,107,229
Insurance Fraud Assessment, Workers' Compensation:	
District Attorneys' Workers' Compensation Distribution	\$52,282,138
State Operations Workers' Compensation Expenditures	\$23,506,673
Insurance Fraud Assessment, Disability and Healthcare	
District Attorneys' Disability and Healthcare Distribution	\$5,600,000
State Operations Disability and Healthcare Expenditures	\$3,458,245
Insurance Fraud Assessment, General:	
State Operations General Assessment Expenditures	\$2,109,313
General Fund, Enhanced Fraud and Prevention	
State Operations, Enhanced Fraud and Prevention Expenditures	\$3,155,411

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. CDI receives SFCs from various sources, including insurance carriers, informants, witnesses, law enforcement agencies, fraud investigators, and the public.

The insurance industry generates the vast majority of SFCs. The standards for referring an SFC are required by the Insurance Code when the carrier “believes” or has “reason to believe” or “has reason to suspect” that insurance fraud has occurred. Because of the different reporting standards, 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 Case Record Information Management System (CRIMS). 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 SIU personnel by the Fraud Division.

- 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 Case Record Information Management System (CRIMS).

TABLE O: ECONOMIC VALUE OF FRAUD REPORTED BY TYPE
Fiscal Year 2023-24

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	\$ 21,172,927	\$ 78,641,270	\$ 207,629,944
Organized Automobile Fraud Activity Interdiction	\$ 1,263,680	\$ 1,989,622	\$ 11,940,390
Disability and Healthcare	\$ 161,054,474	\$ 138,293,795	\$ 154,594,354
Enhanced Fraud Investigation and Prevention	\$ 0	\$ 0	\$ 0
Property Casualty	\$ 166,746,846	\$ 127,716,852	\$ 362,155,588
Workers' Compensation	\$ 82,218,509	\$ 98,361,153	\$ 157,201,942
Totals	\$ 438,456,435	\$ 445,002,692	\$ 893,522,219

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

Fraud Program	Restitution Ordered	Restitution Collected
Automobile	\$1,772,027	\$824,673
Organized Automobile Fraud Activity Interdiction	\$1,102,498	\$1,105,649
Disability and Healthcare	\$35,764,029	\$2,442,654
Workers' Compensation	\$31,543,396	\$11,682,851

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 2023-24, investigative staff spent 55.53% of program hours on case and direct program support. Time recorded as indirect hours equaled 32.09% and time off was 12.38%.

The Division spent 55.9% of its time directly on the Workers' Compensation Program, while the remaining 44.1% 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 administration
- SIU compliance examinations
- District attorney insurance fraud grant 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
- Evidence management

- Fraud Assessment Commission support

TABLE Q: WORKERS' COMPENSATION CASELOAD
Fiscal Year 2023-24

FRAUD TYPE	TOTAL CASELOAD
CLAIMANT FRAUD	497
UNDERREPORTED WAGES	248
OTHER WORKERS' COMP	86
UNINSURED EMPLOYER	91
MEDICAL PROVIDER	51
MISCLASSIFICATION	23
X-MOD EVASION	15
EMPLOYER DEFRAUDING EMPLOYEE	12
LEGAL PROVIDER	11
EMBEZZLEMENT	3
CAPPING/UNLAWFUL SOLICITATION/REFERRAL	3
PHARMACY	0
TOTAL	1,040

Underground Economy

The underground economy refers to 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. The 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 (JESF)

JESF is responsible for enhancing the development and sharing of information necessary to combat the underground economy, improving the coordination of

enforcement activities, and developing 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 the Employment Development Department, Strike Force members include CDI, the Department of Consumer Affairs, the Department of Industrial Relations, the Franchise Tax Board, the Board of Equalization, and the Department of Justice.

Labor Enforcement Task Force (LETf)

LETf objectives include expanding outreach and education, fostering interagency collaboration, and increasing engagement with community partners. Agency partners include CDI, the Labor and Workforce Development Agency, the Department of Industrial Relations, including the Division of Labor Standards Enforcement and Division of Occupational Safety and Health (Cal/DOSH), the Employment Development Department, the Contractors State License Board, the Board of Equalization, the Bureau of Automotive Repair, the Alcoholic Beverage Control, the Office of the 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 investigators participate with JESF and LETf partners to combat this activity. The Fraud Division also actively participates in the Contractors State License Board sting operations after fire 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 investigators and forensic auditors, district attorney investigators and prosecutors. The Franchise Tax Board has assigned Special Agents to the four CDI Enforcement Branch Regional Offices in Northern California, and two Enforcement Branch Regional Offices in Southern California. The 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 2023-24
Personnel Years (PY)**

Staffing	
Workers' Compensation Fraud Program Positions	143.8
Fraud Workers' Compensation Assessment – <i>(Reflects the FY 2023-24 Fraud Assessment Commission adopted Aggregate Assessment amount)</i>	85,700,386
Budget	Amount
Total Fraud Budgeted Levels	\$74,304,137
Total Fraud Actual Expenditures	\$75,868,811
District Attorneys' Workers' Compensation Distribution	\$52,282,138
Local Assistance Workers' Compensation Budget	\$51,700,000
State Operations – Workers' Compensation Expenditures	\$23,586,673
Personnel Services	\$21,993,950
Operating Expenses & Equipment (OE&E)	\$41,592,723

SECTION FIVE: WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM APPENDICES

Appendix One: Workers' Compensation Insurance Fraud Program
Insurance Commissioner's Grant Funding Recommendations
Fiscal Year 2023-24

Appendix Two: Workers' Compensation Insurance Fraud Program
Reported Suspected Fraudulent Claims (SFC's)
Calendar Years 2022, 2023 and 2024

Appendix Three: Workers' Compensation Insurance Fraud Program
District Attorney Convictions
Fiscal Year 2023-24

Appendix One Workers' Compensation Insurance Fraud Program Insurance Commissioner's Grant Funding Recommendations – Fiscal Year 2023-24

County	Fiscal Year 2022-23 Grant Awarded	Fiscal Year 2023-24 Amount Requested	Fiscal Year 2023-24 Grant Awarded
Alameda	\$2,363,331	\$2,486,775	\$2,135,489
Amador	\$522,373	\$522,779	\$522,779
Contra Costa	\$1,239,181	\$1,553,828	\$1,387,084
El Dorado	\$453,381	\$644,024	\$529,090
Fresno ¹	\$1,357,510	\$1,091,298	\$1,076,651
Humboldt ^{2,3}	\$276,827	\$283,191	\$276,553
Imperial	\$56,586	\$41,820	\$41,820
Kern	\$962,688	\$619,864	\$619,864
Kings	\$256,784	\$258,910	\$258,910
Los Angeles	\$9,942,799	\$8,941,180	\$8,765,239
Marin	\$390,014	\$397,085	\$397,085
Merced ⁴	\$262,160	\$315,125	\$299,507
Monterey	\$925,382	\$945,966	\$945,966
Napa	\$204,515	\$225,629	\$225,629

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Nevada	\$98,840	\$70,860	\$70,860
Orange	\$7,129,237	\$9,152,874	\$8,081,760
Riverside	\$3,295,825	\$3,594,345	\$3,594,345
Sacramento	\$1,371,721	\$870,887	\$870,887
San Bernardino	\$2,797,328	\$3,004,623	\$3,004,452
San Diego	\$7,109,587	\$7,856,917	\$7,811,992
San Francisco ⁵	\$1,024,651	\$1,350,291	\$1,066,724
San Joaquin	\$546,277	\$495,390	\$495,390
San Luis Obispo ⁶	\$76,908		
San Mateo	\$965,975	\$1,063,174	\$1,063,114
Santa Barbara	\$310,948	\$449,731	\$318,348
Santa Clara	\$3,924,680	\$5,149,424	\$4,719,147
Santa Cruz	\$225,202	\$278,972	\$262,483
Shasta	\$204,395	\$186,591	\$186,591
Siskiyou	\$119,626	\$226,020	\$174,760
Solano	\$270,677	\$294,833	\$294,833
Sonoma	\$324,724	\$342,716	\$342,716
Tehama	\$210,604	\$232,062	\$232,062
Tulare	\$670,392	\$740,473	\$740,473
Ventura	\$977,644	\$971,473	\$971,473
Yolo	\$378,108	\$430,540	\$417,057
Totals	\$51,246,880	\$55,089,671	\$52,201,133

¹ Fresno County declined FY 2023-24 Additional Award of \$14,647.

² Humboldt County declined FY 2022-23 Additional Award of \$4,359.

³ Humboldt County declined FY 2023-24 Additional Award of \$6,638.

⁴ Merced County declined FY 2023-24 Additional Award of \$13,114.

⁵ San Francisco County declined FY 2023-24 Additional Award of \$46,707.

⁶ San Luis Obispo County did not apply in FY 2023-24.

Appendix Two
Workers' Compensation Insurance Fraud Program
Reported Suspected Fraudulent Claims (SFCs)
 Calendar Years 2022, 2023 and 2024

County	2022	2023	2024
ALAMEDA	63	92	91
AMADOR	0	1	1
BUTTE	9	7	9
CA STATE ATTY GEN	3	2	1
CALAVERAS	2	0	1
COLUSA	2	1	0
CONTRA COSTA	54	45	55
DEL NORTE	1	2	0
EL DORADO	9	11	5
FRESNO	70	50	46
GLENN	4	1	0
HUMBOLDT	4	3	7
IMPERIAL	5	9	3
INYO	0	1	0
KERN	40	58	58
KINGS	12	8	10
LAKE	5	0	1
LASSEN	1	3	0
LOS ANGELES	1026	1121	989
MADERA	7	7	9
MARIN	13	5	18
MARIPOSA	1	0	1
MENDOCINO	3	3	3
MERCED	11	19	14
MONO	0	1	1
MONTEREY	50	37	32
NAPA	14	17	11
NEVADA	4	5	2
ORANGE	312	282	352
PLACER	13	22	19
PLUMAS	1	1	2
RIVERSIDE	159	167	159
SACRAMENTO	67	92	69
SAN BENITO	2	1	4
SAN BERNARDINO	206	165	183

SAN DIEGO	192	165	168
SAN FRANCISCO	48	52	46
SAN JOAQUIN	36	31	34
SAN LUIS OBISPO	16	12	22
SAN MATEO	34	39	33
SANTA BARBARA	38	36	41
SANTA CLARA	81	95	84
SANTA CRUZ	25	4	14
SHASTA	6	11	8
SIERRA	0	0	0
SISKIYOU	2	1	2
SOLANO	15	28	27
SONOMA	33	21	18
STANISLAUS	23	32	29
SUTTER	3	6	6
TEHAMA	0	2	2
TRINITY	0	0	0
TULARE	31	33	26
TUOLUMNE	4	1	0
US ATTY NORTH CA	0	0	0
US ATTY SOUTH CA	0	0	0
VENTURA	83	79	67
YOLO	7	12	12
YUBA	1	2	1
TOTALS	2851	2901	2796

Appendix Three
Workers' Compensation Insurance Fraud Program
District Attorney Convictions – Fiscal Year 2023-24

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
22CR001096	Alameda	Chan , David	Premium Fraud	24 month(s) probation;	\$0	\$0	\$50,000
22CR001096	Alameda	Chan , Suzanne	Premium Fraud	1 day(s) jail; 12 month(s) probation;	\$0	\$0	\$25,000
22CR003608	Alameda	Davidson, Peter	Uninsured Employer	1 day(s) jail; 12 month(s) probation;	\$0	\$805	\$0
23CR000896	Alameda	Martiniz, Noe Lara	Uninsured Employer	12 month(s) probation;	\$0	\$30,000	\$0
19CR018894	Alameda	Tomasetti Jr., John	Uninsured Employer	1 day(s) jail; 12 month(s) probation; 20 hour(s) community service;	\$0	\$5,000	\$500
22CR002325	Alameda	Yin, Michael	Premium Fraud	1 day(s) jail; 12 month(s) probation;	\$0	\$0	\$25,000
CRF73739	Amador	Beach, Bradley Thomas	Other	12 month(s) probation; 80 hour(s) community service;	\$0	\$5,000	\$0
CRF73737	Amador	Freeman, Victoria Terrianne	Claimant Fraud	12 month(s) probation; 40 hour(s) community service;	\$0	\$3,979	\$0
CR23002470	Amador	Hoban, David Austin	Claimant Fraud	24 month(s) probation; 40 hour(s) community service;	\$0	\$12,127	\$370

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CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
CR21003310	Amador	Mendiola, Johnny Joseph	Claimant Fraud	24 month(s) probation; 30 hour(s) community service;	\$0	\$74,014	\$0
CR20009503	Amador	Mendoza, Pedro Rojas	Claimant Fraud	12 month(s) probation; 80 hour(s) community service;	\$0	\$49,979	\$0
CR19001411	Amador	Ortiz, Heriberto Quintero	Claimant Fraud	12 month(s) probation; 8 hour(s) community service;	\$0	\$6,246	\$0
CR22010328	Amador	Rivera, Carlos	Claimant Fraud	12 month(s) probation; 32 hour(s) community service;	\$0	\$3,050	\$220
CR22002909	Amador	Rodriguez, Ruben Garza	Claimant Fraud	12 month(s) probation;	\$0	\$0	\$220
CRF73738	Amador	Tinney, Dylan Kyle	Other	12 month(s) probation; 80 hour(s) community service;	\$0	\$4,500	\$0
130952592	Contra Costa	Ahonima, Sione	Uninsured Employer	40 day(s) jail; 12 month(s) probation;	\$0	\$18,288	\$0
130960789	Contra Costa	Beresford-Wood, Katarina	Premium Fraud	60 day(s) jail; 12 month(s) probation;	\$0	\$29,477	\$0
131022386	Contra Costa	Pazdel, Fred	Uninsured Employer	60 day(s) jail; 12 month(s) probation;	\$0	\$2,500	\$15,000
131057731	Contra Costa	Rodriguez, Alfonso	Uninsured Employer	1 month(s) probation; \$5k fine ordered paid to DIR Uninsured Employers Benefit Trust Fund	\$0	\$0	\$5,000

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
131028667	Contra Costa	Soria, Juan	Premium Fraud	365 day(s) jail; 60 month(s) probation;	\$0	\$750,629	\$0
23CR0324	El Dorado	Avalos-Reyes, Alexis / Sierra Mountain Tree Service	Premium Fraud	180 day(s) jail; 24 month(s) prison;	\$0	\$70,214	\$15,000
23CR1820	El Dorado	Bussani, Kevin	Uninsured Employer	1 day(s) jail; 12 month(s) probation;	\$0	\$0	\$1,000
23CR2454	El Dorado	Coughlin, Dennis Henry / Dennis Coughlin LLC	Uninsured Employer	60 day(s) jail; 24 month(s) probation;	\$0	\$0	\$0
62-190263	El Dorado	Elkan, David / Newcastle Screen Co	Uninsured Employer	90 day(s) jail; 24 month(s) probation;	\$0	\$27,754	\$580
23CR1768	El Dorado	Moore, Antuan / Fire & Ice HVAC Solutions	Claimant Fraud	1 day(s) jail; 12 month(s) probation;	\$0	\$4,017	\$1,000
23CR1770	El Dorado	Schoenfelder, Garrett / Schoenfelder Construction	Uninsured Employer	1 day(s) jail; 12 month(s) probation;	\$0	\$0	\$250
F16904818	Fresno	Alvarez, Fernando	Uninsured Employer	12 month(s) probation;	\$0	\$1,500	\$0
F23902500	Fresno	Burgos, Luis Manuel	Premium Fraud	0	\$0	\$128,978	\$0
M17925005	Fresno	Cardonabardales, Roderico	Uninsured Employer	12 month(s) probation;	\$0	\$0	\$1,500
F21900890	Fresno	Cortes, Veronica Ambrocio	Claimant Fraud	12 month(s) probation;	\$0	\$1,300	\$0

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
F20900789	Fresno	Guzman, Natalie	Claimant Fraud	0	\$0	\$24,000	\$0
F20902637	Fresno	Kersten, Michael	Claimant Fraud	0	\$0	\$10,000	\$0
F19908635	Fresno	Leyva, Tomas Garcia	Claimant Fraud	12 month(s) probation; restitution was reserved	\$0	\$0	\$0
F22903792	Fresno	Nijjar, Rajunder Kaur	Premium Fraud	0	\$0	\$252,000	\$0
M22907368	Fresno	Sanchez, Armando	Uninsured Employer	12 month(s) probation;	\$0	\$1,500	\$0
M21902505	Fresno	Torres, Robert Herminio	Uninsured Employer	12 month(s) probation;	\$0	\$1,500	\$0
CR2302735	Humboldt	Ceja, Gilbert	Claimant Fraud	1 day(s) jail; 24 month(s) probation;	\$0	\$7,996	\$1,255
CR2400826	Humboldt	Deguido, Robert Andrew	Claimant Fraud	20 hour(s) community service; Diversion Granted	\$0	\$0	\$100
BF191989A	Kern	Castillo, Esther	Claimant Fraud	24 month(s) probation;	\$0	\$34,917	\$220
BF190235A	Kern	Mendez, Jakeline	Claimant Fraud	1 day(s) jail; 24 month(s) probation;	\$0	\$72,902	\$370
BM976013A	Kern	Ramos, Hugo	Uninsured Employer	12 month(s) probation;	\$0	\$0	\$500

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
BF194528A	Kern	Rodriguez, Santos Ortiz	Claimant Fraud	24 month(s) probation;	\$0	\$14,130	\$370
BM986498A	Kern	Rodriguez-Michel, Diego Abisay	Uninsured Employer	12 month(s) probation;	\$0	\$0	\$0
BM974373A	Kern	Torres, Andrew	Uninsured Employer	12 month(s) probation;	\$0	\$0	\$220
BA494681	Los Angeles	ALFARO, CARLOS ALBERTO	Claimant Fraud	1 day(s) jail; 12 month(s) prison; 200 hour(s) community service;	\$0	\$27,555	\$0
BA494681	Los Angeles	BOJORQUEZ, DANIEL	Premium Fraud	100 hour(s) community service;	\$0	\$347,324	\$0
BA494217	Los Angeles	BRAVO, ARMANDO	Claimant Fraud	12 month(s) prison;	\$0	\$2,776	\$0
BA513725	Los Angeles	CHO, JEONG HWAN / SKY PAINTING	Premium Fraud	12 month(s) probation;	\$0	\$30,778	\$340
BA486552	Los Angeles	DIAZ, NORMA	Claimant Fraud	12 day(s) jail; 6 month(s) probation;	\$0	\$3,746	\$0
BA512052	Los Angeles	FEIZBAKSH, FARSHAD	Premium Fraud	12 month(s) probation;	\$0	\$7,124	\$150
BA485716	Los Angeles	FIGUEROA, MICHELLE	Claimant Fraud	24 month(s) probation;	\$0	\$24,000	\$0

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
BA456039	Los Angeles	GHOLAR, JERRY GLEN	Claimant Fraud	1 day(s) jail; 3 month(s) prison; 24 month(s) probation;	\$0	\$17,370	\$0
BA486592	Los Angeles	GONZALEZ, ROBERTO	Claimant Fraud	1 day(s) jail; 24 month(s) probation; 240 hour(s) community service;	\$0	\$23,282	\$0
BA507819	Los Angeles	HERNANDEZ, PHILLIP	Claimant Fraud	24 month(s) probation;	\$0	\$26,500	\$0
BA494704	Los Angeles	JOSHI, SHEENA	Claimant Fraud	1 day(s) jail; 24 month(s) probation;	\$0	\$17,754	\$0
BA501947	Los Angeles	LAM, FENG WEN / GOLDEN FOOD INC	Premium Fraud	12 month(s) probation; 240 hour(s) community service;	\$0	\$1,437,543	\$0
BA512717	Los Angeles	LEPE, DANIEL	Claimant Fraud	24 month(s) probation;	\$0	\$24,000	\$0
BA504218	Los Angeles	LEVANON, ORY / GO CONTRUCTION INC	Premium Fraud	12 month(s) probation;	\$0	\$10,832	\$0
BA487086	Los Angeles	LOEZA, ADRIANA ARACELLY	Claimant Fraud	24 month(s) probation;	\$0	\$7,500	\$0
BA479370	Los Angeles	LOPEZ, JUAN CARLOS	Premium Fraud	100 hour(s) community service;	\$0	\$347,324	\$0
BA485934	Los Angeles	LUCAS, CRYSTAL NICOLE	Claimant Fraud	1 day(s) jail; 24 month(s) probation; 300 hour(s) community service;	\$0	\$18,513	\$0

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
BA486027	Los Angeles	MARSHALL-JOSEPH, CORY	Claimant Fraud	1 day(s) jail; 12 month(s) probation;	\$0	\$17,000	\$0
BA492050	Los Angeles	MATASGASPAR, ROSALINDA MIIAILL	Claimant Fraud	12 month(s) probation;	\$0	\$36,944	\$0
BA486603	Los Angeles	MINKIEWITZ, JOHN	Claimant Fraud	1 day(s) jail; 12 month(s) probation; 45 hour(s) community service;	\$0	\$36,944	\$150
BA502942	Los Angeles	MUSINYAN, MARINE	Claimant Fraud	12 month(s) probation; 100 hour(s) community service;	\$0	\$24,282	\$0
BA477818	Los Angeles	NICKELL, RICK	Claimant Fraud	4 day(s) jail; 24 month(s) probation;	\$0	\$0	\$1,000
BA513052	Los Angeles	ORTIZ, MELITON MORENO	Claimant Fraud	12 month(s) probation; 100 hour(s) community service;	\$0	\$14,247	\$0
BA478129	Los Angeles	OWENS, WESLEY	Premium Fraud	164 day(s) jail; 120 month(s) probation;	\$0	\$0	\$0
BA494270	Los Angeles	OWINGS, PHILLIP DWAYNE	Claimant Fraud	1 day(s) jail; 12 month(s) probation; 60 hour(s) community service;	\$0	\$63,698	\$500
BA466939	Los Angeles	QUINTANILLA, OVIDIO JOSE	Claimant Fraud	24 month(s) probation; 100 hour(s) community service;	\$0	\$26,629	\$0
BA476525	Los Angeles	ROBLEDO, YVETTE	Claimant Fraud	0	\$0	\$10,000	\$0

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
BA514685	Los Angeles	SANTOS, OSCAR	Claimant Fraud	12 month(s) probation; 108 hour(s) community service;	\$0	\$8,868	\$0
BA491001	Los Angeles	SARAFIAN, AGOP	Single Entity Provider Fraud	120 month(s) probation; 500 hour(s) community service;	\$0	\$1,650,000	\$0
BA514044	Los Angeles	SHELTON, LATRINIA	Claimant Fraud	12 month(s) probation; 100 hour(s) community service;	\$0	\$15,823	\$0
BA485909	Los Angeles	SMITH, ALEXANDER CODY	Claimant Fraud	24 month(s) probation; 120 hour(s) community service;	\$0	\$20,000	\$0
BA455470	Los Angeles	STEVENS, JEFFREY	Multiple Entities Provider Fraud	24 month(s) probation;	\$0	\$0	\$0
BA491001	Los Angeles	TOPJIAN, SHAHE KEVORK	Single Entity Provider Fraud	120 month(s) probation; 500 hour(s) community service;	\$0	\$1,650,000	\$0
BA508014	Los Angeles	TRABANINO, RONALD BENJAMIN	Claimant Fraud	0	\$0	\$3,003	\$0
BA513576	Los Angeles	VARTANIAN, ALBERT / FORMWORK CONSTRUCTION	Premium Fraud	12 month(s) probation;	\$0	\$299,196	\$0
BA478129	Los Angeles	WILSON, BEAU	Premium Fraud	14 day(s) jail; 120 month(s) probation;	\$0	\$0	\$0
BA501947	Los Angeles	WU, WEI WEN / GOLDEN FOOD INC	Premium Fraud	12 month(s) probation; 240 hour(s) community service;	\$2,783,304	\$11,013	\$0

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
23CR01541A	Merced	Barocio , Albaro	Premium Fraud	1095 day(s) jail; 12 month(s) probation; 3 years county jail, with one year suspended.	\$0	\$578,953	\$1,620
23CR01541B	Merced	Barocio-Negrete , Angelita	Premium Fraud	1095 day(s) jail; 12 month(s) probation;	\$0	\$578,953	\$1,620
23CR01550B	Merced	Barocio-Negrete , Angelita	Premium Fraud	1095 day(s) jail; 12 month(s) probation; 3 years county jail, with one year suspended.	\$0	\$578,953	\$1,620
23CR01550A	Merced	Bourbois, Melissa	Premium Fraud	2190 day(s) jail; 24 month(s) probation; 6 years county jail, with 3 years suspended	\$0	\$1,586,354	\$2,080
23CR01550C	Merced	Negrete-Melchor, Maria Concepcion	Premium Fraud	2190 day(s) jail; 24 month(s) probation; 6 years county jail, with two years suspended	\$0	\$1,586,354	\$1,800
WCF21-0023	Monterey	Adeeb, Ayman Kedes	Uninsured Employer	0	\$0	\$0	\$0
WCF24-0021	Monterey	Aguilar De La Cruz, Israel / Aguilar Landscaping	Uninsured Employer	12 month(s) probation;	\$0	\$0	\$790
WCF20-0025	Monterey	Carbajal, Laura	Claimant Fraud	0	\$0	\$23,000	\$0
WCF23-0036	Monterey	DePaci, Christina	Uninsured Employer	12 month(s) probation;	\$0	\$0	\$5,220
WCF24-0016	Monterey	Mendoza, Nelson	Uninsured Employer	12 month(s) probation;	\$0	\$0	\$5,220

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
WCF23-0037	Monterey	Noto, Lorenzo Marino	Uninsured Employer	0	\$0	\$0	\$0
WCF17-009	Monterey	Perez, Alejandra	Premium Fraud	84 month(s) probation; confinement: 210 days	\$0	\$0	\$0
WCF17-0009	Monterey	Perez, Elias / Future Ag Management	Premium Fraud	84 month(s) probation; confinement: 210 days	\$0	\$599,693	\$40,740
WCF20-0035	Monterey	Rios, Nidia	Claimant Fraud	12 month(s) probation; confinement: 60 days	\$0	\$16,736	\$220
WCF24-0001	Monterey	Roy, Tyler John	Uninsured Employer	12 month(s) probation;	\$0	\$0	\$5,220
WCF24-0022	Monterey	Rubio Rico, Luis	Uninsured Employer	12 month(s) probation;	\$0	\$0	\$2,790
WCF21-0043	Monterey	Sanford, Craig	Premium Fraud	45 day(s) jail; 24 month(s) probation;	\$0	\$80,000	\$220
WCF21-0043	Monterey	Sanford, Roberta	Premium Fraud	48 day(s) jail; 24 month(s) probation;	\$0	\$0	\$0
WCF22-0042	Monterey	Thoeni, Karl David	Uninsured Employer	0	\$0	\$0	\$0
WCF23-0041	Monterey	Tinajero Osornio, Jose Lazaro	Uninsured Employer	0	\$0	\$0	\$0
WCF23-0022	Monterey	Vake, Siosaia	Uninsured Employer	Case dismissed and sealed	\$0	\$0	\$0

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
WCF22-0027	Monterey	Valverde, Efraim / Valderde Building Contractor Inc.	Uninsured Employer	12 month(s) probation;	\$0	\$0	\$5,220
WCF22-0041	Monterey	Vera, Carlos	Claimant Fraud	0	\$0	\$0	\$0
20CR002162	Napa	Arlen, Jeffrey / AOM Roofing	Premium Fraud	0	\$0	\$0	\$1,000
20CR002161	Napa	Long, Ronald David / R&L Roofing/Cardinal Roofing	Premium Fraud	12 month(s) probation;	\$0	\$150	\$1,350
23CR000870	Napa	Ortega, Edmundo / Napa Valley Wine Tours	Uninsured Employer	Diversion	\$0	\$0	\$0
22CR000068	Napa	Perez, Nancy / DBL Limited	Uninsured Employer	Diversion	\$0	\$0	\$0
20CR000146	Napa	Won, Steven Shawn / Allstar Limo	Uninsured Employer	12 month(s) probation;	\$0	\$150	\$440
22CF0274	Orange	Arellano, Barbara	Claimant Fraud	24 month(s) probation;	\$0	\$104,654	\$300
23CF0893	Orange	Garza, Victor	Claimant Fraud	2 day(s) jail; 12 month(s) probation;	\$0	\$0	\$1,650
22CF1692	Orange	Hastin, Jana	Claimant Fraud	Sentencing set for 06/27/25.	\$0	\$0	\$0

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
19NF2639	Orange	Mordoki, Alberto / Fullerton Pacific Interiors Inc	Premium Fraud	364 day(s) jail; 120 month(s) probation; Restitution is joint & severable between this defendant and defendant, Mirella Mordoki. Restitution continued to 09/25/24.	\$0	\$500,000	\$25,300
19NF2639	Orange	Mordoki, Mirella / Fullerton Pacific Interiors Inc	Premium Fraud	364 day(s) jail; 120 month(s) probation; Restitution is joint & severable between this defendant and defendant, Alberto Mordoki.	\$0	\$500,000	\$25,300
19CF0358	Orange	Najera, Christina	Claimant Fraud	24 day(s) jail;	\$0	\$15,000	\$300
21CF3280	Orange	Nguyen, Diana	Claimant Fraud	0	\$0	\$8,802	\$150
17CF1338	Orange	Niknafs, Mostafa / Pro Tech Engineering Corporation	Premium Fraud	364 day(s) jail; 24 month(s) probation;	\$0	\$116,185	\$300
21CF2676	Orange	Ortega Martinez, Maricela	Claimant Fraud	Sentencing continued to 12/10/24.	\$0	\$0	\$0
22CF0923	Orange	Perez Figueroa, Gregorio	Claimant Fraud	Sentencing set for 09/09/24.	\$0	\$0	\$0
23CF0144	Orange	Ritz-Sadeghi, Robert / Ritz Consulting Group Inc.	Premium Fraud	6 month(s) probation;	\$0	\$552,882	\$5,150

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
23CF0209	Orange	Zaghari, Ali / Legal Force LLC	Multiple Entities Provider Fraud	180 day(s) jail; 24 month(s) probation;	\$0	\$9,368	\$30,300
RIF1990022	Riverside	Devane, Shannon	Multiple Entities Provider Fraud	1 day(s) jail;	\$0	\$0	\$300
RIF2205960	Riverside	Guerrero, Eddie	Premium Fraud	90 day(s) jail; 12 month(s) probation; 89 days work release	\$0	\$70,560	\$150
RIF2301871	Riverside	Gutierrez, Sergio	Claimant Fraud	No time NO fine	\$0	\$19,284	\$0
SWF1600867	Riverside	Hartley, Kenneth	Claimant Fraud	12 month(s) probation;	\$0	\$60,866	\$0
RIF1670175	Riverside	Heidary, Peyman	Multiple Entities Provider Fraud	524 month(s) prison;	\$0	\$0	\$0
INF2201618	Riverside	Moncada, Marlon	Premium Fraud	180 day(s) jail; 24 month(s) probation; 179 days work release	\$0	\$73,130	\$300
RIF2300786	Riverside	Moreno, Hector Guy	Claimant Fraud	180 day(s) jail; 24 month(s) probation; 179 days work release	\$0	\$74,857	\$300
RIF2300496	Riverside	Munoz, Jasmine	Claimant Fraud	12 month(s) probation;	\$0	\$24,227	\$150
RIF2200996	Riverside	Patterson, Willie	Claimant Fraud	180 day(s) jail; 24 month(s) probation; 136 days work release	\$0	\$35,511	\$300

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
RIF2303582	Riverside	Ramirez Cerros, Juan / Triple M Roofing	Premium Fraud	45 day(s) jail; 12 month(s) probation;	\$0	\$77,977	\$150
RIF2202553	Riverside	Ramirez Martinez, Jose	Claimant Fraud	12 month(s) probation;	\$0	\$11,190	\$150
RIF1990022	Riverside	Rifat, Matthew	Multiple Entities Provider Fraud	24 month(s) probation; RIF1990022 dismissed per plea bargain and new case RIF2401013 filed on 2/29/2024	\$0	\$0	\$300
RIF2204336	Riverside	Robertson, Erica	Claimant Fraud	364 day(s) jail; 12 month(s) probation;	\$0	\$19,279	\$150
RIF2205852	Riverside	Sotelo, Lilia	Claimant Fraud	30 day(s) jail; 24 month(s) probation; 29 days work release	\$0	\$9,365	\$300
RIF1409778	Riverside	Torres , Erika	Multiple Entities Provider Fraud	1 day(s) jail;	\$0	\$0	\$0
RIF2205248	Riverside	Zapata, Victor / West Coast Harvesting	Premium Fraud	108 day(s) jail; 24 month(s) probation; 176 days work release	\$0	\$695,734	\$300
23FE008121	Sacramento	Alhadri, Yasser	Claimant Fraud	12 month(s) probation;	\$0	\$0	\$150
23FE016724	Sacramento	Castberg, Matthew	Claimant Fraud	30 day(s) jail; 12 month(s) probation;	\$0	\$32,437	\$150

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
23FE014368	Sacramento	Cux, Karina	Claimant Fraud	30 day(s) jail; 12 month(s) probation;	\$0	\$1,065	\$150
18FE019219	Sacramento	Davie, Nicole	Insider Fraud	4 day(s) jail; 12 month(s) probation;	\$0	\$1,105	\$150
22FE006536	Sacramento	Green, Christopher	Claimant Fraud	180 day(s) jail; 24 month(s) probation;	\$0	\$133,291	\$300
21FE020975	Sacramento	Hollis, John	Claimant Fraud	90 day(s) jail; 12 month(s) probation;	\$0	\$28,897	\$0
18FE005583	Sacramento	Jung, Lee	Premium Fraud	150 day(s) jail; 12 month(s) probation;	\$0	\$325,000	\$150
19FE017432	Sacramento	Kelly, Herbert	Premium Fraud	60 day(s) jail; 12 month(s) probation;	\$0	\$45,000	\$0
20FE017881	Sacramento	Lucic, Marko	Premium Fraud	30 day(s) jail; 24 month(s) probation;	\$0	\$39,631	\$0
20FE010090	Sacramento	Lukic, Marko	Premium Fraud	210 day(s) jail; 24 month(s) probation;	\$0	\$176,297	\$0
22FE003427	Sacramento	Mosher, Abraham	Claimant Fraud	60 day(s) jail; 12 month(s) probation;	\$0	\$500	\$0
13F07134	Sacramento	Myers, Joseph	Claimant Fraud	90 day(s) jail; 12 month(s) probation;	\$0	\$42,149	\$150
20FE015817	Sacramento	Singh, Hardeep	Premium Fraud	17 day(s) jail; 12 month(s) probation;	\$0	\$167,210	\$150

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
22FE017930	Sacramento	Singh, Yasmin	Claimant Fraud	5 day(s) jail; 12 month(s) probation;	\$0	\$0	\$150
2017-11873	San Bernardino	Alvarez, Miguel	Claimant Fraud	6 day(s) jail; 24 month(s) probation;	\$0	\$8,043	\$370
2020-50455	San Bernardino	Benitez Jr., Andres	Claimant Fraud	120 day(s) jail; 24 month(s) probation;	\$0	\$15,515	\$0
2018-22964	San Bernardino	Chaves, Francisco / Chaves Transportation	Premium Fraud	1 day(s) jail; 24 month(s) probation;	\$0	\$48,789	\$0
2020-55589	San Bernardino	Contreras, Rosa	Claimant Fraud	2 day(s) jail; 12 month(s) probation;	\$0	\$0	\$0
2017-26352	San Bernardino	Devane, Shannon / Blue Oak Medical Group	Multiple Entities Provider Fraud	24 month(s) probation;	\$0	\$0	\$510
2020-1920	San Bernardino	Flores, Juan / Monica Studios Academy	Multiple Entities Provider Fraud	60 day(s) jail; 24 month(s) probation;	\$0	\$63,545	\$300
2022-44172	San Bernardino	Gail, Michael Lamon	Claimant Fraud	1 day(s) jail; 24 month(s) probation;	\$0	\$12,660	\$0
2021-23551	San Bernardino	Gomez, Adela	Claimant Fraud	24 month(s) probation;	\$0	\$13,877	\$0
2022-28974	San Bernardino	Gonzalez, Miguel	Claimant Fraud	1 day(s) jail; 12 month(s) probation;	\$0	\$2,677	\$0

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
2022-15873	San Bernardino	Gonzalez, Selena	Claimant Fraud	12 month(s) probation;	\$0	\$3,192	\$235
2020-56031	San Bernardino	Guix, Deborah	Claimant Fraud	1 day(s) jail; 12 month(s) probation;	\$0	\$2,003	\$235
2020-28628	San Bernardino	Hollis, Jeremy Lee / J.L. Hollis Construction	Premium Fraud	1 day(s) jail; 24 month(s) probation;	\$0	\$150,145	\$370
2021-45180	San Bernardino	McGee, Richard	Claimant Fraud	2 day(s) jail; 24 month(s) probation;	\$0	\$34,734	\$411
2019-62337	San Bernardino	Medrano, Tony / Redlands Stoneworks	Uninsured Employer	4 day(s) jail; 12 month(s) probation;	\$0	\$1,400	\$0
2021-7551	San Bernardino	Parisi, Daniel	Claimant Fraud	2 day(s) jail; 12 month(s) probation;	\$0	\$5,605	\$0
2021-28877	San Bernardino	Sanders, Patrice	Claimant Fraud	24 month(s) prison;	\$0	\$52,620	\$370
AFA211	San Diego	BANKS, AUSTIN	Claimant Fraud	12 month(s) probation; 40 hour(s) community service;	\$0	\$7,574	\$0
M095364	San Diego	CALVERT, KYLE DANIEL	Uninsured Employer	12 month(s) probation;	\$0	\$4,200	\$0
AFB323	San Diego	CAMPOS, BEATRIZ	Single Entity Provider Fraud	1 day(s) jail; 24 month(s) probation;	\$0	\$233,175	\$1,120

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
AFA832	San Diego	DEIS, JOHN JAMES	Claimant Fraud	1 day(s) jail; 12 month(s) probation; 40 hour(s) community service;	\$0	\$52,970	\$846
AFB434	San Diego	DORANTES, CARLOS	Claimant Fraud	24 month(s) probation; 60 hour(s) community service;	\$0	\$17,358	\$0
AEX652	San Diego	GIL, GILBERT	Premium Fraud	ECF joint w/codefs	\$0	\$0	\$0
AFB436	San Diego	GONZALEZ, JOSE	Premium Fraud	24 month(s) probation;	\$0	\$38,541	\$0
AFB428	San Diego	HAGOPIAN, ARTURO	Premium Fraud	0	\$0	\$0	\$0
AFC094	San Diego	HASLAM, JAMESON	Uninsured Employer	12 month(s) probation;	\$0	\$6,000	\$0
AFB064	San Diego	HENDERSON, CAROL	Claimant Fraud	1 day(s) jail; 12 month(s) probation;	\$0	\$3,500	\$821
M095383	San Diego	HERMIZ, JOHNNY	Uninsured Employer	1 day(s) jail; 12 month(s) probation; Rest. Joint w/ Co-Def	\$0	\$3,500	\$500
M095383	San Diego	HERMIZ, PATRICIA N	Uninsured Employer	1 day(s) jail; 12 month(s) probation; Rest. Joint w/ Co-Def	\$0	\$0	\$500
M095409	San Diego	HERNANDEZ, CESAREO	Uninsured Employer	12 month(s) probation;	\$0	\$500	\$0

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
M095321	San Diego	JAUREGUI, ELIAS J	Uninsured Employer	0	\$0	\$4,350	\$107
OCX590	San Diego	JIANG, FANG KAI	Uninsured Employer	12 month(s) probation;	\$0	\$8,000	\$200
AFE941	San Diego	KEAVENY, JAMES	Premium Fraud	1 day(s) jail; 12 month(s) probation; 40 hour(s) community service;	\$0	\$2,464	\$0
AEP804	San Diego	KHOULI, MOSES A	Premium Fraud	12 month(s) probation;	\$0	\$269,477	\$0
AEX652	San Diego	KOTHOL, GREGORY	Premium Fraud	ECF joint w/codefs	\$0	\$0	\$0
AEX593	San Diego	MAGHMOUMA, FARID	Claimant Fraud	24 month(s) probation;	\$0	\$94,487	\$0
M095297	San Diego	MARTINEZ, RUBEN	Uninsured Employer	1 day(s) jail; 12 month(s) probation;	\$0	\$16,250	\$0
AFB419	San Diego	MENDIBLES, ERRIN	Claimant Fraud	1 day(s) jail; 40 hour(s) community service;	\$0	\$1,513	\$0
AEX652	San Diego	MICHAEL, MORGAN	Premium Fraud	ECF joint w/codefs	\$0	\$0	\$0
AEX652	San Diego	MIGUEL, ANGEL RIOS	Premium Fraud	ECF joint w/codefs	\$0	\$0	\$0

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
AFB294	San Diego	MOSBY, JOHN	Single Entity Provider Fraud	1 day(s) jail; 24 month(s) probation; 100 hour(s) community service;	\$0	\$915,000	\$920
AFB150	San Diego	NEDELLEC, REBECCA	Claimant Fraud	1 day(s) jail;	\$0	\$2,563	\$0
AFB404	San Diego	PAVON, RENE	Premium Fraud	365 day(s) jail; 24 month(s) probation;	\$0	\$2,008,485	\$0
M095415	San Diego	PETRAS, RONNIE	Claimant Fraud	1 day(s) jail; 12 month(s) probation;	\$0	\$500	\$500
AFB183	San Diego	QUINONES, ANGELICA	Claimant Fraud	1 day(s) jail; 12 month(s) probation;	\$0	\$5,106	\$0
AEX575	San Diego	RIVERA, ROBERTO	Claimant Fraud	3 month(s) probation;	\$0	\$5,005	\$0
AFB304	San Diego	RODRIGUEZ, EFRAIN	Claimant Fraud	1 day(s) jail; 12 month(s) probation; 40 hour(s) community service;	\$0	\$5,499	\$496
AFE347	San Diego	SHI, YSABELLE	Uninsured Employer	1 day(s) jail; 12 month(s) probation;	\$0	\$2,000	\$0
AFB415	San Diego	TOMA, FRANKO	Claimant Fraud	1 day(s) jail;	\$0	\$36,759	\$0
AEQ273	San Diego	TONE, SHELIECE	Claimant Fraud	0	\$0	\$0	\$0

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
M095346	San Diego	URBINA, JONATHAN	Uninsured Employer	12 month(s) probation;	\$0	\$76,550	\$0
M095381	San Diego	URIARTE, DANIEL	Uninsured Employer	12 month(s) probation;	\$0	\$0	\$0
M095159	San Diego	WILSON, WILLIAM	Uninsured Employer	1 day(s) jail; 12 month(s) probation;	\$0	\$2,655	\$1,212
19005173	San Francisco	Bilafer, Richard / B&A Bodyworks Towing, Inc.	Premium Fraud	1 day(s) jail; 24 month(s) probation;	\$0	\$0	\$0
22007255	San Francisco	Khalik, Momina	Claimant Fraud	12 month(s) probation;	\$0	\$102,756	\$0
2021-13697	San Joaquin	Bautista, Sonia	Premium Fraud	60 day(s) jail; 24 month(s) probation; Home Detention	\$0	\$0	\$0
2021-12299	San Joaquin	Casas, Alfredo	Premium Fraud	48 month(s) prison; 24 month(s) probation;	\$0	\$0	\$0
2022-9439	San Joaquin	Soriano, Francisco	Claimant Fraud	120 day(s) jail;	\$0	\$52,426	\$0
22SF012617	San Mateo	Coit, Benjamin	Claimant Fraud	12 month(s) probation;	\$0	\$20,879	\$0
20CR04307	Santa Barbara	Alvaro Perez	Claimant Fraud	1 year probation,	\$0	\$50,000	\$0

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
C2112605	Santa Clara	AltamiranoGuzman, Daniel	Uninsured Employer	60 day(s) jail; 24 month(s) probation; 100 hour(s) community service;	\$0	\$0	\$0
C1888584	Santa Clara	Bourque, Stephen / Paragon Medical Management, Inc.	Single Entity Provider Fraud	364 day(s) jail; 120 month(s) probation;	\$0	\$0	\$300
C2213809	Santa Clara	Cabrales Jr., Edgar Jesus / Pine Building Maintenance	Premium Fraud	0	\$695,500	\$0	\$0
C2213809	Santa Clara	Cabrales Sr., Edgar Jesus / Pine Building Maintenance	Premium Fraud	0	\$1,533,100	\$0	\$0
C2100033	Santa Clara	Carlstrom, Janice	Claimant Fraud	1 day(s) jail; 24 month(s) probation;	\$0	\$46,195	\$630
C2102675	Santa Clara	Correia, Albert Manuel / Integrity Windows/Door	Premium Fraud	0	\$0	\$0	\$0
C2102675	Santa Clara	Correia, Lana Marie / Integrity Windows/Door	Premium Fraud	0	\$0	\$153,626	\$0
C2209735	Santa Clara	Dinh, Nhan T	Uninsured Employer	0	\$0	\$0	\$0
C2206449	Santa Clara	Fernandez, Gilberto	Uninsured Employer	364 day(s) jail; 24 month(s) probation;	\$0	\$0	\$600
C1908587	Santa Clara	Flynn, Henry	Other	180 day(s) jail; 36 month(s) probation;	\$0	\$0	\$0

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
C1888584	Santa Clara	Laird, Dorothy / Paragon Medical Management, Inc.	Single Entity Provider Fraud	0	\$0	\$0	\$0
C2303698	Santa Clara	Lim, Jae Pil / JP Lim Painting	Premium Fraud	0	\$0	\$0	\$0
C2203189	Santa Clara	Lopez, Santos Marroquin	Claimant Fraud	5 day(s) jail; 12 month(s) probation;	\$0	\$5,171	\$315
C2010222	Santa Clara	McDiarmid, Richard Rene / Atlas Private Security	Premium Fraud	12 month(s) probation;	\$0	\$0	\$25,315
C2203148	Santa Clara	Murillo, Carmen	Claimant Fraud	180 day(s) jail; 60 month(s) probation;	\$0	\$22,251	\$0
C2300372	Santa Clara	Ramos, Mark / Stars Bay Area	Premium Fraud	0	\$0	\$288,557	\$0
C2015778	Santa Clara	Salgado, George	Claimant Fraud	1 day(s) jail; 24 month(s) probation; 40 hour(s) community service;	\$0	\$34,418	\$0
C2011771	Santa Clara	Silver, Jasen / Bon Appetit Management Co.	Claimant Fraud	12 month(s) probation; 40 hour(s) community service;	\$0	\$37,215	\$315
C2203291	Santa Clara	Tran, Evan / Palm Café	Premium Fraud	1 day(s) jail; 12 month(s) probation;	\$0	\$0	\$10,000
C2203705	Santa Clara	Yonan, Breann	Claimant Fraud	90 day(s) jail; 120 month(s) probation;	\$0	\$24,000	\$0

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
23CR02293	Santa Cruz	Alejo, Albert Torres	Uninsured Employer	90 day(s) jail; 12 month(s) probation;	\$0	\$0	\$410
23CR04222	Santa Cruz	Bernardi, Adam	Uninsured Employer	12 month(s) probation;	\$0	\$0	\$340
21CR05340	Santa Cruz	Cazares, Roberto Palomo	Uninsured Employer	0	\$0	\$0	\$220
23CR03544	Santa Cruz	Chavez, Vinnizio	Uninsured Employer	12 month(s) probation;	\$0	\$0	\$220
23CR04262	Santa Cruz	Williams, Dennis Charles	Uninsured Employer	12 month(s) probation; Warrant for arrest issued on 7/26/2024 for failure to sign and return probation order. General restitution order.	\$0	\$0	\$290
23CR03468	Santa Cruz	Wilson, Kenneth Dean	Uninsured Employer	12 month(s) probation;	\$0	\$0	\$220
CRF 2022-0	Siskiyou	Wasso, Michael James / Town and Country Paving	Uninsured Employer	12 month(s) probation;	\$0	\$3,200	\$10,000

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
F23-00254	Solano	Fridolfsson, Kent / Diversified Specialists, Inc	Premium Fraud	120 day(s) jail; 36 month(s) probation; 50 hour(s) community service; 20 hours counseling; surrender general contractor's license, not to pursue license in future; S&S financial instruments, business records	\$0	\$729,625	\$50,000
F23-01042	Solano	Sheets, Matthew	Claimant Fraud	1 day(s) jail; 12 month(s) probation; 80 hour(s) community service;	\$0	\$17,392	\$0
1013899	Sonoma	Carrillo, Ana	Claimant Fraud	12 month(s) probation; 60 hour(s) community service; Restitution paid in full by sentence of \$13,754.79.	\$0	\$0	\$220
1018977	Sonoma	Garcia, Mark / Sleep Number	Claimant Fraud	60 day(s) jail; 12 month(s) probation; restitution paid in full at sentence. Home confinement approved for county jail alt.	\$0	\$0	\$220
1011254	Sonoma	Harding, Casey	Insider Fraud	24 month(s) probation; 60 hour(s) community service; Pay monthly restitution of \$500 for the probation term.	\$0	\$73,700	\$370
1015852	Sonoma	McHale, Justin	Claimant Fraud	16 month(s) probation; Pay restitution monthly	\$0	\$24,547	\$300

Enforcement Branch

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
1009115	Sonoma	Radillo, Ramon / Award Roofing	Claimant Fraud	12 month(s) probation; Paid \$2000 of restitution at date of sentence.	\$0	\$4,476	\$0
BI21-0425	Tehama	Paredes, Herlindo	Claimant Fraud	24 month(s) prison;	\$0	\$0	\$0
BI23-0247	Tehama	Pittock, Jarrett Richard / Branstetter Landscape	Uninsured Employer	0	\$0	\$0	\$655
VCM442761	Tulare	ALEMAN, ROLANDO	Uninsured Employer	12 month(s) probation;	\$0	\$0	\$235
VCM436046	Tulare	DELP, EDWARD	Uninsured Employer	12 month(s) probation; 7/24/23 diversion review hearing, defendant non compliant with completing volunteer hours. Defendant ordered to 12 months probation.	\$0	\$0	\$235
PCM332045	Tulare	FLORES, ROBERTO	Uninsured Employer	36 month(s) probation; Defendant pled at PHS 8/21/23. Counts 1,2 & 5 dismissed. Review Hearing 8/26/24 only for restitution hearing only.	\$0	\$8,925	\$305

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
VCM448327	Tulare	GARCIA, SAMUEL	Uninsured Employer	30 hour(s) community service; Cite letter for 12/26/23, FTA'd & BW issued. 1/31/24 Arraignment. 3/12/24 PTC, pled to counts 1,2 & 3. 12 mo probation, \$235 fine & 30 volunteer hours by 5/1/24.	\$0	\$0	\$235
VCM449131	Tulare	GONZALEZ, AMERICO	Uninsured Employer	40 hour(s) community service; Cite letter for 1/19/24. 2/21/24 PTC continued to 4/8/24. Pled nolo to Ct 1 & Ct2. Ct 3 dismissed.	\$0	\$0	\$235
VCM392815	Tulare	GUEVARA, SILVERIO	Premium Fraud	On 10/30/23 count 1 reduced to Misd. Counts 2, 3 and 4 dismissed. Defense showed proof of restitution payments to People.	\$0	\$70,192	\$0
VCM448326	Tulare	LOPEZ, ISMAEL	Uninsured Employer	12 month(s) probation; 40 hour(s) community service; PTC 4/8/24, pled nolo to counts 1, 2 & 3. 12 mo probation, \$235 fine, & 40 volunteer hours to be completed by 12/31/24.	\$0	\$0	\$235

CASE NUMBER	COUNTY	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
VCM442758	Tulare	OLIVA, PEDRO	Uninsured Employer	12 month(s) probation; At arraignment on 8/1/23, pled guilty to count 1.	\$0	\$0	\$235
VCM426937	Tulare	RIVERA, JOSE	Uninsured Employer	24 month(s) probation; PTC 9/5/23 pled guilty to count 1 and 3. Count 2 dismissed.	\$0	\$4,282	\$0
VCF409280	Tulare	VENTURA, VICENTE	Claimant Fraud	12 month(s) probation; 20 hour(s) community service; 10/27/2023 SENTENCING, COUNT 1 DISMISSED, COUNT 2 REDUCED TO MISD.	\$0	\$11,103	\$270
2021028822	Ventura	Rous, Gerald	Premium Fraud	60 day(s) jail;	\$0	\$38,198	\$150
2020001884	Ventura	Torres, Mauricio	Premium Fraud	12 month(s) probation;	\$0	\$0	\$10,225
292658	Yolo	GARCIA-DELEON, KELMAN L. / MOVING SERVICES KG	Other	1 day(s) jail; 12 month(s) probation;	\$0	\$0	\$520
292637	Yolo	REED, DARRYL TYRONE / DIVINE EAGLE MOVING CO.	Uninsured Employer	12 month(s) probation;	\$0	\$0	\$300

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EXECUTIVE OPERATIONS BRANCH

EXECUTIVE OPERATIONS BRANCH

OFFICE OF CIVIL RIGHTS

The Office of Civil Rights (OCR) is responsible for developing and updating policies and procedures ensuring compliance with Title VII of the Civil Rights Act of 1964 and California's Fair Employment and Housing Act. The OCR ensures that all managers, supervisors, and employees promote a workplace environment free of discrimination, harassment, and/or retaliation. The OCR administers the Disability Programs, promotion of the internal Diversity, Equity, and Inclusion Program, Upward Mobility Program, workforce analysis, and discrimination complaint programs. The OCR also provides consultative services to Executive Management and strives to ensure mandatory training compliance related to policies and procedures is completed by all Department employees.

In 2024, the OCR:

- Completed a comprehensive revision of CDI's Equal Employment Opportunity Policy 001- EEO. The revised policy aligns with current statutory requirements, clarifies roles and responsibilities, and incorporates updated definitions and protections for all protected groups.
- Finalized an updated version of Policy 004-EEO Upward Mobility Program and Procedures which governs the Upward Mobility Program and its procedure. As part of this effort, OCR also revised the accompanying Upward Mobility Guidebook to provide staff with clear, comprehensive guidance and materials to support their advancement through the program.
- Continued to provide virtual support for the mandated Disability Advisory Committee (DAC). As required, the OCR advises the Chief Deputy Commissioner as well as managers and supervisors on disability-related matters. The OCR also helps identify potential systemic access issues affecting employees, applicants and business partners with disabilities. The DAC also leads monthly disability awareness campaigns, distributing educational materials and resources to promote inclusion and understanding across the Department.
- Leveraged CDI demographic data to enhance the Department's understanding of workforce diversity, with a particular focus on the representation of Persons with Disabilities (PWD's). This data driven approach informed our outreach efforts which enabled the Department to exceed the state mandated requirement of 13.3%, achieving a 16.6% representation rate for PWD's.

- In collaboration with the Human Resource Management Division (HRMD) Training Unit, oversaw the virtual Sexual Harassment Prevention Training (SHPT) to ensure the Department remains in full compliance with state and federal civil rights and equal employment opportunity laws. Additionally, the OCR established an SHPT compliance program and conducted a comprehensive audit of employee training records resulting in strengthened accountability and improved overall compliance across the organization.
- Successfully completed a key strategic initiative by integrating diversity, equity, and inclusion (DE&I) components into the CDI overarching Strategic Plan. As part of this effort, OCR also established an employee Diversity, Equity and Inclusion Advisory Committee, which convenes quarterly to promote ongoing dialogue, enhance education and awareness, and to provide available resources and guidance on DE&I related matters.

OFFICE OF INSURANCE DIVERSITY AND INNOVATION

Commissioner Lara's leadership is continually defined by an enduring commitment to ensuring greater equity and access for California's small and/or diverse businesses. In late 2024, Commissioner Lara reaffirmed his longstanding commitment by creating the inaugural Office of Insurance Diversity & Innovation which builds on the successes of the nationally-recognized Insurance Diversity Program coupled with the build-out of CDI's first-ever Insurance Innovation Program. This critical milestone ensures that CDI is poised to continue to proactively meet its important consumer protection mission by remaining at the helm of research, data-driven policy solutions, industry-wide and consumer stakeholder engagement, and thought leadership in the expanding fields of insurance diversity and innovation. Throughout the latter part of 2024, the Insurance Innovation Program ramped up capacity.

Insurance Diversity Program (formerly Insurance Diversity Initiative)

Since 2011, the Insurance Diversity Program (IDP) focuses on accelerating the level of diversity and equity within California's \$400 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 IDP 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. Throughout 2024, Commissioner Lara strengthened his leadership role on the Special Executive (EX) Committee on Race & Insurance within the NAIC by extolling best practices of the IDP.

Throughout 2024, the Department continued to co-chair the NAIC's Member Diversity Leadership Forum – a network of state member jurisdictions with a focus on sharing inclusive best practices and resources.

Collectively, the IDP 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 2024, Commissioner Lara reappointed seven (7) members to the Task Force, and appointed three (3) new members, including the first-ever representative of a person with disabilities business enterprise – a newly-codified business category.
- Building on its prior successes, the Program kicked off a new cycle for its 2-year Strategic Plan that 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 Public Relations; 2) Community Engagement; 3) Access to Opportunities; and 4) Recognition & Accountability.

- **Insurance Diversity Surveys**

- Since 2012, with the enactment of AB 53 (Solorio, 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, expanding 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 2024, the enactment of the Assembly Insurance omnibus bill (AB 1140) – a measure supported by Commissioner Lara for its inclusion of people with disabilities & persons with disabilities business enterprises into the California Insurance Code – introduced additional reporting and disclosures from California insurance companies that met the prerequisite \$75 million California premium reporting threshold as part the Department’s statutorily-codified California Insurance Diversity Survey (CAIDS).
- The 2024 CAIDS administration yielded reports from 396 and 393 insurance companies in 2022 and 2023, 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 2023) since its inception.

- **Insurance Diversity Summit**

- In 2024, the Department hosted its annual Insurance Diversity Summit with the theme of “Harnessing Our Impact” to underscore the collective synergy of propelling equity across California’s insurance market for women-, minority-, LGBTQ-, veteran-, disabled veteran-, and persons with disabilities businesses, including those owned by people from historically underrepresented communities. Over the years, the Summit has grown into a critical engagement opportunity – inclusive of Business Matchmaking Roundtables that connect business leaders to contracting opportunities – among key diversity stakeholders from both the public and private sectors. The Summit includes webinars led by experts on the topics of diversity in the insurance industry, how to do business with insurance companies, the impact of artificial intelligence within insurance, and more.

- **Special Mission-Critical Projects**

- The Insurance Diversity Program also leads community engagement efforts that are imperative to our mission, such as strengthening its existing 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 Department co-hosted the inaugural 2024 California Supplier Diversity Symposium – connecting nearly 500 of the state’s small and/or diverse businesses with education and resources to help position them for contracting success – alongside the Coalition that comprises the following agencies:
 - California Public Utilities Commission

- California Office of the Small Business Advocate
 - California Department of General Services
 - California Department of Transportation
 - California Department of Healthcare Access & Information
- 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 Program'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 Office.

Setting the Standard for Excellence in Supplier and Board Diversity Commitments

In 2024, Commissioner Lara continued to elevate his long-standing commitments to advancing board diversity within the insurance industry by extolling the value of community engagement that underscores the mission of the Insurance Diversity Program by sharing best practices with fellow commissioners and diversity stakeholders on both a state, national, and international level. In particular, Commissioner Lara demonstrated the importance of creating equity in this industry through the following supplier and board diversity commitments:

- **Scaling California's Nationwide Impact at the 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. Throughout 2024, CDI continued to lead as Co-Chair the NAIC Member Diversity Leadership Forum, enabling the Department to further magnify the impact of its DEI initiatives.
- **Magnifying the Impact of Insurance Diversity on a Global Scale** – To further strengthen the Department's role in highlighting "best in class" policies and programs in advancing supplier and board diversity, the Department was invited to share its insights before a global audience of insurance supervisors, including the International Association of Insurance Supervisors, at the NAIC's 2024 International Insurance Forum. The Department shared the global stage with international regulatory leaders from Ireland and the United Kingdom, and shed light on the impact of its inclusive public policies and stakeholder engagement – critical elements to CDI being regarded as a global model for excellence.

- **2024 California State Agency Annual Recognition Awards** – The Department was the recent recipient of two state awards -- the **Notable Achievement Award** and the **Supplier Diversity Award**. This prestigious annual event not only acknowledges the outstanding contributions and efforts of state departments and agencies towards fostering a supportive environment for small businesses and disabled veteran business enterprises, but also provides an excellent opportunity to gain insights into the innovative strategies and best practices that have led to their success.
 - For the **Notable Achievement Award**, CDI was recognized for achieving 30 percent or more small business participation and 5 percent or more disabled veteran business participation as part of our Department's procurement efforts.
 - For the **Supplier Diversity Award**, CDI was the only recipient of this standalone award category that recognizes a single California state department, agency, board, commission, office, or university that meets their small business and disabled veteran business enterprise goals while demonstrating their commitment to diversity, equity, and inclusion (DEI) in state procurement and contracting. This includes DEI policy implementation, supplier diversity, and other related activities.

Diversity in California's Insurance Industry

The successes of the Insurance Diversity Program's strategic priorities in tandem with Commissioner Lara's sponsorship of a series of key insurance diversity legislation, including SB 534 (Bradford, Chapter 249, Statutes of 2019) and SB 655 (Bradford, Chapter 390, Statutes of 2021), have contributed to magnifying the impact of the Diversity Program on a national and global scale, serving as a model for numerous jurisdictions as they embark on their diversity-driven initiatives.

In 2024, the enactment of Assembly Bill 1140 (Chapter 204, Statutes of 2023), expanded the California Insurance Code to include persons with disabilities, and persons with disabilities business enterprises. As a result, the 2024 California Insurance Diversity Survey (CAIDS) required that California admitted insurers that collect at least \$75 million in annual California premiums report on its supplier procurement and governing board diversity data from the previous two years on this new historically underrepresented demographic – persons with disabilities and persons with disabilities business enterprises. *The next CAIDS administration will occur in 2026. As a result, 2024 and 2025 data will be available in 2026.*

NOTE: The following information on the state of board diversity in California's insurance industry is current as of 2024.

2024 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 396 (2022) and 393 (2023) insurance companies reported to the Department's California Insurance Diversity Survey (CAIDS), representing 1,693 and 1,694 board director seats, respectively. In 2022 and 2023, for the first time ever, board members who self-identified as women comprise more than 25% of insurance board members/directors, marking a statistically significant 3 percentage point increase since 2018.

2024 CAIDS – CALIFORNIA INSURANCE INDUSTRY BOARD DIVERSITY

Year	Number of Board Directors	Women Board Directors (%)	Ethnically Diverse* Directors (%)	Veteran Board Directors	Disabled Veteran Board Directors	LGBTQ+ Board Directors	Person(s) with Disabilities **
2023	1,694	25.8%	18.3%	3.0%	0.6%	0.8%	0.3%
2022	1,693	25.6%	18.3%	3.7%	0.5%	1.0%	0.4%
2021	1,644	23.8%	17.4%	4.1%	< 1.0%	< 1.0%	N/A
2020	1,582	22.8%	15.6%	4.1%	< 1.0%	< 1.0%	N/A
2019	1,341	23.1%	14.3%	6.0%	< 1.0%	< 1.0%	N/A
2018	1,227	22.2%	14.2%	5.8%	< 1.0%	< 1.0%	N/A

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

**New reporting category to 2024 CAIDS

2024 State of Supplier Diversity in California's Insurance Industry

The next CAIDS administration will occur in 2026. As a result, 2025 and 2024 data will be available in 2026.

NOTE: The following information on the state of supplier diversity in California's insurance industry is current as of 2024.

The 2024 administration of the biennial CAIDS provided continued insights into the procurement practices of California-admitted insurance companies with at least \$75 million in annual written premiums. Diverse procurement reached \$3.2 billion in 2022 and held steady at \$3.1 billion in 2023, demonstrating sustained growth in supplier diversity initiatives.

Overall, the data reflects both the gaps and opportunities that persist within California's insurance industry, and shows that strong internal policies and programs are closely tied to meaningful progress. The latest CAIDS data highlights the importance of aligning organizational commitments to supplier diversity with internal goal-setting in order to achieve measurable results. In particular, our analysis indicates that companies that had a supplier diversity policy statement were significantly more likely to set internal goals and develop strategies to advance supplier diversity.

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
2022	\$3.2 Billion
2023	\$3.1 Billion

DIVERSE PROCUREMENT BY CERTIFICATION CATEGORY

Certification Category	2018	2019	2020*	2021	2022	2023
Women Business Enterprise (WBE)	\$669 Million	\$678 Million	\$388 Million	\$730 Million*	\$634 Million	\$650 Million
Minority Business Enterprise (MBE)	\$1.02 Billion	\$1.2 Billion	\$1 Billion	\$2.1 Billion	\$2.3 Billion	\$2.2 Billion
Disabled Veteran Business Enterprise (DVBE)	\$16 Million	\$28 Million	\$27 Million	\$25 Million	\$27 Million	\$45 Million
LGBT Business Enterprise (LGBTBE)	\$9.8 Million	\$10 Million	\$5.3 Million	\$11 Million	\$17 Million	\$16 Million
Multi-Certified Business Enterprise (MCBE)	\$83 Million	\$126 Million	\$74 Million	\$195 Million	\$130 Million	\$228 Million
Veteran Owned Business Enterprise (VOBE)*	\$27 Million	\$28 Million	\$42 Million	\$58 Million	\$37 Million	\$33 Million

*2021 WBE data and 2020 diverse spend data (across all categories) amended to reflect additional reported procurement dollars

DIVERSE PROCUREMENT BY ETHNICITY

Ethnicity	2018	2019	2020	2021	2022	2023
Asian Pacific Islander	\$368 Million	\$542 Million	\$206 Million	\$801 Million	\$1 Billion	\$717 Million
African American	\$232 Million	\$254 Million	\$205 Million	\$320 Million	\$347 Million	\$398 Million
Latino/Hispanic	\$139 Million	\$155 Million	\$77 Million	\$101 Million	\$103 Million	\$143 Million

Ethnicity	2018	2019	2020	2021	2022	2023
Multi-Ethnic	\$9.1 Million	\$24 Million	\$13.2 Million	\$8.8 Million	\$12 Million	\$338 Million
American Indian	\$9.3 Million	\$14.6 Million	\$13.1 Million	\$15.4 Million	\$25 Million	\$28 Million

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

OFFICE OF STRATEGIC PLANNING AND INITIATIVES

The Office of Strategic Planning and Initiatives (OSPI) is responsible for all elements of strategic planning, including developing and implementing CDI's Strategic Plan, and major Commissioner-led initiatives to support the CDI's vision, mission, values, and goals. OSPI 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. OSPI is 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. OSPI develops reports such as the Annual Report of the Insurance Commissioner, tracks and submits other legislatively mandated reports, and participates in special projects as needed.

In July of 2024, OSPI announced the creation of the Department's 2024-2027 Strategic Plan which serves as a roadmap for the Department as we continue to realize our vision of "innovative insurance protection for all Californians." The Strategic Plan recognizes and builds upon Department-wide efforts to address vitally important and trending issues such as climate change, wildfire insurance availability, Insurtech and innovation, Artificial Intelligence, and anti-discrimination. As the nation's largest insurance marketplace and the second largest insurance market in the world, the Strategic Plan not only identifies ways for the Department to be an effective leader in our state, across the nation, and the world, but also identifies ways to continually review and increase our internal operational efficiency, to develop and invest in our workforce, and to continue to be thoughtful stewards of public funds.

Also in July of 2024, OSPI announced the creation of the Department's 2024-2027 Workforce and Succession Plan (Plan) which outlines a number of action items we will take in the next several years to ensure we align the needs and priorities of the organization to the number of staff and respective knowledge, skills, and abilities required of its workforce. In implementing the Plan, the Department will further its strategic goal of promoting a diverse, forward-looking, engaged, and supportive workforce culture throughout our team.

On an on-going basis, OSPI manages appointments made by Commissioner Lara to eight 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 Organized Investment Network (COIN) Advisory Board,
6. California Workers' Compensation Insurance Rating Bureau (WCIRB) Governing Committee,
7. Curriculum Board, and
8. Insurance Diversity Task Force.

In alignment with the goals of the Commissioner's Insurance Diversity Program, the Department aimed to identify and broaden the demographic diversity of appointees, including gender, race/ethnicity, sexual orientation, and disabled veteran status. In 2024, the Appointments Office facilitated 34 appointments made by the Commissioner, 24 of which were diverse individuals, or 82%. Of the 62 total appointees to boards and committees, 49 are diverse individuals, or 79%, with 40 of those individuals being ethnically diverse, or 65%. For reference, of the total California population, 66% are racially or ethnically diverse (based on the [2023 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.

ORGANIZATIONAL ACCOUNTABILITY OFFICE

The Organizational Accountability Office (OAO) provides heightened leadership and improved coordination of planning, risk, and compliance for the Department. OAO is comprised of three programs:

Information Security Office

The Information Security Office (ISO) plays a vital role in protecting the Department's sensitive information assets by ensuring compliance with state and federal regulations, implementing cybersecurity best practices, and managing organization-wide cybersecurity risk. The ISO is responsible for developing and maintaining the Department's security policies, which provide the framework for secure and compliant information handling. It also coordinates Department-wide security assessments conducted by internal teams or third-party entities to identify vulnerabilities and support continuous improvement. The ISO proactively addresses emerging threats, fosters employee awareness through training and policy guidance, and promotes a culture of accountability and security across CDI. Through these efforts, the ISO helps minimize

the likelihood and impact of cyber incidents, mitigates human error, and strengthens CDI's overall security posture.

Internal Audits Unit

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

Organizational Risk Management Unit

The Organizational Risk Management Unit (ORM) is responsible for designing, implementing, and maintaining CDI's Enterprise Risk Management structure. ORM 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 requirements for incompatible activities, 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 CDI's mission by ensuring 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
 - Premium Tax Audit Unit
- Life Actuarial Office
- Property & Casualty Actuarial Office
- Office of Principle-Based Reserving

Participation and Interaction with 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 accounting practices and procedures; blanks; valuation of securities; financial analysis and solvency; multistate examinations; examiner and analysis training; actuarial-related issues and requirements; and issues concerning insurer insolvencies and insolvency guarantees. With California being the largest insurance market in the United States, our participation at the NAIC provides us the strongest possible voice in setting national standards for financial reporting and solvency regulation. During 2024, FSB contributed to many updates and enhancements to the annual/quarterly financial statement blanks and instructions, risk-based capital formulas, Accounting Practices and Procedures Manual, Financial Analysis Solvency Tools, Financial Analysis Handbook, Financial Condition Examiners Handbook, Actuarial Guidelines, Valuation Manual, and NAIC model laws and model regulations. As the lead regulator, FSB coordinated and supported multistate efforts in addressing the solvency problems of a number of nationally significant insurers as well.

To promote sound financial solvency regulation, CDI is subject to the Full Accreditation Review of the NAIC Financial Regulation Standards and Accreditation Program ("FRSAP") at least once every five years. FSB, in partnership with the CDI Legal Branch, successfully underwent the Full Accreditation Review and was recognized for meeting and exceeding the NAIC Financial Solvency Oversight Standards in early 2024.

For CDI to remain accredited, FSB is also subject to the FRSAP's Interim Annual Reviews. The Interim Annual Review occurs annually between the Full Accreditation Reviews, which entails a review of any law and regulation changes, the financial analysis and examination functions, organizational and personnel practices, and primary licensing, redomestication and change of control of domestic insurers. During the most recent Interim Annual Review, once again, FSB demonstrated that its current scheme of regulatory monitoring remains intact and continues to work effectively, with no identified areas for improvement. CDI's accredited status was reaffirmed by the NAIC for 2025.

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 (specifically, the Financial Analysis Division and the Field Examinations Division) actively participated in seven international and regional supervisory colleges to fulfill such statutory obligations during 2024.

FINANCIAL ANALYSIS DIVISION

The Financial Analysis Division (FAD) conducts ongoing, risk-focused financial surveillance of California licensed entities; identifies those that may be trending toward hazardous financial condition; and intervenes with preventive and corrective measures, when appropriate.

On a quarterly and ad hoc basis, FAD presents its financial analyses and recommends effective courses of actions to the CDI's Early Warning Team (EWT). 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 consent of the FSB Deputy Commissioner, the General Counsel, the Chief Deputy Commissioner, and the Commissioner. FAD also works collaboratively with the Department's Conservation & Liquidation Office and Legal Branch on insurers found to be in a financially hazardous condition such that further transaction of business would pose a risk to their policyholders, or creditors, or to the public.

To protect California consumers, FAD performs thorough and comprehensive reviews of the financial aspects of corporate applications requiring the Commissioner's prior approval. Such corporate applications include, but are not limited to, certificates of authority, amended certificates of authority, organizational permits, securities permits, variable contract qualifications, underwritten title company licenses, acquisitions, mergers, intercompany company transactions, and various types of reinsurer status in California. Moreover, FAD provides essential financial advice and assistance in support of the Legal Branch's efforts to ensure licensed entities conduct affairs in accordance with the law and regulations.

CDI delegates to the Surplus Line Association of California's ("SLA") Financial Analysis Department to perform financial reviews of the excess and surplus lines insurers that are applying (or have been approved) to be placed on the CDI's List of Approved Surplus Line Insurers. FAD reviews the SLA's completed Security Summary Reports; approves/denies its financial recommendation pursuant to California Insurance Code §1765.2; and provides direction and guidance to the SLA, when warranted. FAD also coordinates with other international supervisory authorities and contributes to the joint oversight of Lloyd's of London.

Furthermore, FAD provides technical support to other program areas within the Department relative to the financial oversight of reinsurance practices, Lloyd's of London, captive insurers, and risk retention groups; develops policies, guidelines and legislative proposals to strengthen insurance solvency regulation; and joins forces with the Department's Rate Regulation Branch and other state insurance regulators to help specific insurers address their financial challenges which directly impact California consumers.

FINANCIAL REVIEWS OF REGULATED ENTITIES PERFORMED IN CALENDAR YEAR 2024

COMPANY TYPE	ANNUAL REVIEWS	QUARTERLY REVIEWS
Life and Property & Casualty	420	835
Other Entities	705	196

FINANCIAL REVIEWS OF CORPORATE APPLICATIONS COMPLETED IN CALENDAR YEAR 2024

FILING TYPE	COMPLETED
Certificate of Authority	13
Holding Company Transactions	205
Other Matters	262

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.

FED also works collaboratively with other Branches and divisions in developing guidelines and legislative proposals to strengthen insurance solvency regulation. In addition, FED provides technical assistance to the Rate Regulation Branch in their review of rate filings and conducts a full-scope/targeted exam on specific insurers, when appropriate.

Various types of examinations initiated and completed by FED in 2024 are presented as follows:

FED INITIATED EXAMINATIONS CALENDAR YEAR 2024

TYPE	INITIATED	COMPLETED
Domestic Companies	27	23
Underwritten Title Companies	10	2
Foreign Companies	5	2
Qualifying Exams	2	2
Statutory Exams	3	2
Total	47	31

PREMIUM TAX AUDIT UNIT

The Premium Tax Audit Unit assists with determination of compliance with rules and regulations of the Insurance Tax Program. The Insurance Tax Program is jointly administered by the California Department of Tax and Fee Administration, the Board of Equalization, the California Department of Insurance, and the State Controller's Office. The taxes on insurers are annual taxes imposed on admitted insurance companies and surplus lines insurance brokers doing business in California. Insurers may be subject to as many as three insurance taxes in California.

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 5% 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 2024

TYPE	INITIATED	COMPLETED
Domestic Companies	0	0
Foreign Companies	7	12
Surplus Line Brokers	17	15
Total	24	27

**TAXES LEVIED AND COLLECTED
FISCAL YEAR 2023-24**

TYPE	AMOUNT COLLECTED
Insurance premium taxes, Ocean Marine taxes, and Retaliatory taxes	\$3,403,418,980
Premium tax refunds	\$(79,934,419)
Surplus line taxes	\$629,714,148
Surplus line taxes refunds	\$(1,637,771)

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 premiums, and illustration certifications. The LAO actively participates in the NAIC actuarial committees, task forces and working groups, in addition to providing 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 2024:

**LAO AND PCAO WORKLOAD STATISTICS
CALENDAR YEAR 2024**

ACTUARIAL REVIEWS	NUMBER REVIEWED
Actuarial Memorandum for Statement Reserves	101
Regulatory Asset Adequacy Issues Summaries	360
Illustration Certifications	297
Life Insurance and Annuity Policy and Rider Submissions	330
Grant and Annuity Submissions	7
Disability Income Rate Filings	34

ACTUARIAL REVIEWS	NUMBER REVIEWED
Long Term Care Rate Filings	78
Credit Insurance Rate Deviation Filings	5
Separate Account GIC filings [CA Bulletin 95-8]	1
Schedule P Loss Review Compilations	270
Assisted FED on Financial Examinations	25

OFFICE OF PRINCIPLE-BASED RESERVING

The Office of Principle-Based Reserving (OPBR) was established in 2016 to be responsible for reviewing life insurance companies' principle-based reserves and related calculations for compliance with Principle-Based Reserving (PBR) requirements. 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.

For life insurance companies, 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 2020, 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 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).

For LTC, approximately 50 companies are in scope for OPBR's review annually. For a subset of these companies every year, OPBR also performs on-site (either virtually or physically) company reviews related to LTC. Furthermore, OPBR actively participates in the NAIC's development of requirements and guidance on LTC issues and overall monitoring of reserve adequacy of LTC companies across the industry.

2024 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:

- Corporate Affairs Bureau I
- Corporate Affairs Bureau II
- Enforcement Bureau I
- Enforcement Bureau II
- Enforcement Bureau III
- Fraud Liaison Bureau
- Government Law Bureau
- Policy Regulation and Approval Bureau I
- Policy Regulation and Approval Bureau II
- Rate Enforcement Bureau

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 and 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 2024

TYPE	BEGIN # ASSIGNED CASES	ASSIGNED	CLOSED	END # ASSIGNED CASES
Accredited Reinsurer	0	5	4	1
Accredited Reinsurer Renewal	6	25	31	0
Advisory Organization License	0	2	1	1
Amended Deed of Trust	0	0	0	0

TYPE	BEGIN # ASSIGNED CASES	ASSIGNED	CLOSED	END # ASSIGNED CASES
C/A Amend-Add Line	2	16	5	13
C/A Amend-Delete Line	5	3	4	4
C/A Amend-Domestic Change 709.5	0	5	3	2
C/A Amend-Name	4	13	17	0
C/A Amend-Non-Domestic Re-domicile	7	14	19	2
Certificate of Authority	5	7	11	1
Certificate of Authority Status - 700C	4	2	2	4
Certified Reinsurer	0	0	0	0
Certified Reinsurer Renewal	11	22	26	7
Custodian Qualification	0	1	0	1
Custody Agreement	0	7	4	3
Exemption – Certificate of	0	0	0	0
Failure to Make Required Filing	0	0	0	0
Grants/Annuities - C/A	3	4	1	6
Grants/Annuities-Amended C/A	1	4	3	2
HC Disclaimer of Affiliation .4l	10	9	12	7
HC Exempt - Comm. Domiciled Status .14b	1	1	2	0

TYPE	BEGIN # ASSIGNED CASES	ASSIGNED	CLOSED	END # ASSIGNED CASES
HC Exempt – Form A .2g	2	4	4	2
HC Extraordinary Dividend .5g	1	6	7	0
HC Investments .5b7	0	0	0	0
HC Guarantees .5b5	0	0	0	0
HC Mgt. Serv./Cost Share Agmt .5b4	33	57	74	16
HC Misc.	2	1	3	0
HC Reinsurance .5b3	5	40	24	21
HC Sales Purchases Loans .5b1	4	7	8	3
Holding Companies Acquisition	3	11	11	3
Home Protection	0	0	0	0
Letter of Credit	0	5	5	0
Life Settlement Provider	1	1	2	0
Merger	5	6	8	3
Miscellaneous	5	47	45	7
Motor Club License	0	0	0	0
Motor Club Service Contract	3	0	0	3
Name Approval Reservation	23	60	72	11
Organizational Permit	1	2	2	1

TYPE	BEGIN # ASSIGNED CASES	ASSIGNED	CLOSED	END # ASSIGNED CASES
Purchasing Alliance Registration	0	0	0	0
Reciprocal Reinsurer	3	6	6	3
Reciprocal Reinsurer Renewal	18	48	53	13
Rein/Sale- Purchase/Transfer- Assumption	7	8	10	5
Risk Purchasing Group	3	13	12	4
Risk Purchasing Group Renewal	24	282	279	27
Risk Retention Group	1	6	7	0
Risk Retention Group Renewal	70	125	137	58
S810	0	0	0	0
Stock Permit	4	4	4	4
Stock Permit – Amend	0	0	0	0
Surplus Line Filing	11	9	10	10
US Trust	0	1	0	1
US Trust Amendment	0	0	0	0
US Trust Renewal	8	15	8	15
UTC-Amend License	6	2	8	0
UTC-License	1	2	2	1
UTC-Organizational Permit	2	1	3	0

TYPE	BEGIN # ASSIGNED CASES	ASSIGNED	CLOSED	END # ASSIGNED CASES
UTC-Permit	0	0	0	0
UTC-Transfer of Shares	7	6	11	2
Variable Annuity	0	0	0	0
Variable Annuity – Amend	11	82	71	22
Variable Life	0	1	0	1
Variable Life – Amend	6	47	37	16
WC Deposit Agreement	1	3	4	0
Withdrawal	8	9	6	11
Total	338	1,057	1,078	317

ENFORCEMENT BUREAU I

The Enforcement Bureau I (EB I) litigates enforcement actions against insurance companies, insurance producers and other licensees. EB I 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 I specializes in complex cases referred by the Department's Investigation Division and Consumer Services and Market Conduct Branch, including cases involving annuities. EB I prosecutes cease and desist orders against unlicensed insurance producers and against organizations that are illegally operating as insurance companies. EB I brings administrative actions to enforce Insurance Code provisions regarding unfair insurance practices. EB I advises the Insurance Commissioner as to matters involving the California Automobile Assigned Risk Plan. In conjunction with representation from the California Attorney General's Office, EB I attorneys also work on civil litigation involving the Department.

In addition to its core enforcement functions, EB I 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 I Statistics

- During the 2024 year, 258 cases were received and action was completed on 242.
- In 2024, EB I concluded 68 administrative hearings.
- Monetary penalties, cost reimbursement, and restitution assessed through negotiated settlements and/or hearings amounted to \$6,077,747.

ENFORCEMENT BUREAU I STATISTICS CALENDAR YEAR 2024

RESOLUTION OF ENFORCEMENT CASES	MATTERS CLOSED
Order of Revocation	27
Order of Revocation/Issuance of Restricted License	15
Order of Revocation/Issuance of Restricted License with fines	6
Order of Denial	21
Order of Denial/Issuance of Restricted License	18
Order of Denial/Issuance of Restricted License with fines	2
Order of Suspension	7
Order for Monetary Penalty and/or Reimbursement	17
Order of Dismissal	1
Miscellaneous	3
No Disciplinary Action Warranted	14
Warning	7
License Surrendered	2
License Application Granted	2

ENFORCEMENT BUREAU II

The Enforcement Bureau II (EB II) ensures compliance with the California Insurance Code by all admitted insurers, insurance agents and brokers, and any other person or organization engaging in the business of insurance in California. EB II litigates enforcement actions against insurance producers, insurers, and others conducting insurance business in California. EB II 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 reviews all legal documents implementing recommended action regarding those applicants and licensees.

In addition to its core enforcement functions, EB II works closely with the Investigations Division, Consumer Services Division, and the Curriculum and Licensing Background Bureau to provide legal support and direction. EB II also assists the Legislative Office with analyzing proposed legislation and developing regulations when necessary. EB II regularly represents the Department in actions in front of the Administrative Hearing Bureau and the Office of Administrative Hearings as well as coordinating with the Attorney General's Office on writs of mandate.

Enforcement Bureau II Statistics

- During the 2024 year, 1,235 cases were received and action was completed on 1,214.
- In 2024, EB II concluded 43 administrative hearings.
- Monetary penalties, cost reimbursement, and restitution assessed through negotiated settlements and/or hearings amounted to over \$1,300,000.

ENFORCEMENT BUREAU II STATISTICS CALENDAR YEAR 2024

RESOLUTION OF ENFORCEMENT CASES	MATTERS CLOSED
Order of Revocation	187
Order of Revocation / Issuance of Restricted License	17
Order of Revocation / Issuance of Restricted License with fines	19
Order of Denial	155
Order of Denial / Issuance of Restricted License	150

RESOLUTION OF ENFORCEMENT CASES	MATTERS CLOSED
Order of Denial / Issuance of Restricted License with fines	52
Order of Suspension	10
Order of Dismissal	10
Cease and Desist	2
Order for Monetary Penalty and/or Reimbursement	84
Order Removing Restrictions	119
Warning	16
Voluntary Withdrawal of Application	16
No Disciplinary Action Warranted	38
AR Action Referred for Disciplinary Proceeding	186
Order Granting 1033 Consent	37
Order Denying 1033 Consent	8
Barred from Licensure/Exam	21
License Surrendered	10

ENFORCEMENT BUREAU III

The Enforcement Bureau III (EB III) handles all aspects of litigation and enforcement known as “compliance” cases. EB III 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, EB III lawyers also work on civil litigation that may arise from enforcement actions.

An additional responsibility for EB III are compliance and license application cases for entities and individuals in the Vehicle Service Contracts (VSC) industry.

Beyond its core function as an enforcement litigation bureau, EB III 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; serves as a liaison to the Investigations Division and represents the Department in adverse personnel actions as needed.

- Monetary penalties, cost reimbursement, and restitution assessed through negotiated settlements and/or hearings amounted to over \$1,200,000.

ENFORCEMENT BUREAU III STATISTICS CALENDAR YEAR 2024

RESOLUTION OF ENFORCEMENT CASES	MATTERS CLOSED
Order of Revocation	17
Order of Revocation / Issuance of Restricted License	7
Order of Revocation / Issuance of Restricted License with fines	1
Order of Denial	11
Order of Denial / Issuance of Restricted License	33
Order of Suspension	6
Order of Dismissal	2
Cease and Desist	3
Order for Monetary Penalty and/or Reimbursement	1
Miscellaneous Orders	1
Warning	8
License Application Granted	5
License Application Withdrawn	3
License Surrendered	4
No Disciplinary Action Taken	14

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 his or her 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, 2024, there were 172 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 2024

TYPE	MATTERS OPENED	MATTERS CLOSED	PENDING AT YEAR-END
Qui Tam Litigation	30	43	172
Qui Tam Investigative Hearing	10	10	34

TYPE	MATTERS OPENED	MATTERS CLOSED	PENDING AT YEAR-END
Non-Qui Tam Civil Litigation	0	1	2
Total	40	54	208

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 Office of the Special Counsel with the oversight and management of all Department rulemaking actions. Attorney staff in GLB comprise the Department's Privacy Office, and they are responsible for implementing the Department's privacy policy and providing advice to the Department on questions relating to the protection of personally identifiable information contained within the Department's records. GLB staff serve as the liaison to the Legislative Office. 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 staff participate in workers' compensation Fraud Assessment Committee meetings and serve as the Department's Bagley-Keene Open Meeting Act expert. GLB staff also handle all requests made pursuant to the Public Records Act, serve as the Department's agent for service of process, and are the Department's primary custodian of records.

GOVERNMENT LAW BUREAU STATISTICS CALENDAR YEAR 2024

TYPE	ASSIGNED	CLOSED
Litigation	1	0
Public Records Act Request	631	630
Records Request from Governmental Agency	176	176
Subpoena	100	99
Substituted Service of Process	25	25
Legislation Analyses/Proposals	41	41

TYPE	ASSIGNED	CLOSED
Regulation	2	2
Total	976	973

POLICY REGULATION AND APPROVAL BUREAU I

The Policy Regulation and Approval Bureau I (PRAB I) reviews non-health disability and life insurance products for compliance with California law and regulations. Non-health disability products reviewed include accident, accidental death and dismemberment, disability income, long-term care, and blanket insurance, as well as disability supplemental to life insurance, credit insurance, and the disability component of travel insurance. Life insurance products reviewed include group life insurance, variable life insurance, variable annuities, modified guaranteed annuities, and guaranteed separate account products (including guaranteed investment contracts and synthetic guaranteed investment contracts). PRAB I works closely with the California Partnership for Long-Term Care to jointly regulate Partnership policies. PRAB I also reviews advertising for long-term care insurance (both standalone and hybrid life long-term care products) and chronic illness accelerated death benefits defined in Insurance Code section 10295, as well as certain administrative forms, such as insurer name change forms.

PRAB I advises Department personnel and others regarding statutes and regulations pertaining to life and disability insurance, including providing expert advice and technical guidance to the Department's actuarial office, enforcement staff and consumer services divisions. In addition, PRAB I develops new statutes and regulations, and assists the Legislative Office with analyzing proposed legislation.

POLICY REGULATION AND APPROVAL BUREAU I STATISTICS CALENDAR YEAR 2024

PRODUCT	RECEIVED	CLOSED
Group Non-Health Disability and Group Life 2202(a)(2)	177	154
Supplemental Life Insurance 2202(a)(7)	99	145
Variable Contracts 2202(a)(8)	159	161
Non-Variable Contracts 2202(a)(12)	106	69
Unclassified 2202(a)(11)	102	96

PRODUCT	RECEIVED	CLOSED
Individual Non-Health Disability 2202(a)(3)	65	86
Individual and Group Credit Insurance 2202(a)(6)	1	7
Long Term Care Insurance 2202(a)(5)	78	81
Fraternal Filings 2202(a)(9)	1	2
Total	788	801

POLICY REGULATION AND APPROVAL BUREAU II

The Policy Regulation and Approval Bureau II (PRAB II), formerly the Health Policy Approval Bureau, reviews health insurance and health disability insurance products, such as individual, small group, and large group major medical; specialized health, such as vision and dental; Medicare supplement; student blanket health; and health-related stop-loss for compliance with California law and regulations. PRAB II provides information to Department staff and others regarding statutes and regulations pertaining to health insurance. PRAB II assists with the development of regulations relating to health insurance law, advertising, and administration; provides Department enforcement units with advice and technical guidance to assist with regulatory actions and examinations of health insurance companies; and analyzes health insurance legislation.

PRAB II reviews health insurer network adequacy reporting to confirm that insurers provide consumers with adequate and timely access to health services and, in 2024, analyzed and monitored 21 separate health insurer provider networks.

PRAB II also enforces prescription drug coverage laws applicable to health insurers to ensure their prescription drug formularies do not include benefit designs that discriminate based upon health conditions, disability, and other protected characteristics. PRAB II 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.

PRAB II started to receive and review Vehicle Service Contracts (VSC) and Motor Club Service Contracts (MCSC) in 2024. Similar to health product reviews, the regulation of VSCs and MCSCs products necessitate review of these contracts to confirm compliance with the applicable legal requirements before sold to consumers.

**POLICY AND REGULATION APPROVAL BUREAU II STATISTICS
CALENDAR YEAR 2024**

PRODUCT	RECEIVED	CLOSED
HEALTH:		
Individual and Group Health Insurance	54	58
Dental Insurance	38	41
Vision Insurance	8	8
Network Adequacy Reporting	61	65
Student Blanket Health Insurance	43	10
Medicare Supplement Insurance	62	60
Medicare Supplement Advertisements	208	202
Health-Related Stop-Loss Insurance	44	25
Other Health Insurance Filings and Reporting	798	721
Total	1,316	1,190
VSC AND MCSC:		
Vehicle Service Contracts	429	376
Motor Club Service Contracts	12	7
Total	441	383

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 and the Consumer Services Division, represents the Department in prior approval rate hearings and intervened prior approval rate applications, 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 2024**

MAJOR ACTIVITIES	MATTERS
Prior Approval Rate Application Challenges:	
Petitions for Hearing Received	14
Petitions for Hearing Granted	0
Petitions for Hearing Denied	2
Notices of Hearing Issued	0
Petitions for Hearing Resolved Without Hearing <i>(This number includes prior approval matters that have been resolved but the parties may still be awaiting decisions on intervenor requests for compensation.)</i>	7
Petitions for Hearing Resolved Following Hearing	0
Matters Based on Petitions for Hearing Pending at Year End	4
Regulations:	
Regulation Matters Opened	10
Regulations Approved	7
Regulations Pending	5
Enforcement Matters and Primary Jurisdiction Referrals:	
Enforcement Matters Opened	11
Enforcement Matters Closed	5
Enforcement Matters Pending	6
Civil Litigation and Appeals:	

MAJOR ACTIVITIES	MATTERS
Matters Opened	2
Amicus Brief Filed	0
Matters Closed	2
Matters Pending	2

2024 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) and the Office of Administrative Law (OAL).

In 2024, the Department evaluated or developed 35 rulemaking projects and reviewed and filed 11 rulemaking projects with OAL.

Public Meetings of Contemplated Regulations and Completed Rulemaking Examples

The Sustainable Insurance Strategy aims to stabilize California's insurance market, which serves consumers, homeowners, and businesses. Although voters approved Proposition 103 over 30 years ago, its regulations largely remained unchanged despite the growing challenges posed by climate change and other external factors.

In 2024, the OSC was instrumental in developing, leading and implementing the regulatory framework for Commissioner Lara's Sustainable Insurance Strategy (SIS), including ensuring that all updated regulations meet statutory requirements. The OSC also developed regulatory and administrative strategies regarding the implementation of SIS, led the rulemaking project teams and the promulgation of SIS regulations, and developed, produced, and led workshops, hearings, and meetings with external stakeholders regarding the development and implementation of SIS

Complete Property and Casualty Rate Applications Public Hearing and Rulemaking

On March 26, 2024, Commissioner Lara convened a public hearing regarding regulatory amendments that proposed amending the regulations that specify what data should be initially included in a complete rate application. The Department updated existing regulations to reflect the documents, information and materials insurers needed to include as part of a complete rate application. By amending existing regulations to include all materials with the initial rate application filing, the Department also

strengthens public representatives' ability to review all necessary materials in order to decide whether or not to intervene. The proposed amendments were also intended to reduce unnecessary delays the Department has encountered in reviewing rate applications.

Following the public hearing, under the OSC's leadership, the project team successfully completed the rulemaking. The overall benefits anticipated from the now-adopted regulations include:

- Increased clarity for insurers and the public regarding what documents and information are required to be submitted in a complete rate application.
- Eliminated confusion among insurers about what materials are required as part of an initial rate application.
- Reduced delays in the rate application process that occur when insurers do not initially make all materials available as well as any delays caused by disputes over what exactly is required in an initial complete rate application.
- The provision of greater certainty that insurers' initial rate applications will be accepted.
- Increase openness and transparency in the governmental rate application process by making clear that all rate application materials are to be made public.
- Timely submission of an initial complete rate application will allow consumer representatives the opportunity to decide whether to intervene.
- Increased ability for the Department and the public to determine more expeditiously whether any insurance rate is excessive, inadequate, or unfairly discriminatory, which will benefit the public through increased prevention of discrimination and the promotion of fairness and social equity.

Catastrophe Modeling and Ratemaking Public Hearing and Rulemaking

On September 17, 2025, Commissioner Lara convened a public hearing regarding regulatory amendments that proposed permitting insurers to use forward-looking catastrophe models in their rate calculations and make necessary changes to the existing rate-making formula to ensure that the use of such catastrophe models in ratemaking will be actuarially sound. This rulemaking also proposed to adopt and amend regulations to create a new procedure, the pre-application required information determination procedure (PRID procedure), to allow the public a fulsome opportunity to thoroughly investigate the inner workings of such models, irrespective of whether the information sought is actually relevant to rate-making, while at the same time respecting potentially trade-secret proprietary information of model vendors and owners. In addition, this rulemaking proposed that only insurers that committed to writing additional

policies or maintaining policies in distressed areas may be permitted to use forward-looking catastrophe models in their commercial and residential property rate filings to calculate the wildfire component in their overall rates, because their historical experience may no longer accurately reflect their projected losses given the anticipated changes in their book of business as well as climate-related factors.

Following the public hearing, under the OSC's leadership, the project team successfully completed the rulemaking. The now-adopted regulations allow insurers to use catastrophe models to project annual aggregate losses for wildfire exposure if the insurers meet certain conditions to demonstrate a need to use such models. Allowing insurers to use forward-looking models to estimate projected losses for rate-making purposes is expected to provide benefits including:

- Improving pricing accuracy and rate stability by allowing insurers to use additional tools to assess prospective exposure to catastrophe losses in their rate calculations.
- Promoting availability of insurance in areas that have been underserved by improving pricing accuracy and encouraging a more competitive market.
- Promoting fairness as models can more timely account for risk mitigation trends as a result of risk mitigation actions taken at community and property levels.
- Encouraging uniformity and consistency in insurance ratemaking by allowing the use of scientifically, computationally, and actuarially sound models to project catastrophe losses in property and casualty lines, a practice allowed in all other states.
- Standardizing the usage of non-modeled losses to streamline the rate review approval process, minimize disputes, and allow for the more focused review and faster approval of rate applications.

The new, optional PRID procedure is intended to expedite the Department's review and approval of rate filings that rely upon models by eliminating unnecessary pre-hearing discovery disputes regarding models that delay the process. Because a singular pre-application required information determination can be relied upon in multiple rate filings by various insurers, the adopted regulation will expedite the Department's review and approval of rate filings, which will directly impact insurance availability and promote a robust and competitive insurance marketplace. Benefits anticipated to result from the PRID procedure include:

- Increasing openness and transparency in business and government by establishing a procedure to allow for thorough investigation of a model to determine what information and data is pertinent to using that model in ratemaking.

- Clarifying and expediting the review of modeled catastrophe loss projections and overall rate review process by establishing the role of a Model Advisor to direct a new procedure specified by these regulations and make determinations as to what constitutes required model information in a rate application. Without this procedure, model disputes would likely occur during the rate application, potentially leading to lengthy delays in the rate review and approval process.

Further, allowing insurers that commit to writing additional policies or maintaining policies in distressed areas to use forward-looking catastrophe models is expected to increase availability of residential and commercial property insurance options for Californians, because this requirement:

- Promotes market efficiency by providing insurers that commit to writing more business in distressed areas, and/or taking out of the FAIR Plan more policies insuring properties impacted by heightened wildfire risk, a mechanism for calculating rates more accurately than may be possible using historical loss trends, thus enabling insurers to charge rates commensurate with the associated increased risk of loss.
- Promotes fairness by creating an attainable standard that all companies must follow should they want to use catastrophe modeling in ratemaking.
- Increases competition in the voluntary insurance market for qualified residential insurance policies in distressed areas, as an insurance company will now need to write additional policies to meet, or maintain, its insurer commitment.
- Encourages FAIR Plan depopulation by incentivizing voluntary market insurers to write policies in distressed areas. FAIR Plan depopulation would alleviate insurer uncertainty due to high levels of risk in the FAIR Plan. In the event of a large wildfire, insurers could be assessed to fund the FAIR Plan's obligations. A FAIR Plan assessment would be an additional cost for insurers and cause further instability in the voluntary property insurance market.
- Increases the availability of commercial insurance policies in higher wildfire risk areas by requiring companies to write a number of additional policies equivalent to five percent of the company's total insurable value in order to use catastrophe models.

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 2024, California served as Chair, Vice Chair and/or Member on 69 out of the 122 NAIC Committees, Task Forces and Working Groups and monitored approximately 16 others. California served in a leadership capacity as Chair or Vice Chair on 10 Committees, Task Forces, and Working Groups. The OSC also directly supported the Senior 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.

2024 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 multiple branches in line with the Commissioner's vision and primary goals. PLB houses the Legislative Office, the California Organized Investment Network Program, the Health Equity and Access Office, and the Health Actuarial Office, as well as helps coordinate the implementation of major chaptered legislation.

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 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 conduct in-house training on legislative bill analysis and the legislative process.

Under the leadership of Commissioner Lara, CDI sponsored nine (9) bills in 2024, six (6) of which were signed into law by Governor Gavin Newsom, with two (2) bills vetoed and one that did not move forward.

In addition to strongly advocating for CDI's 2024 sponsored bills, the Legislative Office closely monitored, provided technical assistance to, took positions on, and/or advocated for or against 257 bills this past legislative calendar. This included 124 bills that made it to Governor Newsom's desk, 82 of which were signed. The other 133 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 nine (9) CDI sponsored bills, six (6) of which became law:

- 1. AB 1950 authored by Assembly Member Wendy Carrillo (D-Los Angeles) on "Chavez Ravine compensation" – Vetoed by the Governor.** Would create in state government a task force known as the Chavez Ravine Displaced Residents Task Force, subject to appropriation by the Legislature, to evaluate the history of the residents, business owners, and landowners displaced from

the Chavez Ravine area for the purpose of providing compensation to the persons displaced from the Chavez Ravine area between 1950 to 1961, inclusive, or their descendants in order to develop recommendations for the City and County of Los Angeles and the Legislature regarding how to provide just compensation to the persons wrongfully displaced from Chavez Ravine from 1950 to 1961, inclusive, or their descendants.

2. AB 2258 authored by Assembly Member Rick Chavez Zbur (D-Hollywood) on “Health care coverage” – Signed by the Governor as Chapter 708.

Current law requires a group or individual non-grandfathered health care service plan contract or health insurance policy to provide coverage for, and prohibits a contract or policy from imposing cost-sharing requirements for, specified preventive care services and screenings. This bill would prohibit a group or individual non-grandfathered health care service plan contract or health insurance policy issued, amended, or renewed on or after January 1, 2025, from imposing a cost-sharing requirement for items or services that are integral to the provision of the above-described preventive care services and screenings. The bill would require those contracts and policies to cover items and services for those preventive care services and screenings, including home test kits for sexually transmitted diseases and specified cancer screenings. Because a willful violation of these provisions by a health care service plan would be a crime, the bill would impose a state-mandated local program. The bill would authorize the Insurance Commissioner to impose a civil penalty of not more than \$5,000 against an insurer for each violation of these provisions, or not more than \$10,000 per violation if the violation was willful.

3. AB 2780 authored by Assembly Member Tina McKinnor (D - Inglewood) on “Carrying of passengers” – Signed by the Governor as Chapter 742.

Current law regulates common carriers of persons and requires a common carrier of persons to provide a sufficient number of vehicles to accommodate all the passengers who can be reasonably expected to require carriage at any one time, except as specified. This bill, the Carrier of Passengers Act of 2024, would require carriers of passengers, as defined to include certain motor carriers, passenger carriers, and charter-party carriers of passengers engaging in transportation services, to provide electronic notice, at least 24 hours before embarkation, as defined, to a designated point of contact of the local governing body of the city, county, or city and county with jurisdiction at the geographic location of disembarkation, as defined. The bill would require this electronic notice to include, among other things, the anticipated date and time of arrival of passengers at the geographic location of disembarkation, as specified, and the number of passengers on the motor vehicle operated by the carrier who the carrier of passenger knows or reasonably should know arrived in the United States within 30 days of embarkation that are likely to seek emergency shelter and other immediate services upon disembarkation. The bill would prohibit a governing body from sharing, disclosing, or otherwise make accessible to any

immigrant authority, as defined, information shared or received, as specified.

4. **AB 2872 authored by Assembly Member Lisa Calderon (D – Whittier) on “Compensation for Department of Insurance sworn members” – Vetoed by the Governor.** Current law requires the Department of Human Resources to establish and adjust salary ranges for each class of position in the state civil service, as specified. Current law requires the state, in order to recruit and retain the highest qualified employees, to pay sworn members of the California Highway Patrol who are rank-and-file members of State Bargaining Unit 5 the estimated average total compensation for each corresponding rank for the Los Angeles Police Department, Los Angeles County Sheriff’s Office, San Diego Police Department, Oakland Police Department, and San Francisco Police Department, as specified. This bill would require, notwithstanding any other law, that sworn members of the Department of Insurance who are rank-and-file members of State Bargaining Unit 7 be paid the same compensation as is paid to the corresponding rank-and-file sworn peace officer employees of the Department of Justice.
5. **SB 427 authored by Senator Anthony Portantino (D-Burbank) on “Antiretroviral drugs” – Did not move forward.** Current law generally prohibits a health care service plan, excluding a Medi-Cal managed care plan, or health insurer from subjecting antiretroviral drugs that are medically necessary for the prevention of HIV/AIDS, including preexposure prophylaxis or postexposure prophylaxis, to prior authorization or step therapy. Under current law, a health care service plan or health insurer is not required to cover all the therapeutically equivalent versions of those drugs without prior authorization or step therapy if at least one is covered without prior authorization or step therapy. This bill would prohibit a health care service plan, excluding a Medi-Cal managed care plan, or health insurer from subjecting antiretroviral drugs, drug devices, or drug products that are either approved by the United States Food and Drug Administration (FDA) or recommended by the federal Centers for Disease Control and Prevention (CDC) for the prevention of HIV/AIDS, to prior authorization or step therapy, but would authorize prior authorization or step therapy if at least one therapeutically equivalent version is covered without prior authorization or step therapy and the plan or insurer provides coverage for a noncovered therapeutic equivalent antiretroviral drug, drug device, or drug product without cost sharing pursuant to an exception request. The bill would require a plan or insurer to provide coverage under the outpatient prescription drug benefit for those drugs, drug devices, or drug products, including by supplying participating providers directly with a drug, drug device, or drug product, as specified.
6. **SB 577 authored by Senator Melissa Hurtado (D-Bakersfield) on “Insurance Omnibus” – Signed by the Governor as Chapter 444.** This bill

makes multiple, noncontroversial technical changes.

- Existing law regulates classes of insurance, including life insurance and annuities. Effective January 1, 2025, requires life agents licensed from January 1, 2024, to complete specific life insurance training before selling certain policies. This bill clarifies that these training requirements apply to agents selling individual life and variable life insurance policies.
- Existing law allows for service of legal documents by delivering two copies to the Commissioner or deputy with a \$12 fee. This bill permits service to also be made to the Commissioner's designated agent for service of process with a fee determined by the Commissioner.
- Existing law prohibits employing individuals to procure clients for services under workers' compensation or insurance claims. District attorneys, the Insurance Commissioner, or interested persons can bring civil actions for violations, with actions by interested persons requiring written consent for dismissal by the court, district attorney, or Commissioner. The bill allows the Commissioner to proceed if the district attorney declines for any reason and removes the requirement for written reasons for dismissing actions by interested persons. Complaints must remain sealed for at least 60 days from service on the district attorney and Commissioner.
- Current law exempts certain associations consisting of peace officers, police, firefighters, and emergency medical personnel from insurance requirements if they meet specific criteria, including having a certificate of authority, which must be renewed every five years. This bill requires renewal within 30 days after a change in name, address, or before a merger.
- Existing law outlines procedures for special motions to strike in civil cases related to the right of petition or free speech and offers to compromise before civil trials or arbitration, exempting enforcement actions by certain public prosecutors. This bill extends that exemption to actions by the Insurance Commissioner.
- The bill also makes technical corrections to eliminate outdated references and fixes errors.

- 7. SB 729 authored by Senator Caroline Menjivar (D- San Fernando Valley) on “Infertility and fertility services” – Signed by the Governor as Chapter 930.** Current law imposes various requirements and restrictions on health care service plans and disability insurers, including, among other things, a requirement that every group health care service plan contract or disability insurance policy that is issued, amended, or renewed on or after January 1, 1990, offer coverage for the treatment of infertility, except in vitro fertilization.

This bill would require large and small group health care service plan contracts and disability insurance policies issued, amended, or renewed on or after July 1, 2025, to provide coverage for the diagnosis and treatment of infertility and fertility services. With respect to large group health care service plan contracts and disability insurance policies, the bill would require coverage for a maximum of 3 completed oocyte retrievals, as specified. The bill would revise the definition of infertility and would remove the exclusion of in vitro fertilization from coverage. The bill would also delete a requirement that a health care service plan contract and disability insurance policy provide infertility treatment under agreed-upon terms that are communicated to all group contract-holders and policyholders. The bill would prohibit a health care service plan or disability insurer from placing different conditions or coverage limitations on fertility medications or services, or the diagnosis and treatment of infertility and fertility services, than would apply to other conditions, as specified. The bill would make these requirements inapplicable to a religious employer, as defined, and specified contracts and policies.

8. **SB 990 authored by Senator Stephen C. Padilla on “State Emergency Plan; LGBTQ+” – Signed by the Governor as Chapter 322.** Current law makes the State Emergency Plan effective in each political subdivision of the state, and requires the governing body of each political subdivision to take necessary actions to carry out its provisions. Current law requires the Governor to coordinate the State Emergency Plan and those programs necessary for the mitigation of the effects of an emergency in this state and to coordinate the preparation of plans and programs for the mitigation of the effects of an emergency by the political subdivisions of this state, which are to be integrated into and coordinated with the State Emergency Plan and the plans and programs of the federal government and of other states to the fullest possible extent. This bill would require the Office of Emergency Services, as soon as possible, but no later than January 1, 2029, and every 5 years thereafter, to update the State Emergency Plan to include proposed policies and best practices for local government and nongovernmental entities to equitably serve lesbian, gay, bisexual, transgender, queer, questioning, and plus (LGBTQ+) communities during an emergency or natural disaster. The bill would require the office to coordinate with specified representatives from LGBTQ+ communities in complying with this requirement and would make related findings and declarations.
9. **SB 1217 authored by Senator Steve M. Glazer on “Pet insurance” – Signed by the Governor as Chapter 612.** Under current law, a pet insurance policy marketed, issued, amended, renewed, or delivered to a California resident on or after July 1, 2015, is subject to state regulation of pet insurance. Current law requires an insurer transacting pet insurance to make specified disclosures to consumers. Existing law defines various terms relating to the regulation of pet insurance. This bill would require an insurer to disclose if it

reduces coverage or increases premiums based on the age of the covered pet or a change in the geographic location of the insured, as well as if it requires a medical examination to effectuate coverage or imposes a waiting period. The bill would authorize the issuance of a pet insurance policy that excludes preexisting conditions or imposes a waiting period, if specified criteria are met. The bill would require coverage to be issued no later than 12:01 a.m. on the 2nd day after receipt of a complete application and valid payment information, except as specified. The bill would set forth requirements for a pet wellness program, as defined, would prohibit the marketing of a wellness program as pet insurance, and would specify when a wellness program is considered a pet insurance policy. The bill would also update existing definitions and define additional terms, including “orthopedic,” “producer,” and “renewal.”

CALIFORNIA ORGANIZED INVESTMENT NETWORK

The California Organized Investment Network (COIN) guides insurers in 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 2024:

- 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.
- 2024 Bulletins continue to raise capital in 2025. 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	\$1,003,550,000
2023	19	7	\$1,190,000,000
2024	20	5	*

- COIN approved twenty new Investment Opportunity Bulletins in 2024, 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.
 - Wildfire risk reduction and forest resilience in California.
- COIN conducted three COIN Advisory Board meetings, and the Commissioner appointed two new board members.
- COIN published a [COIN Newsletter in August 2024](#) which touched on the following areas:

- COIN conducts an Impact Metrics Survey, in which COIN mandates all approved investment bulletin managers to submit the total amount of funding raised to get a better idea of the impact of the COIN Bulletin Program. This annual questionnaire measures bulletin investments' social and environmental impact and collected data on insurers who have invested in the Bulletin Program. COIN publishes its findings in the aggregate, as detailed in the updated "Bulletin Tracking Summary" table above.
- COIN Advisory Board Chair, T.C. Wilson participated in a podcast with InsuranceAUM.com: "The COIN Impact Investment Marketplace has expanded far from just municipal bonds and loans to underserved communities. It includes public and private equity, public and private debt, green bonds, infrastructure, renewables, and small business loans. At our recent COIN Advisory Board Meeting, we heard a presentation on forest conservation, which was quite fascinating to hear. They also have a breakout for Diverse Investment Manager-qualified firms. The breadth of offerings is quite impressive, and it's a vast improvement from what COIN offered just a few years ago. The good news is that the work COIN has done to expand the offerings and identify prudent investments has really made it easier for us to do the right thing, invest in COIN, support its mission in everything that it's looking to improve, but also fulfill our fiduciary obligation to our shareholders. We're working hard to get that message out and attract new capital. I will continue to do that at least as long as I'm a part of the COIN Advisory Board."
- COIN Spotlight: COIN recognized COIN Investment Bulletin manager, R4 Capital, for raising a combined \$450 million across two Low Income Housing Tax Credit (LIHTC) funds that invested in the development of 12 affordable housing projects in California.
 - R4 Housing Partners XVIII LP sold out, with nearly \$320 million of gross equity from 24 investor partners. Fund XVIII is a national multi-investor LIHTC equity fund that features four California properties:
 - Marina Village (Suisun City, CA)
 - North Creek Crossings Phase II (Chico, CA)
 - Table Mountain Apartments (Oroville, CA)
 - Gloria Drive Apartments (Sacramento, CA)
 - R4 California Housing Partners VII LP sold out, with nearly \$130 million of gross equity from 12 investor partners. Cal VII is a

California-only multi-investor LIHTC equity fund that features all eight properties in California:

- Centennial Gardens (Santa Maria, CA)
 - Westview House (Santa Ana, CA)
 - Village at Madrone (Morgan Hill, CA)
 - Serenity (formerly Southside Seniors) (Los Angeles, CA)
 - McDaniel House (Los Angeles, CA)
 - Harvard and Adams Apartments (Los Angeles, CA)
 - Villa Verde Apartments (Santa Fe Springs, CA)
 - Sonora Garden Apartments (Sonora, CA)
- COIN has recognized and brought attention to the impactful efforts made by insurers and investment managers in the impact investment arena. Some examples included:
 - Bridge Solar Energy Development Fund – Bridge Solar will deploy over \$100 million of capital from a diverse set of investors, including insurers. The portfolio consists of four (4) projects across the Rincon Reservation in Valley Center, California outside of San Diego. The projects target a total of 1.8 MW of solar capacity and 5 MWh of battery storage with 75% of the capacity intended to serve a large nationally-branded casino owned and operated onsite by the Indigenous Tribe.
 - R4 Capital – R4 financed the Centennial Gardens affordable housing apartment complex in Santa Maria, CA. The two, three and four-bedroom apartments are reserved for households making 70% or less than the Area Median Income. Centennial Gardens residents will enjoy lush landscaping and beautiful mission-revival style architecture as well as community amenities like a splash pad, playground, tetherball court and BBQ area.

COIN Insurer Investment Bulletin Program

Pre-qualified investment Bulletins by COIN help insurers 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 2024, direct investments by insurers were

up slightly from 2023, as insurers continue to have an increased appetite for traditional, highly rated fixed-income securities, given the above-average interest rate environment.

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.

T.C. Wilson, Chief Investment Officer of The Doctors Company, part of TDC Group, continues as COIN Advisory Board Chair, and Debra Gore continues as COIN Advisory Board Vice Chair.

“I am honored to be Chair of the COIN Advisory Board and given the opportunity to continue the growth and success of the previous leaders. Because I work for a mission-based company, I fully understand and support the mission of COIN, which is to seek prudent investments that yield social and environmental benefits to have an impact on underserved communities.” – T.C. Wilson

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 historical need for the office was due to the significant and structural changes that had taken effect since the implementation of the federal Affordable Care Act (ACA), which continued to require a robust framework of legal and policy support. However, the focus of HEAO has shifted significantly towards health equity and social determinants of health since the COVID-19 pandemic revealed the stark social disparities that exist structurally within our state and federal healthcare

systems. Additionally, HEAO continues to help 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 National Association of Insurance Commissioners (NAIC), and respond to federal actions that significantly challenge the stability of California's health insurance market.

ACCOMPLISHMENTS

Protect and Promote Reproductive Freedom in California and nationally

Abortion Collaborative Workgroup – 3rd Year

The Commissioner worked with other like-minded insurance regulators from across the nation in the 3rd year of the Abortion Collaborative Workgroup. The workgroup focused on developing and implementing protections for reproductive freedom, including access to abortion, as well as infertility coverage, removing barriers, and improving access to 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.

Expansion of LGBTQ+ health access to fertility care

The Commissioner co-sponsored SB 729, authored by Senator Caroline Menjivar, which was signed by the Governor in 2024. SB 729 expands access to fertility care for all Californians, including coverage for in vitro fertilization (IVF). It will ensure that queer couples no longer have to pay more out of pocket to start families than non-queer families. It increases access to care, helps reduce inequities in health and economic status, and brings the law up-to-date on medical advancements in IVF and its uses. This bill is critical to achieving full-lived equality for LGBTQ+ people, as well as advancing well-rounded and comprehensive health care for all Californians.

Implementation of The Transgender, Gender Diverse, or Intersex (TGI) Inclusive Care Act (SB 923 (Wiener), Statutes of 2022, chapter 822, § 5)

HEAO represented the Department in the *Transgender, Gender Diverse, or Intersex (TGI) Health Care Quality Standards and Training Curriculum Working Group*, and advocated for a variety of consumer protections relating to culturally competent care, as well as stressing antidiscrimination protections and patient privacy issues. In September 2024, HEAO issued [guidance](#) to insurers outlining areas that must be included in the TGI training curriculum, as well as other state laws that ensure provision of trans-inclusive health care for individuals who identify as TGI.

Enhance California's Preventive Health Care Protections by Sponsoring California Assembly Bill 2258 (Zbur, Statutes of 2024, Chapter 708)

The Commissioner co-sponsored AB 2258, authored by Assembly Member Rick Chavez Zbur, which was signed by the Governor in 2024. AB 2258 builds upon state preventive care law by codifying federal guidance requiring that health insurance policies and health plans must cover all preventive care without cost sharing, including necessary health care for delivering a preventive benefit like HIV PrEP.

Promoting health equity and access

Mental Health and Substance Use Disorder Parity rulemaking package

On May 24, 2024, the Department issued proposed regulations to implement, interpret, and make specific, SB 855 (Wiener, Statutes of 2020, chapter 151) and AB 988 (Bauer-Kahan, Statutes of 2022, Chapter 747), by setting forth requirements for mental health and substance use disorder (MHSUD) benefits coverage, including basic health care services and behavioral health crisis services. The regulations propose to establish requirements for health insurer utilization review of MHSUD benefits, as well as requirements for the provision of utilization review criteria and the training of utilization review staff. Furthermore, the regulations propose to establish limited standards for constituting MHSUD networks, require health insurers to arrange for out-of-network care when medically necessary care is unavailable from a network provider within standards for geographic and timely access to benefits, and clarify the required contents of adverse benefit determination notices. The proposed rules would also specify the required disclosures that must appear in health insurance policies for compliance with SB 855 and AB 988.

On July 10, 2024, the Department held a public hearing to provide all interested persons an opportunity to present statements or arguments, either orally or in writing, with respect to these regulations.

Children and Youth Behavioral Health Initiative

HEAO staff are currently working in conjunction with staff from the California Department of Health Care Services (DHCS) and the California Department of Managed Health Care (DMHC) on the implementation of the Children's Behavioral Health Youth Initiative (CYBHI), which will cover behavioral health services provided to students of public schools. The goal of the CYBHI is to transform the way California meets the behavioral needs of children, youth, and families by meeting kids where they are. HEAO staff participates in biweekly meetings with DHCS/DMHC executive staff, and workgroups with managed care plans and insurers. Additionally, HEAO staff provides technical assistance to insurers on compliance with the CIC and the CYBHI program.

Represented CDI and the Commissioner Nationally

Nationally, 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 HEAO team is California's representative on the Special Committee on Race and Insurance Health Workstream, as well as the Mental Health Parity and Addiction Equity Act (MHPAEA) Working Group.

Letter in response to Updating California's Essential Health Benefits (EHB) Benchmark Plan

In June 2024, the Department sent a letter to the Department of Managed Health Care providing input on proposed changes to California's EHB benchmark plan. The current benchmark is based largely on pre-ACA era mandates and documents that were written prior to the ACA's prohibition on discriminatory plan design, and does not provide access to infertility treatments or coverage of durable medical equipment, including wheelchairs and hearing aids. The Department advocated for the addition of these and other services/treatments in order to address the coverage gaps that promote inequities, to backfill gaps, and to incorporate advances in medical and behavioral health treatment.

Federal Comment Letters

Letter in response to *Notice of Proposed Rulemaking Regarding a Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information (Regulation V)*

In June 2024, the U.S. Consumer Financial Protection Bureau released a notice of proposed rulemaking (NPRM) aimed at restricting access to medical debt information. The Department supported these efforts to limit when medical information can be obtained or used, including by credit agencies.

Letter in response to *Notice of Proposed Rulemaking for Patient Protection and Affordable Care Act, HHS Notice of Benefit Payment Parameters for 2025; Updating Section 1332 Waiver Public Notice Procedures; Medicaid; Consumer Operated and Orientated Plan (CO-OP) Program; and Basic Health Program.*

In January 2024, HEAO submitted a comment letter in response to the Centers for Medicare and Medicaid Services' (CMS) Notice of Benefit and Payment Parameters (NBPP) for 2025 which included (1) an update the defrayal requirements for required additional benefits, (2) consolidation and modernization of the benchmark selection process and (3) allowed states to include adult dental care in their essential health benefits (EHB) benchmark plans. Given that these amendments aligned with CDI's

mission to reduce health disparities and barriers in access to treatment and health care services for historically disadvantaged communities, HEAO submitted a comment letter in strong support of these and many other provisions in the NBPP NPRM. The NBPP NPRM became a final rule in April 2024.

Letter in response to Notice of Proposed Rulemaking for Patient Protection and Affordable Care Act, HHS Notice of Benefit Payment Parameters for 2026; and Basic Health Program

In November 2024, the Department submitted a comment letter in support of CMS's NBPP for 2026, which included allowing carriers to accept thresholds that carriers can offer insureds to avoid triggering a grace period or loss of coverage, adding HIV PrEP as a factor in the risk adjustment model, amongst other things. Although not included in the NBPP, the Department urged CMS to issue regulations prohibiting copay accumulators. The NBPP for 2026 was adopted in January 2025.

Letter in response to Notice of Proposed Rulemaking to Rescind the Department of Labor's 2018 rule entitled Definition of "Employer"---Association Health Plans

In February 2024, the Department submitted comments in support of the Department of Labor's proposal to rescind a previous rule greatly expanding the definition of "employer" to include associations. In addition, it rescinded a rule definition of a "working owner" without employees as an employer.

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 2024.

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 Department specified aggregate information on premiums, cost sharing, benefits, enrollment, and trend factors for all grandfathered and non-grandfathered products. In 2024, 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 with 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 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 yet received any such requests.

Saved Consumers Money through Rate Review

In 2024, the Health Actuarial Office reviewed all major medical rate filings filed with the Department, including student policy filings, specified disease filings, standalone dental plan filings, and 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 \$35.1 million for California consumers with various medical insurance products in 2024.

2024 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 3,433 P&C rates, rules, and form filings in 2024 and reduced requested rate increases by more than \$1.6 billion. In addition, RRB approved reductions of existing rates totaling more than \$15.4 million. For personal auto insurance coverage, the reductions to requested rate increases totaled more than \$1.0 billion.

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 nearly 700 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. All filings are accessible to the public electronically, via the Department's virtual viewing room platform located on the Department's public website.

RRB utilizes the National Association of Insurance Commissioners' (NAIC) System for Electronic Rate and Form Filings (SERFF). SERFF enables insurers to send and states to receive, review, comment on, approve, or reject insurance industry rate, rule, and form filings. SERFF helps increase efficiency and facilitates communication between the rate filing bureaus and insurers. In 2024, 100% of filings submitted to the rate filing bureaus were received through SERFF.

NUMBER OF RATE FILINGS RECEIVED IN CALENDAR YEARS 2023 AND 2024

TYPE	2023	2024
Private Passenger Automobile	446	346
Homeowners	453	147

TYPE	2023	2024
Title	70	68
Other Personal Lines Products	238	177
Workers' Compensation	451	548
Medical Malpractice	42	31
Other Commercial Lines Products	3,334	2,116
Total	5,034	3,433

RATE ACTUARY OFFICE

The Rate Actuary Office (RAO) provides actuarial advice and guidance to RRB, establishes actuarial best practice in the review of rate filings, and assists in division-wide training of non-actuarial staff. RAO's actuaries are assigned to review filings that impact the greatest number of consumers in need of protection which generally include rate and automobile class plan filings submitted by the larger personal line insurers and those filings that are more complex in nature, with or without statistical models. For emerging matters such as the COVID-19 pandemic, RAO offers actuarial perspective, leads the research, and develops solutions to quantify the impact on rates. Additionally, RAO applies their expertise in the development and implementation of new and revised regulatory and legislative proposals, as well as Department led initiatives such as Commissioner Lara's Sustainable Insurance Strategy. In litigated rate matters, RAO actuaries serve as expert witnesses. RAO also represents 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 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. RSB also monitors different emerging issues affecting insurance, such as the industry's use of Insurtech in the areas of sharing economy, autonomous vehicles, artificial intelligence, 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 property and casualty 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 2024 is shown in the following table.

**COMPANIES FILING WITHDRAWALS, CEASE WRITINGS, ETC.
CALENDAR YEAR 2024**

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
24724	First National Insurance Company of America	Liberty Mutual Group	12/17/2024	1/1/2025 (cease new business); 1/1/2026 (non-renew existing policies)	Cease writing homeowners Difference in Condition (DIC) in California.
24724	First National Insurance Company of America	Liberty Mutual Group	12/17/2024	1/1/2025 (cease new business); 1/1/2026 (non-renew existing policies)	Cease writing legacy homeowner (HO3) business.
41459	Armed Forces Insurance Exchange		12/10/2024	4/7/2025	Discontinue writing the Dwelling (Fire and Allied Lines) line of business in California.
20796	21 st Century Premier Insurance Company	Farmers Insurance Group	12/5/2024	4/1/2025	Cease to offer Commercial Auto insurance to cannabis businesses.
10245	American Federation Insurance Company (Surplus)	Farmers Insurance Group	12/5/2024	1/1/2025	Cease to offer Commercial Multiple-Peril insurance to cannabis businesses.

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
22322	Greenwich Insurance Company	AXA Insurance Group	12/2/2024	3/31/2025	Withdraw Named Perils and Crop Hail Insurance.
24724	First National Insurance Company of America	Liberty Mutual Group	11/19/2024	1/1/2025 (cease new business); 1/1/2026 (non-renew existing policies)	Withdraw personal auto-recreational vehicle product.
24740	Safeco Insurance Company of America	Liberty Mutual Group	11/19/2024	1/1/2025 (cease new business); 1/1/2026 (non-renew existing policies)	Withdraw personal auto-recreational vehicle product.
37214	American States Preferred Insurance Company	Liberty Mutual Group	11/19/2024	1/1/2026	Cease personal auto (standard auto program) policies in California.
24732	General Insurance Company of America	Liberty Mutual Group	11/19/2024	1/1/2025 (cease new business); 1/1/2026 (non-renew existing policies)	Cease writing essential homeowners (HO-3) business in California.
24724	First National Insurance Company of America	Liberty Mutual Group	11/19/2024	1/1/2025 (cease new business); 1/1/2026 (non-renew existing policies)	Cease writing condominium (HO-6 Legacy) business in California.

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
24740	Safeco Insurance Company of America	Liberty Mutual Group	11/19/2024	1/1/2025 (cease new business); 1/1/2026 (non-renew existing policies)	Cease writing condominium (HO-6 Legacy) business in California.
39012	Safeco Insurance Company of Illinois	Liberty Mutual Group	11/19/2024	1/1/2025 (cease new business); 1/1/2026 (non-renew existing policies)	Cease writing condominium (HO-6 Legacy) business in California.
24724	First National Insurance Company of America	Liberty Mutual Group	11/19/2024	1/1/2025 (cease new business); 1/1/2026 (non-renew existing policies)	Cease writing renters (HO-4) business in California.
24740	Safeco Insurance Company of America	Liberty Mutual Group	11/19/2024	1/1/2025 (cease new business); 1/1/2026 (non-renew existing policies)	Cease writing renters (HO-4) business in California.
39012	Safeco Insurance Company of Illinois	Liberty Mutual Group	11/19/2024	1/1/2025 (cease new business); 1/1/2026 (non-renew existing policies)	Cease writing renters (HO-4) business in California.

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
42404	Liberty Insurance Corporation	Liberty Mutual Group	11/19/2024	1/1/2025 (cease new business); 1/1/2026 (non-renew existing policies)	Cease writing renters (HO-4) business in California.
42404	Liberty Insurance Corporation	Liberty Mutual Group	11/19/2024	1/1/2025 (cease new business); 1/1/2026 (non-renew existing policies)	Cease writing condominium (HO-6) business in California.
24740	Safeco Insurance Company of America	Liberty Mutual Group	11/19/2024	1/1/2025 (cease new business); 1/1/2026 (non-renew existing policies)	Cease writing Watercraft business in California.
15032	GuideOne Insurance Company	GuideOne Group	11/13/2024	2/1/2025	Withdraw homeowners/residential earthquake insurance.
25895	United States Liability Insurance Company	Berkshire Hathaway Group	11/4/2024	9/27/24 (cease new business); 2/01/25 (non-renew existing policies)	Discontinue Commercial Childcare product.
14042	ASI Select Insurance Company	Progressive Group	10/15/2024	11/19/2024 (cease new business); 12/16/2024 (non-renew	Discontinue Dwelling Fire (DP-3 program) business in California.

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
				existing policies)	
26905	Century National Insurance Company	Allstate Insurance Group	9/13/2024	Complete non-renewals of existing policies by First Quarter 2026	Withdraw Dwelling Fire program from California.
28401	American National Property and Casualty Company	Brookfield Asset Management Reinsurance Partners Ltd Group	8/15/2024	Begin with policies with effective date 2/7/2025 and ending 2/6/2026	Withdraw private flood insurance.
26379	Accredited Surety & Casualty Company, Inc	Randall & Quilter Investment Group	7/23/2024	8/1/2024	Cease writing Real Estate E&O insurance policies in California.
24449	Regent Insurance Company	QBE Insurance Group	7/16/2024	9/30/2024	Withdraw Corporate General Liability program (Line of Business - Commercial Other Liability).
24414	General Casualty Company of Wisconsin	QBE Insurance Group	7/16/2024	9/30/2024	Withdraw Corporate General Liability program (Line of Business - Commercial Other Liability).

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
24449	Regent Insurance Company	QBE Insurance Group	7/16/2024	9/30/2024	Withdraw Corporate Commercial Auto program (Line of Business - Commercial Auto).
24414	General Casualty Company of Wisconsin	QBE Insurance Group	7/16/2024	9/30/2024	Withdraw Corporate Commercial Auto program (Line of Business - Commercial Auto).
37850	Pacific Specialty Insurance Company	Western Service Contract Group	6/25/2024	1/1/2025	Withdraw two earthquake programs (iCAT EQ and Legacy EQ).
20260	Infinity Select Insurance Company	Kemper Corporation Group	6/21/2024	9/14/24, complete no later than 9/15/2025	Discontinue Classic Collectors program for the PPA line of insurance.
20260	Infinity Select Insurance Company	Kemper Corporation Group	6/21/2024	9/14/24, complete no later than 9/15/2025	Discontinue ACV (Physical Damage Only) program for the PPA line of insurance.
24414	General Casualty Company of Wisconsin	QBE Insurance Group	6/20/2024	After 8/31/2024	Withdraw certain commercial Manufacturers Output Asset Coverage Program policies.
24449	Regent Insurance Company	QBE Insurance Group	6/20/2024	After 8/31/2024	Withdraw certain commercial Manufacturers Output Asset Coverage Program policies.

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
42285	Veterinary Pet Insurance Company	Nationwide Corporation Group	5/24/2024	75 days prior to term expiration; Estimate completion by Dec. 2025.	Withdraw pet insurance program Major Medical.
42285	Veterinary Pet Insurance Company	Nationwide Corporation Group	6/19/2024	75 days prior to term expiration; Begin 8/18/2024, estimate completion Feb. 2026.	Withdraw pet insurance program Percent of Invoice-Plan A.
19445	National Union Fire Insurance Company of Pittsburgh, PA	American International Group	5/14/2024	8/1/2024	Withdraw several programs: Other Liability - Directors & Officers Liability: Hospice, Home Health Care, and Related Organizations; Other Liability - Commercial General Liability: Hospice, Home; Other Liability – Umbrella/Excess: VFIS, GPP, GRP, and Hospice, Home Health Care, and Related Organizations; CMP-Glatfelter Religious Practice (GRP); CMP-Hospice, Home

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
					Health Care, and Related.
13722	KnightBrook Insurance Company	KnightBrook Insurance Group	4/4/2024	Not identified	Withdraw substantially from Homeowners Line.
18031	Topa Insurance Company	Topa Equities Ltd. Group	3/28/2024	Conclude before end of 2024	Withdraw commercial property, commercial general liability, and commercial excess policies.
25151	State Farm General Insurance Company	State Farm Group	3/20/2024	60 days from notification date	Withdraw Commercial Multiple Peril (CMP) Apartments and Commercial Multiple Peril (CMP) Earthquake (EQ) policies.
28401	American National Property and Casualty Company	Brookfield Asset Management Reinsurance Partners Ltd Group	2/16/2024	8/18/2024	Withdraw all homeowners insurance.
42587	Depositors Insurance Company	Nationwide Corporation Group	1/19/2024	9/1/2024	Withdraw Business Auto ("BA") Small Market BA Program in California.
23582	Harleysville Insurance Company	Nationwide Corporation Group	1/19/2024	9/1/2024	Withdraw Business Auto ("BA") Small Market BA Program in California.

NAIC Number	Company Name	Group Name	Request Date	Effective Date	Withdrawal of Line or Indicated Company Action
23760	Nationwide General Insurance Company	Nationwide Corporation Group	1/19/2024	9/1/2024	Withdraw Business Auto ("BA") Small Market BA Program in California.
25453	Nationwide Insurance Company of America	Nationwide Corporation Group	1/19/2024	9/1/2024	Withdraw Business Auto ("BA") Small Market BA Program in California.
23787	Nationwide Mutual Insurance Company	Nationwide Corporation Group	1/19/2024	9/1/2024	Withdraw Business Auto ("BA") Small Market BA Program in California.
10945	Tokio Marine America Insurance Company	Tokio Marine Holdings Inc. Group	1/5/2024	Begin non-renewal 3/06/2024 with policy effective date of 6/01/2024 and after	Withdraw homeowners, dwelling fire, liability, and personal umbrella in California.
41238	Trans Pacific Insurance Company	Tokio Marine Holdings Inc. Group	1/5/2024	Begin non-renewal 3/06/2024 with policy effective date of 6/01/2024 and after	Withdraw homeowners, dwelling fire, liability, and personal umbrella in California.