

September 17, 2025

VIA HAND DELIVERY

Anabel Renteria, Initiative Coordinator
Initiative Coordinator
Office of the Attorney General
1300 "I" Street, 17th Floor
Sacramento, CA 95814

Re: Insurance Policyholder Bill of Rights

Dear Initiative Coordinator:

In accordance with the requirements of Elections Code section 9001(a), I request that the Attorney General prepare a circulating title and summary of the initiative measure entitled the "Insurance Policyholder Bill of Rights." The text of the measure, a check for \$2,000.00, and the certifications required by Elections Code sections 9001(b) and 9608 are enclosed.

Please direct all correspondence and inquiries regarding this measure to:

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Sincerely,


Jamie Court
Carmen Balber
Harvey Rosenfield

Enclosures

INSURANCE POLICYHOLDER BILL OF RIGHTS

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure amends, adds, and repeals sections of the Insurance Code and the Revenue and Taxation Code; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Title.

This act shall be known, and may be cited, as the “Insurance Policyholder Bill of Rights.”

SEC. 2. Findings and Declarations.

The people of the State of California find and declare all of the following:

- (a) Access to affordable insurance is necessary for the stability and financial health of Californians.
- (b) Increases in premiums and restrictions on sales by insurance companies have made home, auto, and other insurance unaffordable and unavailable to many.
- (c) When people do have insurance coverage and need to use it, they are often denied the benefits they paid for. Insurance companies often “lowball” claims or make it difficult for policyholders to collect the full policy amounts they are entitled to.
- (d) Insurance companies often refuse coverage even when homeowners have responsibly taken precautions to protect themselves from wildfire risks. Companies that won’t sell to these homeowners don’t deserve the privilege of selling auto insurance in the state.
- (e) Insurance companies often nonrenew policies without allowing homeowners to appeal or address the reason for the nonrenewal.
- (f) Insurance companies often nonrenew or refuse to sell insurance to consumers simply because they have filed a claim, even if it was not their fault or the claim was not paid.
- (g) We, the People, passed the insurance reform measure Proposition 103 in 1988 to stop insurance companies from imposing overcharges and excessive rates and engaging in other

unfair conduct. Proposition 103 has saved Californians hundreds of billions of dollars on their home, auto, and small business insurance.

- (h) However, existing laws inadequately protect homeowners' access to coverage.
- (i) Since 1988, insurance companies have undermined Proposition 103's policyholder protections in the Legislature, through the courts, and with regulators.
- (j) As a result, insurance companies have maintained rates that are excessive and unfair.
- (k) Insurance reform is needed in order to prohibit insurance companies from engaging in the foregoing practices and to protect the public from insurance company abuses by adding new consumer protections and strengthening existing ones.

SEC. 3. Statement of Purpose.

It is the purpose of the people of the State of California in enacting this act to achieve all of the following:

- (a) Prevent insurance companies from denying coverage to homeowners whose properties meet wildfire mitigation standards established by the Department of Insurance.
- (b) Bar insurance companies that refuse to issue policies to homeowners who meet wildfire mitigation standards from the home and auto insurance markets in California for five years.
- (c) Require insurance companies to give a policyholder specific notification of the reasons for a nonrenewal, what repairs or improvements would qualify the policyholder for renewal, and sufficient time for the policyholder to make the repairs or improvements.
- (d) Require insurance companies to disclose to claimants all loss estimates and the reasons for any changes to those loss estimates, and require full payment for a personal property loss after a declared disaster.
- (e) Prevent insurance companies from unfair and arbitrary use of claims history to deny coverage.
- (f) Preserve and strengthen existing law enacted by the voter-approved measure known as Proposition 103 in order to do all of the following:
 - (1) Bar insurance companies from overcharging consumers, and require them to repay overcharges, with interest.
 - (2) Require auto insurance companies to base automobile rates on a motorist's driving safety record and other factors within their control.

(3) Prohibit insurance companies from arbitrarily denying coverage or refusing to renew insurance policies.

(4) Require insurance companies to open their financial books to public scrutiny, justify proposed rates, and obtain the elected Insurance Commissioner's approval before rate changes can take effect, subject to public scrutiny and the opportunity to participate.

(5) Hold insurance companies accountable under California's anti-monopoly, civil rights, and consumer protection laws for a violation of any provision of this initiative.

SEC. 4. Article 4 (commencing with Section 2090) is added to Chapter 2 of Part 1 of Division 2 of the Insurance Code, to read:

Article 4. Wildfire-Safe Property

2090. (a) (1) An admitted insurer that offers or sells residential property insurance in this state shall not refuse to offer, sell, or renew a policy of residential property insurance for an applicant or policyholder whose property meets minimum home hardening and wildfire mitigation standards, as established by the Department of Insurance.

(2) Any residential property insurance offered or sold to an applicant or policyholder described in paragraph (1) shall, at a minimum, provide coverage equivalent in scope to the residential property insurance coverage the admitted insurer most commonly offers or sells in this state.

(b) Notwithstanding subdivision (a), an admitted insurer may refuse to offer, sell, or renew a policy of residential property insurance if the applicant or policyholder does not meet underwriting guidelines that the insurer applies generally to all properties to determine eligibility for coverage and that are unrelated to the risk of wildfire.

(c) (1) An admitted insurer may apply to the commissioner for a temporary waiver of the requirement in paragraph (1) of subdivision (a) in order to be permitted to refuse to offer or sell policies of residential property insurance for property in a particular geographic area of the state, on the grounds that offering new residential property insurance in that geographic area would prevent the insurer from meeting its obligations to policyholders under this code due to an overconcentration of risk in that geographic area. An application made under this paragraph shall not be granted unless the insurer has made an adequate showing of overconcentration of risk, as determined by the commissioner.

(2) The commissioner shall consider an application for a waiver under this subdivision utilizing the prior approval procedures established pursuant to Section 1861.05, and Sections 1861.06 to 1861.10, inclusive, shall apply to any such application. The commissioner shall hold a hearing upon a timely request.

(3) An insurer that is granted a waiver under this subdivision shall be required to reapply for an extension of the waiver every six months until the insurer is no longer eligible for the waiver.

(4) A waiver granted under this subdivision shall not permit an insurer to refuse to renew an existing policy of residential property insurance.

(d) (1) (A) If the commissioner determines that an admitted insurer has habitually and as a matter of ordinary practice violated subdivision (a), the insurer's certificate of authority to offer or sell residential property insurance or automobile insurance in this state shall be revoked for a period of five years.

(B) All proceedings in connection with the revocation of a certificate of authority pursuant to subparagraph (A) shall be conducted in accordance with the provisions of Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the commissioner shall have all the powers granted therein.

(2) If an admitted insurer that offers residential property insurance in this state on or after January 1, 2026, elects to cease offering residential property insurance rather than comply with subdivision (a), the insurer's certificate of authority to offer or sell residential property insurance or automobile insurance in this state shall be revoked for a period of five years.

(e) The commissioner shall adopt regulations to implement this section in accordance with the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). Such regulations shall include a definition of "overconcentration of risk" for purposes of subdivision (c).

SEC. 5. Section 676.11 is added to the Insurance Code, to read:

676.11. (a) This section applies to policies of residential property insurance subject to Section 675.

(b) An admitted insurer shall not refuse to renew a policy except upon grounds explicitly identified in the insurer's underwriting guidelines. An insurer refusing to renew a policy shall provide the policyholder with all of the following:

(1) A clear explanation of the grounds for the nonrenewal, including a reference to the specific provision or provisions in the insurer's underwriting guidelines upon which the nonrenewal is based.

(2) All information relating to the decision of nonrenewal, including, but not limited to, all imagery or other documentation relating to the decision of nonrenewal and all sources of such information, imagery, and documentation.

(c) (1) Prior to refusing to renew an insurance policy based on a defect or safety issue in the property insured or any structural element on the property insured, an admitted insurer shall

provide the policyholder with a clear explanation of any remediation necessary to obtain renewal of the policy, and shall provide the policyholder a reasonable opportunity to perform such remediation.

(2) The scope of remediation required by an admitted insurer pursuant to paragraph (1) shall not exceed what is minimally necessary to obtain renewal of the policy under the insurer's underwriting guidelines.

(3) Upon request by the policyholder, the insurer shall provide the policyholder an extension of time of up to 180 days beyond the nonrenewal date in order to perform remediation if the policyholder encounters a delay beyond the policyholder's control. The insurance policy shall remain in full force and effect during the period of any such extension. Circumstances upon which an extension of time shall be granted include, but are not limited to, any of the following:

(A) Unavoidable delays in obtaining a required permit.

(B) Unavailability of required construction materials.

(C) Unavailability of contractors to perform the work.

(D) Disability, injury, or incapacity of the policyholder.

(4) Following any efforts of remediation, the insurer shall provide the policyholder an opportunity to furnish the insurer evidence of remediation or, upon request by the policyholder, shall perform an on-site physical inspection of the property to verify remediation.

(d) Prior to finalizing a decision to not renew or cancel a policy, an admitted insurer shall provide the policyholder a reasonable opportunity to correct or amend any inaccurate or incomplete information relied upon by the insurer in making the decision to not renew or cancel the policy.

(e) Prior to finalizing a decision to not renew, cancel, or reduce the coverage of a policy, an admitted insurer shall provide the policyholder a reasonable opportunity to dispute the decision to not renew, cancel, or reduce the coverage of the policy.

SEC. 6. Section 678 of the Insurance Code is amended to read:

678. (a) (1) ~~At least 45~~ 90 days before the policy expiration, an insurer shall deliver to the named insured or mail to the named insured at the address shown in the policy, either of the following:

(A) An offer of renewal of the policy contingent upon payment of premium as stated in the offer, stating each of the following:

(i) Any reduction of limits or elimination of coverage. That reduction of limits or elimination of coverage shall identify the specific limits being reduced or coverage being eliminated by the offer of renewal. The elimination of coverage for the previously covered peril of fire shall be subject to subdivision (b) of Section 10103.6.

(ii) The telephone number of the insurer's representatives who handle consumer inquiries or complaints. The telephone number shall be displayed prominently in a font size consistent with the other text of the renewal offer.

(B) A notice of nonrenewal of the policy. ~~That notice shall contain all of the following:~~

(i) For a policy expiring on or before June 30, 2027, a notice of nonrenewal shall contain all of the following:

~~(i)~~

(I) The specific reason or reasons for the nonrenewal.

~~(ii)~~

(II) The telephone number of the insurer's representatives who handle consumer inquiries or complaints. The telephone number shall be displayed prominently in a font size consistent with the other text of the notice of nonrenewal.

~~(iii)~~

(III) Until July 1, 2020, a brief statement indicating that if the consumer has contacted the insurer to discuss the nonrenewal and remains unsatisfied, the consumer may have the matter reviewed by the department. The statement shall include the telephone number of the unit within the department that responds to consumer inquiries and complaints.

~~(iv)~~

(IV) On or after July 1, 2020, a statement that if the consumer has contacted the insurer to discuss the nonrenewal and remains unsatisfied, the consumer may have the matter reviewed by the department. The statement shall include the department's internet website, www.insurance.ca.gov, the department's telephone number, (800) 927-HELP (4357), and the mailing address of the department's Consumer Services Division, 300 S. Spring Street, Los Angeles, CA 90013.

(ii) For a policy expiring on or after July 1, 2027, a notice of nonrenewal shall contain all of the following:

(I) All information related to the basis for the nonrenewal, as required by subdivision (b) of Section 676.11.

(II) A clear explanation of any remediation necessary to obtain renewal of the policy and a full description of all of the policyholder's rights in connection with remediation, as provided for in subdivision (c) of Section 676.11.

(III) A clear explanation of the policyholder's right to correct or amend any inaccurate or incomplete information relied upon by the insurer in making the decision to not renew the policy, as provided for in subdivision (d) of Section 676.11.

(IV) A clear explanation of the policyholder's right to dispute the decision to not renew the policy, as provided for in subdivision (e) of Section 676.11.

(V) The telephone number of the insurer's representatives who handle consumer inquiries or complaints. The telephone number shall be displayed prominently in a font size consistent with the other text of the notice of nonrenewal.

(VI) A statement that if the consumer has contacted the insurer to discuss the nonrenewal and remains unsatisfied, the consumer may have the matter reviewed by the department. The statement shall include the department's internet website, www.insurance.ca.gov, the department's telephone number, (800) 927-HELP (4357), and the mailing address of the department's Consumer Services Division, 300 S. Spring Street, Los Angeles, CA 90013.

(2) On and after July 1, 2022, the time periods and procedures in subdivision (a) of Section 1013 of the Code of Civil Procedure shall be applicable if an offer or notice is mailed.

(b) If an insurer fails to give the named insured either an offer of renewal or notice of nonrenewal as required by this section, the existing policy, with no change in its terms and conditions, shall remain in effect for ~~45~~ 90 days from the date that either the offer to renew or the notice of nonrenewal is delivered or mailed to the named insured. A notice to this effect shall be provided by the insurer to the named insured with the policy or the notice of renewal or nonrenewal.

(c) Notwithstanding subdivisions (a) and (b), with respect to a notice of nonrenewal for a policy that expires on or after July 1, 2020, *and prior to July 1, 2027*, the following timelines apply:

(1) At least 75 days before the policy expiration, the insurer shall deliver the notice of nonrenewal to the named insured or mail the notice of nonrenewal to the named insured at the address shown in the policy. The notice shall include the information contained in *clause (i) of subparagraph (B) of paragraph (1) of subdivision (a)*. On and after July 1, 2022, the time periods and procedures in subdivision (a) of Section 1013 of the Code of Civil Procedure shall be applicable if a notice is mailed.

(2) If an insurer fails to give the named insured a notice of nonrenewal at least 75 days before the policy expiration, as required by paragraph (1), the existing policy, with no change in its terms and conditions, shall remain in effect for 75 days from the date that the notice of nonrenewal is delivered or mailed to the named insured. A notice to this effect shall be provided by the insurer to the named insured with the notice of nonrenewal.

(d) Notwithstanding subdivisions (a) and (b), with respect to a notice of nonrenewal for a policy that expires on or after July 1, 2027, the following timelines apply:

(1) At least 180 days before the policy expiration, the insurer shall deliver the notice of nonrenewal to the named insured or mail the notice of nonrenewal to the named insured at the address shown in the policy. The notice shall include the information contained in clause (ii) of subparagraph (B) of paragraph (1) of subdivision (a). The time periods and procedures in subdivision (a) of Section 1013 of the Code of Civil Procedure shall be applicable if a notice is mailed.

(2) If an insurer fails to give the named insured a notice of nonrenewal at least 180 days before the policy expiration, as required by paragraph (1), the existing policy, with no change in its terms and conditions, shall remain in effect for 180 days from the date that the notice of nonrenewal is delivered or mailed to the named insured. A notice to this effect shall be provided by the insurer to the named insured with the notice of nonrenewal.

~~(d)~~

(e) A policy written for a term of less than one year shall be considered as if written for a term of one year. A policy written for a term longer than one year, or a policy with no fixed expiration date, shall be considered as if written for successive policy periods or terms of one year.

~~(e)~~

(f) A notice of nonrenewal for a residential property insurance policy expiring on or after July 1, 2021, shall be accompanied by the following notice:

The California Department of Insurance has developed the California Home Insurance Finder, an online tool that can assist you in obtaining insurance for your home. The Finder contains names, addresses, telephone numbers, and internet website links of licensed insurance agents, brokers, and insurance companies that may be able to sell insurance to you. The Finder is organized by ZIP Code and the languages in which the agent, broker, or insurance company sells insurance.

The California FAIR Plan (FAIR Plan) provides basic property insurance as the “insurer of last resort” if you cannot find insurance coverage for your property in the normal (voluntary) insurance market. The FAIR Plan provides basic property insurance coverage for residential structures, as well as personal property coverage for residential and business occupancies. However, FAIR Plan policies may not cover liability, theft, or water damage, among other things. There are also optional coverages available for both residential properties. Applications can be made directly with the FAIR Plan (cfpnet.com), although the FAIR Plan strongly encourages use of a licensed agent or broker for assistance in preparing and obtaining a quote. There is no additional cost for using an agent or broker for purchasing a FAIR Plan policy.

California law requires an agent or broker to assist a person seeking a FAIR Plan policy by (1) submitting a coverage application to the FAIR Plan on behalf of the consumer, (2) providing the consumer the FAIR Plan’s internet website address and toll-free telephone number, or (3) obtaining a policy for the consumer through an admitted or nonadmitted insurer.

To supplement a FAIR Plan policy, a Difference in Conditions (DIC) policy should be considered. A DIC policy is sold by some private insurers, and provides coverage for things not covered by the basic property insurance policy provided by the FAIR Plan. A consumer who wants broader coverage than that provided by the FAIR Plan policy should contact an agent, broker, or insurance company that offers a DIC policy to obtain this additional coverage. The Department of Insurance maintains a list of insurance companies that sell DIC policies on its internet website (insurance.ca.gov). Additional assistance may be obtained by contacting an agent or broker listed with the department's online agent locator.

~~(f)~~

(g) An insurer may use a notice substantially similar to the notice set forth in subdivision ~~(e)~~ (f) to the extent that the notice provides additional or more detailed information.

~~(g)~~

(h) This section applies only to policies of insurance specified in Section 675.

SEC. 7. Section 678.15 is added to the Insurance Code, to read:

678.15. (a) This section applies to policies of residential property insurance subject to Section 675.

(b) On or before April 1 of each year, any insurer with written California premiums shall submit to the commissioner a report for the previous calendar year containing the following information for policies written in California:

(1) The number of policies in each of the following categories:

(A) New policies.

(B) Renewed policies.

(C) Policies for which the policyholder elected not to renew.

(D) Policies for which the insurer elected not to renew, and for each such policy the following information:

(i) The reason or reasons for the nonrenewal.

(ii) Whether the policyholder appealed the nonrenewal and the outcome of any appeal.

(E) Canceled policies.

(2) The policy information reported pursuant to paragraph (1) shall be categorized by whether the policy was sold in the voluntary market, FAIR Plan market, or surplus line market, and shall also be listed by county and ZIP Code.

(c) On or before July 1 of each year, the commissioner shall prepare and publish on the department's internet website an aggregated report for the previous calendar year of all information reported by insurers pursuant to subdivision (b).

SEC. 8. Section 1861.01 of the Insurance Code is repealed.

~~1861.01. Insurance Rate Rollback.~~

~~(a) For any coverage for a policy for automobile and any other form of insurance subject to this chapter issued or renewed on or after November 8, 1988, every insurer shall reduce its charges to levels which are at least 20% less than the charges for the same coverage which were in effect on November 8, 1987.~~

~~(b) Between November 8, 1988, and November 8, 1989, rates and premiums reduced pursuant to subdivision (a) may be only increased if the commissioner finds, after a hearing, that an insurer is substantially threatened with insolvency.~~

~~(c) Commencing November 8, 1989, insurance rates subject to this chapter must be approved by the commissioner prior to their use.~~

~~(d) For those who apply for an automobile insurance policy for the first time on or after November 8, 1988, the rate shall be 20% less than the rate which was in effect on November 8, 1987, for similarly situated risks.~~

~~(e) Any separate affiliate of an insurer, established on or after November 8, 1987, shall be subject to the provisions of this section and shall reduce its charges to levels which are at least 20% less than the insurer's charges in effect on that date.~~

SEC. 9. Section 1861.01 is added to the Insurance Code, to read:

1861.01. Refunds for Insurance Overcharges.

(a) In addition to any other remedy authorized by law, an insurer that charges or applies an excessive rate, as determined by the commissioner or a court of competent jurisdiction, shall be required to refund all overcharges, plus interest, that the insurer obtained as a direct or indirect result of charging or applying the excessive rate.

(b) This section clarifies the intent of the voters in enacting Proposition 103 at the November 8, 1988, general election.

SEC. 10. Section 1861.02 of the Insurance Code is amended to read:

~~1861.02.~~

1861.02. Fair Automobile Premiums and Discounts for Good Drivers.

(a) Rates and premiums for an automobile insurance policy, as described in subdivision (a) of Section 660, shall be determined by application of the following factors in decreasing order of importance:

- (1) The insured's driving safety record.
- (2) The number of miles he or she drives annually.
- (3) The number of years of driving experience the insured has had.

(4) Those other factors that the commissioner may adopt by regulation and that have a substantial relationship to the risk of loss. The regulations shall set forth the respective weight to be given each factor in determining automobile rates and premiums. Notwithstanding any other provision of law, the use of any criterion without approval shall constitute unfair discrimination.

(b) (1) Every person who meets the criteria of Section 1861.025 shall be qualified to purchase a Good Driver Discount policy from the insurer of his or her choice. An insurer shall not refuse to offer and sell a Good Driver Discount policy to any person who meets the standards of this subdivision.

(2) The rate charged for a Good Driver Discount policy shall comply with subdivision (a) and shall be at least 20 percent below the rate the insured would otherwise have been charged for the same *or similar* coverage. Rates for Good Driver Discount policies shall be approved pursuant to this article.

(3) (A) This subdivision shall not prevent a reciprocal insurer, organized prior to November 8, 1988, by a motor club holding a certificate of authority under Chapter 2 (commencing with Section 12160) of Part 5 of Division 2, and that requires membership in the motor club as a condition precedent to applying for insurance from requiring membership in the motor club as a condition precedent to obtaining insurance described in this subdivision.

(B) This subdivision shall not prevent an insurer that requires membership in a specified voluntary, nonprofit organization, which was in existence prior to November 8, 1988, as a condition precedent to applying for insurance issued to or through those membership groups, including franchise groups, from requiring that membership as a condition to applying for the coverage offered to members of the group, provided that it or an affiliate also offers and sells coverage to those who are not members of those membership groups.

(C) However, all of the following conditions shall be applicable to the insurance authorized by subparagraphs (A) and (B):

(i) Membership, if conditioned, is conditioned only on timely payment of membership dues and other bona fide criteria *that are* not based upon driving record or *the motorist's prior insurance coverage*, provided that membership in a motor club may not be ~~based~~ *conditioned* on residence in any area within the state.

(ii) Membership dues are paid solely for and in consideration of the membership and membership benefits and bear a reasonable relationship to the benefits provided. The amount of the dues shall not depend on whether the member purchases insurance offered by the membership organization. None of those membership dues or any portion thereof shall be transferred by the membership organization to the insurer, or any affiliate of the insurer, attorney-in-fact, subsidiary, or holding company thereof, provided that this provision shall not prevent any bona fide transaction between the membership organization and those entities.

(iii) Membership provides bona fide services or benefits in addition to the right to apply for insurance. Those services shall be ~~reasonably~~ available to all members within each class of membership.

(iv) Any insurer that violates clause (i), (ii), or (iii) shall be subject to the penalties set forth in Section 1861.14.

(c) The absence of prior automobile insurance coverage, in and of itself, shall not be a criterion for determining eligibility for a Good Driver Discount policy, or generally for automobile rates, premiums, or insurability.

(d) An insurer may refuse to sell a Good Driver Discount policy insuring a motorcycle unless all named insureds have been licensed to drive a motorcycle for the previous three years.

~~(e) This section shall become operative on November 8, 1989. The commissioner shall adopt regulations implementing this section and insurers may submit applications pursuant to this article which comply with those regulations prior to that date, provided that no such application shall be approved prior to that date.~~

SEC. 11. Section 1861.025 of the Insurance Code is amended to read:

~~1861.025.~~

1861.025. Good Driver Discount Qualifications.

A person is qualified to purchase a Good Driver Discount policy if he or she meets all of the following criteria:

(a) He or she has been licensed to drive a motor vehicle for the previous three years.

(b) During the previous three years, he or she has not done any of the following:

(1) Had more than one violation point count determined as provided by subdivision (a), (b), (c), (d), (f), or (j) of, or paragraph (1) of subdivision (i) of, Section 12810 of the Vehicle Code, but subject to the following modifications:

(A) For the purposes of this section, the driver of a motor vehicle involved in an accident for which he or she was principally at fault that resulted only in damage to property shall receive one violation point count, in addition to any other violation points that may be imposed for this accident.

(B) If, under Section 488 or 488.5, an insurer is prohibited from increasing the premium on a policy on account of a violation, that violation shall not be included in determining the point count of the person.

(C) If a violation is required to be reported under Section 1816 of the Vehicle Code, or under Section 784 of the Welfare and Institutions Code, or any other provision requiring the reporting of a violation by a minor, the violation shall be included for the purposes of this section in determining the point count in the same manner as is applicable to adult violations.

(2) Had more than one dismissal pursuant to Section 1803.5 of the Vehicle Code that was not made confidential pursuant to Section 1808.7 of the Vehicle Code, in the 36-month period for violations that would have resulted in the imposition of more than one violation point count under paragraph (1) if the complaint had not been dismissed.

(3) Was the driver of a motor vehicle involved in an accident that resulted in bodily injury or in the death of any person and was principally at fault. The commissioner shall adopt regulations setting guidelines to be used by insurers for the determination of fault for the purposes of this paragraph and paragraph (1).

(c) During the period commencing on January 1, 1999, or the date 10 years prior to the date of application for the issuance or renewal of the Good Driver Discount policy, whichever is later, and ending on the date of the application for the issuance or renewal of the Good Driver Discount policy, he or she has not been convicted of a violation of Section 23140, 23152, or 23153 of the Vehicle Code, a felony violation of Section 23550 or 23566, or former Section 23175 or, as those sections read on January 1, 1999, of the Vehicle Code, or a violation of Section 191.5 or subdivision (a) of Section 192.5 of the Penal Code.

(d) Any person who claims that he or she meets the criteria of subdivisions (a), (b), and (c) based entirely or partially on a driver's license and driving experience acquired anywhere other than in the United States or Canada is rebuttably presumed to be qualified to purchase a Good Driver Discount policy if he or she has been licensed to drive in the United States or Canada for at least the previous 18 months and meets the criteria of subdivisions (a), (b), and (c) for that period.

SEC. 12. Section 1861.03 of the Insurance Code is amended to read:

~~1861.03.~~

1861.03. Prohibition on Unfair Practices by Insurance Companies.

(a) The business of insurance shall be subject to the laws of California applicable to any other business, including, but not limited to, civil rights laws (Sections 51 to 53, inclusive, of the Civil Code), and the antitrust and unfair business practices laws (Parts 2 (commencing with Section 16600) and 3 (commencing with Section 17500) of Division 7 of the Business and Professions Code).

(b) Nothing in this section shall be construed to prohibit (1) any agreement to collect, compile and disseminate historical data on paid claims or reserves for reported claims, provided such data is contemporaneously transmitted to the commissioner, (2) participation in any joint arrangement established by statute or the commissioner to assure availability of insurance, (3) any agent or broker, representing one or more insurers, from obtaining from any insurer it represents information relative to the premium for any policy or risk to be underwritten by that insurer, (4) any agent or broker from disclosing to an insurer it represents any quoted rate or charge offered by another insurer represented by that agent or broker for the purpose of negotiating a lower rate, charge, or term from the insurer to whom the disclosure is made, or (5) any agents, brokers, or insurers from utilizing or participating with multiple insurers or reinsurers for underwriting a single risk or group of risks.

(c) (1) Notwithstanding any other provision of law, a notice of cancellation or nonrenewal of a policy for automobile insurance shall be effective only if it is based on one or more of the following reasons: (A) nonpayment of premium; (B) fraud or material misrepresentation affecting the policy or insured; (C) a substantial increase in the hazard insured against.

(2) This subdivision shall not prevent a reciprocal insurer, organized prior to November 8, 1988, by a motor club holding a certificate of authority under Chapter 2 (commencing with Section 12160) of Part 5 of Division 2, and which requires membership in the motor club as a condition precedent to applying for insurance, from issuing an effective notice of nonrenewal based solely on the failure of the insured to maintain membership in the motor club. This subdivision shall also not prevent an insurer which issues private passenger automobile coverage to members of groups that were in existence prior to November 8, 1988, whether membership, franchise, or otherwise, and to those who are not members of groups from issuing an effective notice of nonrenewal for coverage provided to the insured as a member of the group based solely on the failure of the insured to maintain that membership if (i) the insurer offers to renew the coverage to the insured on a nongroup basis, or (ii) to transfer the coverage to an affiliated insurer. The rates charged by the insurer or affiliated insurer shall have been adopted pursuant to this article. However, all of the following conditions shall be applicable to that insurance:

(A) Membership, if conditioned, is conditioned only on timely payment of membership dues and other bona fide criteria *that are* not based upon driving record or *the motorist's prior insurance coverage*, provided that membership in a motor club may not be ~~based~~ *conditioned* on residence in any area within the state.

(B) Membership dues are paid solely for and in consideration of the membership and membership benefits and bear a reasonable relationship to the benefits provided. The amount of the dues shall not depend on whether the member purchases insurance offered by the membership organization. None of those membership dues or any portion thereof shall be transferred by the membership organization *directly or indirectly* to the insurer, or any affiliate of the insurer, attorney-in-fact, subsidiary, or holding company thereof, provided that this provision shall not prevent any bona fide transaction between the membership organization and those entities.

(C) Membership provides bona fide services or benefits in addition to the right to apply for insurance. Those services shall be reasonably available to all members within each class of membership.

(D) Any insurer that violates subparagraphs (A), (B), or (C) shall be subject to the penalties set forth in Section 1861.14, *in addition to any other remedies available under California law.*

SEC. 13. Section 1861.04 of the Insurance Code is amended to read:

~~1861.04. Full Disclosure of Insurance Information.~~
1861.04. Insurance Shopping Tools.

~~(a) Upon request, and for a reasonable fee to cover costs,~~ the commissioner shall provide consumers with a comparison of the rate in effect for each personal line of insurance for every insurer.

SEC. 14. Section 1861.05 of the Insurance Code is amended to read:

~~1861.05. Approval of Insurance Rates.~~
1861.05. Review and Approval of Insurance Rates.

(a) (1) Insurance rates subject to this chapter shall be approved by the commissioner prior to their use.

(2) No rate shall be approved or remain in effect which is excessive, inadequate, unfairly discriminatory or otherwise in violation of this chapter. In considering whether a rate is excessive, inadequate or unfairly discriminatory, no consideration shall be given to the degree of competition and the commissioner shall consider whether the rate mathematically reflects the insurance company's investment income.

(b) Every insurer which desires to change any rate shall file a complete rate application with the commissioner. A complete rate application shall include all data referred to in Sections 1857.7, 1857.9, 1857.15, and 1864 and such other information as the commissioner may require.

The applicant shall have the burden of proving that the requested rate change is justified and meets the requirements of this article.

(c) The commissioner shall notify the public of any application by an insurer for a rate change, *both when the application is filed and when the application is deemed complete*. The application shall be deemed approved sixty days after public notice *that the application is deemed complete* unless (1) a consumer or his or her representative requests a hearing within forty-five days of public notice and the commissioner grants the hearing, or determines not to grant the hearing and issues written findings in support of that decision, or (2) the commissioner on his or her own motion determines to hold a hearing, or (3) the proposed rate adjustment exceeds 7% of the then applicable rate for personal lines or 15% for commercial lines, in which case the commissioner must hold a hearing upon a timely request. In any event, a rate change application shall be deemed approved 180 days after the rate application is received by the commissioner (A) unless that application has been disapproved by a final order of the commissioner subsequent to a hearing, or (B) extraordinary circumstances exist. For purposes of this section, "received" means the date delivered to the department.

(d) For purposes of this section, extraordinary circumstances include the following:

(1) Rate change application hearings commenced during the 180-day period provided by subdivision (c). If a hearing is commenced during the 180-day period, the rate change application shall be deemed approved upon expiration of the 180-day period or 60 days after the close of the record of the hearing, whichever is later, unless disapproved prior to that date.

(2) Rate change applications that are not approved or disapproved within the 180-day period provided by subdivision (c) as a result of a judicial proceeding directly involving the application and initiated by the applicant or an intervenor. During the pendency of the judicial proceedings, the 180-day period is tolled, except that in no event shall the commissioner have less than 30 days after conclusion of the judicial proceedings to approve or disapprove the application. Notwithstanding any other provision of law, nothing shall preclude the commissioner from disapproving an application without a hearing if a stay is in effect barring the commissioner from holding a hearing within the 180-day period.

(3) The hearing has been continued pursuant to Section 11524 of the Government Code. The 180-day period provided by subdivision (c) shall be tolled during any period in which a hearing is continued pursuant to Section 11524 of the Government Code. A continuance pursuant to Section 11524 of the Government Code shall be decided on a case by case basis. If the hearing is commenced or continued during the 180-day period, the rate change application shall be deemed approved upon the expiration of the 180-day period or 100 days after the case is submitted, whichever is later, unless disapproved prior to that date.

SEC. 15. Section 1861.055 of the Insurance Code is repealed.

~~1861.055. (a) The commissioner shall adopt regulations governing hearings required by subdivision (c) of Section 1861.05 on or before 120 days after the enactment of this section.~~

~~Those regulations shall, at the minimum, include timelines for scheduling and commencing hearings, and procedures to prevent delays in commencing or continuing hearings without good cause.~~

~~(b) The sole remedy for failure by the commissioner to adopt the regulations required by subdivision (a) within the prescribed period or to abide by those regulations once adopted shall be a writ of mandate by any aggrieved party in a court of competent jurisdiction to compel the commissioner to adopt those regulations, or commence or resume hearings.~~

~~(c) Nothing in this section shall preclude the commissioner from commencing hearings required by subdivision (c) of Section 1861.05 prior to adopting the regulations required by this section.~~

~~(d) The administrative law judge shall render a decision within 30 days of the closing of the record in the proceeding.~~

SEC. 16. Section 1861.055 is added to the Insurance Code, to read:

1861.055. Transparency in Regulations.

When proposing a regulation, as defined in Section 11342.600 of the Government Code, implementing any provision of this article, the commissioner shall comply with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), and the rate-making exemption set forth in subdivision (g) of Section 11340.9 of the Government Code shall not apply.

SEC. 17. Section 1861.06 of the Insurance Code is amended to read:

~~1861.06.~~

1861.06. Public Notice.

Public notice required by this article shall be made through distribution to the news media and to any member of the public who requests placement on a mailing list for that purpose, and by posting the notice on the department's internet website.

SEC. 18. Section 1861.07 of the Insurance Code is amended to read:

~~1861.07.~~

1861.07. Full Disclosure of Insurance Information.

All information provided to the commissioner pursuant to this article shall be available for public inspection, and the provisions of Section 7929.000 of the Government Code and Section 1857.9 of the Insurance Code shall not apply thereto.

SEC. 19. Section 1861.08 of the Insurance Code is amended to read:

~~1861.08.~~

1861.08. Public Hearings.

Hearings shall be conducted pursuant to Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, except that:

(a) Hearings shall be conducted by administrative law judges for purposes of Sections 11512 and 11517 *of the Government Code*, chosen under Section 11502 *of the Government Code* or appointed by the commissioner.

(b) Hearings are commenced by a filing of a notice in lieu of Sections 11503 and 11504 *of the Government Code*.

(c) The commissioner shall adopt, amend, or reject a decision only under Section 11518.5 and subdivisions (b); *and (c); and (e) of Section 11517 of the Government Code* and solely on the basis of the record as provided in Section 11425.50 of the Government Code.

(d) Notwithstanding Section 11501 *of the Government Code*, in any proceeding permitted or established by this article regardless of whether a formal hearing has been noticed pursuant to subdivision (b) of this section, Section 11430.30 and subdivision (b) of Section 11430.70 *of the Government Code* shall not apply ~~in these hearings~~, and subdivision (a) of Section 11430.70 *of the Government Code* shall apply to the commissioner and any member of the commissioner's executive management, including any deputy commissioner.

(e) Discovery shall be liberally construed and disputes determined by the administrative law judge as provided in Section 11507.7 of the Government Code.

(f) *The administrative law judge shall render a decision within 30 days of the closing of the record in the proceeding.*

(g) *The amendments made to this section by the act adding this subdivision clarify the intent of the voters in enacting Proposition 103 at the November 8, 1988, general election.*

SEC. 20. Section 1861.09 of the Insurance Code is amended to read:

~~1861.09.~~

1861.09. Judicial Review.

Judicial review shall be in accordance with Section 1858.6. For purposes of judicial review, a decision to hold a hearing is not a final order or decision; however, a decision not to hold a hearing is final.

SEC. 21. Section 1861.10 of the Insurance Code is amended to read:

1861.10. Consumer Participation.

(a) Any person may initiate or intervene in any proceeding permitted or established pursuant to this chapter, challenge any action of the commissioner under this article, *including in a civil proceeding*, and enforce any provision of this article, *including in a civil proceeding*.

(b) The commissioner or a court shall award reasonable advocacy and witness fees and expenses to any person who demonstrates that (1) the person represents the interests of consumers, and, (2) that he or she has made a substantial contribution to the adoption of any order, regulation, or decision by the commissioner or a court. Where such advocacy occurs in response to a rate application, the award shall be paid by the applicant.

(c) All requests for a finding of eligibility to seek compensation and all findings of eligibility, as described in Section 2662.2 of Title 10 of the California Code of Regulations, shall be published on the Department of Insurance Internet Web site during the eligibility period.

(d) *The amendments made to this section by the act adding this subdivision clarify the intent of the voters in enacting Proposition 103 at the November 8, 1988, general election.*

SEC. 22. Section 1861.11 of the Insurance Code is amended to read:

~~1861.11. Emergency Authority.~~

1861.11. Commissioner's Authority to Address Underserved Markets.

In the event that the commissioner finds that (a) insurers have substantially withdrawn from any insurance market covered by this article, including insurance described by Section 660, and (b) a market assistance plan would not be sufficient to make insurance available, the commissioner shall establish a joint underwriting authority in the manner set forth by Section 11891, without the prior creation of a market assistance plan.

SEC. 23. Section 1861.12 of the Insurance Code is amended to read:

~~1861.12. Group Insurance Plans.~~

1861.12. Consumers' Authority to Negotiate Group Insurance Plans.

Any insurer may issue any insurance coverage on a group plan, without restriction as to the purpose of the group, occupation or type of group. Group insurance rates shall not be considered to be unfairly discriminatory, if they are averaged broadly among persons insured under the group plan.

SEC. 24. Section 1861.13 of the Insurance Code is amended to read:

~~1861.13. Application.~~

1861.13. Applicable Lines.

This article shall apply to all insurance on risks or on operations in this state, except those listed in Section 1851.

SEC. 25. Section 1861.137 of the Insurance Code is amended to read:

~~1861.137.~~

1861.137. Credit Insurance.

(a) Notwithstanding Section 1861.13, credit insurance shall not be subject to Sections 1861.01 and 1861.05. However, any rate for credit insurance shall be filed with the commissioner before it may be used in this state, and that rate may be used immediately upon filing with the commissioner.

(b) The rates for credit insurance shall not be excessive, inadequate, unfairly discriminatory, or otherwise in violation of this chapter, except Sections 1861.01 and 1861.05.

SEC. 26. Section 1861.14 of the Insurance Code is amended to read:

1861.14. Enforcement & Penalties.

(a) Violations of this article shall be subject to the penalties set forth in Section 1859.1. In addition to the other penalties provided in this chapter, the commissioner may suspend or revoke, in whole or in part, the certificate of authority of any insurer which fails to comply with the provisions of this article.

(b) (1) On January 1 of each year beginning in 2027, the commissioner shall adjust the maximum amounts specified in this chapter of all penalties imposed by the commissioner pursuant to this chapter, to reflect the amount by which the California Consumer Price Index for the month of June of the year prior to the adjustment exceeds the California Consumer Price Index for June of the calendar year in which legislation was last enacted establishing or amending the maximum amount of the penalty.

(2) The amount of any penalty determined pursuant to this subdivision shall be rounded as follows:

(A) To the nearest multiple of one thousand dollars (\$1,000) in the case of a penalty that is greater than one thousand dollars (\$1,000), but less than or equal to ten thousand dollars (\$10,000).

(B) To the nearest multiple of five thousand dollars (\$5,000) in the case of a penalty that is greater than ten thousand dollars (\$10,000).

(3) Penalty adjustments made pursuant to this subdivision are exempt from the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The updated penalties established pursuant to this subdivision shall be filed with the Secretary of State and published in the California Code of Regulations.

SEC. 27. Section 1861.15 of the Insurance Code is amended to read:

~~1861.15.~~

1861.15. Right to Purchase Automobile Insurance.

(a) An insurer issuing policies as described in subdivision (a) of Section 660, shall, as a condition of obtaining and maintaining a certificate of authority to transact the business of insurance in this state, offer to persons who qualify for a good driver discount pursuant to Sections 1861.02 and 1861.025, automobile liability coverage in the minimum financial responsibility coverage amounts specified in subdivision (a) of Section 16056 of the Vehicle Code, and sell that coverage to those who request it.

(b) In soliciting the issuance or renewal of a policy of automobile liability insurance, an insurer, broker, agent, or any other employee of the insurer shall disclose to persons eligible for a good driver discount the minimum financial responsibility coverage amounts required pursuant to Section 16056 of the Vehicle Code, and that the insurer is legally required to furnish coverage in those minimum amounts, if requested.

(c) Nothing in this section shall be construed to affect any obligation imposed on any insurer by law to offer and sell any other kind or amount of insurance.

~~(d) This section does not apply to any insurer that, on November 7, 1988, did not offer to sell a minimum financial responsibility policy as described in subdivision (a) and that did not write more than 1 percent of the private passenger automobile liability policies in effect on November 7, 1988.~~

SEC. 28. Section 1861.16 of the Insurance Code is amended to read:

~~1861.16.~~

1861.16. Sales by Automobile Insurance Groups.

(a) An insurer issuing a policy described in subdivision (a) of Section 660 by or through an insurance agent where a commission is paid, directly or indirectly, to that agent shall, when issuing a policy in the minimum financial responsibility coverage amount as required by Section 1861.15, pay a commission on the same terms and on the same percentage basis to that agent as

for any higher amount of policy coverage sold by that agent. In no case shall the percentage amount of commission paid to that agent for a policy of minimum financial responsibility coverage be less than the percentage commission paid to that agent on any higher level of policy coverage issued by that insurer.

(b) An agent or representative representing one or more insurers having common ownership or operating in California under common management or control shall offer, and the insurer shall sell, a good driver discount policy to a good driver from an insurer within that common ownership, management, or control group, which offers the lowest rates for that coverage. This requirement applies notwithstanding the underwriting guidelines of any of those insurers or the underwriting guidelines of the common ownership, management, or control group. Nothing in this subdivision shall require an insurer to offer and sell a good driver discount policy that the insurer would otherwise not be required to offer and sell in accordance with paragraph (3) of subdivision (b) of Section 1861.02. As used in this subdivision, "representative" means any person who offers or prepares premium quotations on behalf of either an insurer or any entity acting directly or indirectly on behalf of an insurer. This subdivision shall not be construed to either permit a representative to transact insurance, or to exempt a representative who does transact insurance from the licensing provisions of this code.

(c) (1) Notwithstanding subdivision (b), insurers having common ownership and operating in California under common control are not required to sell good driver discount policies issued by other insurers within the common ownership group if the commissioner determines that the insurers satisfy each of the following conditions:

(A) The business operations of the insurers are independently managed and directed.

(B) The insurers do not jointly develop loss or expense statistics or other data used in ratemaking, or in the preparation of rating systems or rate filings.

(C) The insurers do not jointly maintain or share loss or expense statistics, or other data used in ratemaking or in the preparation of rating systems or rate filings. This condition shall not apply if the data is generally available to the industry through a nonaffiliated third party and is obtained from that third party.

(D) The insurers do not utilize each others' marketing, sales, or underwriting data.

(E) The insurers act independently of each other in determining, filing, and applying base rates, factors, class plans, and underwriting rules, and in the making of insurance policy forms.

(F) The insurers' sales operations are separate.

(G) The insurers' marketing operations are separate.

(H) The insurers' policy service operations are separate.

(2) Notwithstanding Senate Bill 1 of the 2003–04 Regular Session (Chapter 241 of the Statutes of 2003), the federal Gramm-Leach-Bliley Act (Public Law 106-102), and the federal Fair Credit Reporting Act (15 U.S.C. Sec. 1681 and following), the sharing of information between insurers as described in subparagraphs (A) to (H), inclusive, of paragraph (1) shall be more restrictive than may otherwise be permissible pursuant to those acts.

(d) Except to the extent restricted by subdivision (c) or any regulation adopted to implement subdivision (c), this section shall not be interpreted to restrict the right of an insurer or holding company to use aggregate data of its affiliated insurers having common ownership or operating in California under common control.

(e) Nothing in subdivision (c) is intended to amend, alter, or supersede other sections of this code, or other laws of this state, regarding any right of an insurer or holding company to use aggregate data of its affiliated insurers having common ownership or operating in California under common control.

(f) The commissioner may adopt regulations to implement this section.

~~(g) An insurer that is required by this section or Section 1861.02 to offer and sell good driver discount policies to good drivers to whom it did not sell those policies prior to November 8, 1988, due to driving safety record or vehicle type may file and, upon the approval of the commissioner, implement an interim rating plan for those applicants until the rating plan required by subdivision (a) of Section 1861.02 is adopted, provided that the insurer has timely filed an automobile insurance rating plan in compliance with subdivision (a) of Section 1861.02, and that plan has not been approved. An insurer may file an interim plan prior to the operative date of subdivision (b).~~

~~The commissioner shall notify the public of any application by an insurer for an interim rating plan. The public notice shall meet the requirements of Section 1861.06. The application shall be deemed approved 60 days after public notice unless (1) a consumer or his or her representative requests a hearing within 45 days of public notice and the commissioner grants the hearing, or determines not to grant the hearing and issues written findings in support of that decision, or (2) the commissioner on his or her own motion determines to hold a hearing. If the commissioner grants a request for a hearing or determines on his or her own motion to hold a hearing on the application for an interim rating plan, but does not approve or disapprove the proposed interim rating plan within the later of 30 days from the date the commissioner grants a request or determines to hold the hearing or January 1, 1991, the interim rating plan may be used until the time that the commissioner issues a decision.~~

~~If an interim rate or proposed interim rate is greater than the rate ultimately approved, the insurer shall refund to its applicable policyholders, in proportion to the amount of premium paid by each, the difference between the total amount earned and the amount to which the insurer is entitled under the rate ultimately approved, together with interest at the rate of 10 percent per year. In lieu of a refund, the insurer may provide a credit to the policyholder if the amount due is less than three dollars (\$3).~~

~~(h)~~

(g) Nothing contained in subdivision (b) or (c) shall be construed to expand, limit, or modify the requirements of subdivision (b) of Section 1861.02.

~~(i)~~

(h) A violation of this section by any insurer shall subject it to the penalties provided by Section 1861.14.

SEC. 29. Section 1861.17 is added to the Insurance Code, immediately following Section 1861.16, to read:

1816.17. Prohibition on Unfair and Arbitrary Use of Claims History.

(a) An insurer shall not refuse to issue or renew, or determine eligibility for, a residential property insurance policy on the basis of any of the following claims by the applicant or insured or any previous owner or occupant of the property to be insured:

(1) A claim that is filed but is not paid or payable.

(2) A claim that is within the claimant's deductible.

(3) A claim that is not covered by the policy.

(4) A claim that is paid in full by another insurance policy or a third party.

(5) A claim arising from hazards for which the policy does not provide coverage.

(6) A claim concerning a property that is no longer owned by the applicant or insured.

(7) A claim by the applicant or insured in which the loss was not the direct result of intentional conduct or gross negligence by the applicant or insured and for which the risk of loss has been mitigated through the removal of the hazard, the repair of the damage or defect, or other changes to the property or to the condition that caused the loss.

(b) An insurer shall not refuse to issue or renew, or determine eligibility for, a residential property insurance policy based in whole or in part on whether a policyholder has previously inquired about the insurance policy, including, but not limited to, an inquiry concerning the scope or nature of coverage available under the policy.

(c) For purposes of this section, "residential property insurance" means the insurance described in subdivision (a) of Section 675.

SEC. 30. Section 1858.07 of the Insurance Code is amended to read:

~~1858.07.~~

1858.07. Penalties for Insurance Company Violations.

(a) Any person who uses any rate, rating plan, or rating system in violation of this chapter is liable to the state for a civil penalty not to exceed five thousand dollars (\$5,000) for each act, or, if the act or practice was willful, a civil penalty not to exceed ten thousand dollars (\$10,000) for each act. The commissioner shall have the discretion to establish what constitutes an act. However, when the issuance, amendment, or servicing of a policy or endorsement is inadvertent, all of those acts shall be a single act for the purpose of this section.

(b) The penalty imposed by this section shall be imposed by and determined by the commissioner as provided by Section 1858.3, ~~except that no penalty shall be imposed by the commissioner if a person has used any rate, rating plan, or rating system that has been approved for use by the commissioner in accordance with the provisions of this chapter.~~

(c) The penalty imposed by this section is appealable by means of any remedy provided by Section 12940 *of this code* or by Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

SEC. 31. Section 1860.1 of the Insurance Code is amended to read:

~~1860.1.~~

1860.1. Limited Protection for Data Sharing Between Insurance Companies.

No act done, action taken, or agreement made pursuant to the authority conferred by ~~this chapter subdivision (b) of Section 1861.03~~ shall constitute a violation of or grounds for prosecution or civil proceedings ~~under any other law of this State heretofore or hereafter enacted which does not specifically refer to insurance.~~

SEC. 32. Section 10103.7 of the Insurance Code is amended to read:

~~10103.7.~~

10103.7. Maximizing Payment for Losses.

(a) In the event of a covered loss relating to a state of emergency, as defined in Section 8558 of the Government Code, an insured under a residential property insurance policy shall be permitted to combine payments for claims for losses up to the policy limits for the primary dwelling and other structures, for any of the covered expenses reasonably necessary to rebuild or replace the damaged or destroyed dwelling, if the policy limits for coverage to rebuild or replace the primary dwelling are insufficient. Any claims payments for losses pursuant to this subdivision for which replacement cost coverage is applicable shall be for the full replacement value of the loss without requiring actual replacement of the other structures. Claims payments

for other structures in excess of the amount applied towards the necessary cost to rebuild or replace the damaged or destroyed dwelling shall be paid according to the terms of the policy.

(b) (1) In the event of a covered total loss of a primary dwelling under a residential property insurance policy resulting from a state of emergency, as defined in Section 8558 of the Government Code, if the residence was furnished at the time of the loss, the insurer shall offer a payment under the contents (personal property) coverage in an amount no less than ~~30~~ 100 percent of the policy limit applicable to the ~~covered dwelling structure, up to a maximum of two hundred fifty thousand dollars (\$250,000),~~ *personal property covered under the policy*, without requiring the insured to file an itemized claim.

~~(2) After receiving the payment described in paragraph (1), the insured may recover additional amounts up to the policy limit for contents coverage by filing a claim pursuant to the terms of the policy for the loss of contents that exceeds the value of the payment provided pursuant to paragraph (1).~~

~~(3)~~

(2) When an insured files a claim relating to a state of emergency, as defined in Section 8558 of the Government Code, the insurer shall notify the insured of the option to receive payment for loss of contents pursuant to paragraph (1) ~~and of the insured's option to subsequently file a full itemized claim pursuant to paragraph (2).~~

~~(4)~~

(3) This subdivision does not affect payment under the policy for scheduled personal property.

~~(5)~~

(4) This section does not prohibit an insurer from restricting payment in cases of suspected fraud.

SEC. 33. Section 10103.8 is added to the Insurance Code, to read:

10103.8. Full Disclosure of Claims Information to Policyholders.

(a) In the event of a covered loss under a residential property insurance policy, the insurer shall provide the policyholder a copy of all claim-related documents, as defined in the California Standard Form Fire Insurance Policy prescribed by Section 2071, including each version of the loss estimate first prepared by an adjuster who is acting on behalf of the insurer, beginning with the adjuster's initial report.

(b) Each version of the loss estimate shall be provided to the policyholder within 15 days after it is created or generated, and shall be accompanied by the full name and title of each person who made, ordered, reviewed, or approved any change to that version of the loss estimate.

(c) For purposes of this section, "each version of the loss estimate" shall include each version of the loss estimate that is newly printed and each version that is altered, amended, edited, revised, or redacted in any way by any means, whether done electronically or by hand.

SEC. 34. Section 12900 of the Insurance Code is amended to read:

~~12900.~~

12900. Election of Insurance Commissioner.

(a) The commissioner shall be elected by the people in the same time, place, and manner as the Governor, not to exceed two four-year terms.

(b) Should a vacancy occur during the term of office, legislative confirmation shall be required for the position of commissioner in the same manner and procedure as that required by Section 5 of Article V of the California Constitution.

SEC. 35. Section 12901 of the Insurance Code is amended to read:

~~12901.~~

12901. Insurance Commissioner Qualifications.

(a) The commissioner shall be a person competent and fully qualified to perform the duties of the office.

(b) Neither the commissioner nor any deputy or employee shall during the commissioner's, deputy's, or employee's tenure of office be an officer, agent, or employee of an insurer or directly or indirectly interested in any insurer or licensee under this code, except-(a) (1) as a policyholder or-(b) (2) by virtue of relationship by blood or marriage to any person interested in any insurer or licensee.

(c) If the commissioner or any deputy or employee holds any license or permit issued under this code, that commissioner, deputy, or employee shall surrender it for cancellation within 10 days after appointment and qualification. Upon termination of the commissioner's, deputy's, or employee's office or employment, that license or permit shall be reissued for the balance of the then current license or permit year without fee or penalty.

SEC. 36. Section 12979 of the Insurance Code is amended to read:

~~12979.~~

12979. Insurance Companies to Pay Any State Costs Associated with this Act.

Notwithstanding the provisions of Section 12978, the commissioner shall establish a schedule of filing fees to be paid by insurers to cover any administrative or operational costs arising from

the provisions of Article 10 (commencing with Section 1861.01) of Chapter 9 of Part 2 of Division 1.

SEC. 37. Section 12202.1 of the Revenue and Taxation Code is amended to read:

~~12202.1.~~

12202.1. Transitional Adjustment of Gross Premiums Tax.

(a) Notwithstanding the rate specified by Section 12202, the gross premiums tax rate paid by insurers for any premiums collected between November ~~8, 1988~~ 3, 2026, and January 1, ~~1991~~ 2029, shall be adjusted by the Board of Equalization in January of each year so that the gross premium tax revenues collected for each prior calendar year shall be sufficient to compensate for changes in such revenues, if any, including changes in anticipated revenues, arising from ~~this the~~ act *adding subdivision (b)*. In calculating the necessary adjustment, the Board of Equalization shall consider the growth in premiums in the most recent three year period, and the impact of general economic factors, including, but not limited to, the inflation and interest rates.

(b) *The amendments made to this section by the act adding this subdivision are intended to give effect to the intent of the voters in enacting the "Insurance Policyholder Bill of Rights."*

SEC. 38. Amendment.

This act shall not be amended by the Legislature except by a statute that furthers the purposes of this act and that is passed in each house by rollcall vote entered in the journal, two-thirds of the membership of each house concurring, or by a statute that becomes effective only when approved by the voters.

SEC. 39. Conflicting Measures.

(a) In the event that this act appears on the same statewide ballot as another initiative measure relating to the same subject matter, including another initiative measure that repeals any provision of law originally enacted as part of the measure identified as "Proposition 103" on the November 8, 1988, general election ballot, the provisions of the other measure shall be deemed to be in conflict with this act. In the event this act receives a greater number of affirmative votes than a measure deemed to be in conflict with it, the provisions of this act shall prevail in their entirety, and the provisions of the other measure shall be null and void.

(b) If this act is approved by the voters but is superseded by another conflicting measure approved by the voters at the same election, and the conflicting measure is later held invalid, this measure shall be self-executing and given full force and effect.

SEC. 40. Severability.

It is the intent of the people that the provisions of this act are severable and that if any provision of this act, or the application thereof to any person or circumstance, is held invalid, such invalidity shall not affect any other provision or application of this act that can be given effect without the invalid provision or application.

SEC. 41. Liberal Construction.

This act shall be liberally construed and applied in order to fully promote its underlying purposes.