

**ASSEMBLY BILL**

**No. 2780**

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**Introduced by Committee on Insurance (Solorio (Chair), Bradford, Carter, Feuer, Hayashi, Nava, and Torres)**

March 3, 2010

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An act to amend Sections 674.9, 1874.86, and 12962 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2780, as introduced, Committee on Insurance. Insurance: reporting requirements.

(1) Existing law requires each insurer writing liability insurance for long-term health care facilities, residential care facilities for the elderly, or physicians who provide or oversee the provision of services to residents in long-term health care facilities or residential care facilities for the elderly to report to the Insurance Commissioner specified information regarding liability policies for those facilities or physicians by a date to be set by the commissioner, but not later than July 1 of each calendar year.

This bill would instead require the report by a date set by the commissioner without restriction, except that the report shall be required not more than once each calendar year.

(2) Existing law requires each insurer that issues automobile liability or collision policies to report annually to the Department of Insurance regarding the number of vehicles inspected for which it has approved a claim for the cost of auto body repairs, the percentage that number represents of the total number of vehicles it paid an auto body repair claim in the prior calendar year, and the results of the inspection,

including any fraud uncovered and whether any legal action was pursued.

This bill would make change the reporting requirement so that the report need only be submitted at the request of the commissioner and not more than annually.

(3) Existing law requires the commissioner to report annually to the Governor, the Legislature, and the committees of the Senate and Assembly having jurisdiction over insurance an analysis of information, including, but not limited to, certain medical malpractice insurance statistics reported by insurers upon the request of the commissioner.

This bill would eliminate the analysis of information from medical malpractice insurance statistical reports from the commissioner’s annual report and would eliminate an obsolete reference.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
 State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 674.9 of the Insurance Code is amended  
 2 to read:  
 3 674.9. (a) Notwithstanding subdivision (b) of Section 674.6,  
 4 an insurer issuing policies of liability insurance to long-term health  
 5 care facilities, residential care facilities for the elderly, or  
 6 physicians who provide or oversee the provision of services to  
 7 residents in long-term health care facilities or residential care  
 8 facilities for the elderly shall notify the department at least 90 days  
 9 prior to the date it intends to cease, withdraw, or substantially  
 10 withdraw from offering liability policies to those facilities or  
 11 physicians.  
 12 (b) Each insurer writing liability insurance for long-term health  
 13 care facilities, residential care facilities for the elderly, or  
 14 physicians who provide or oversee the provision of services to  
 15 residents in long-term health care facilities or residential care  
 16 facilities for the elderly shall, by a date to be set by the  
 17 commissioner, ~~but in any event no later than July 1 of~~ *not more*  
 18 *than once* each calendar year, report to the commissioner  
 19 information specified by him or her regarding liability policies for  
 20 those facilities or physicians. The information shall include, but  
 21 not be limited to, the following:

- 1 (1) Whether the insurer is writing coverage for long-term health  
2 care facilities, residential care facilities for the elderly, or  
3 physicians who provide or oversee the provision of services to  
4 residents in long-term health care facilities or residential care  
5 facilities for the elderly, including new and renewal policies, and  
6 the types of policies it is writing.
- 7 (2) The number and types of long-term health care facilities or  
8 residential care facilities for the elderly and beds covered.
- 9 (3) The total amount of premiums from insureds, both written  
10 and earned, during the immediately preceding five calendar years.
- 11 (4) The total number of claims received, including the amount  
12 per claim.
- 13 (5) The number of claims incurred, together with the monetary  
14 amount reserved for loss and defense and cost containment expense  
15 for the immediately preceding accident year or report year.
- 16 (6) The number of claims closed with payment during the  
17 immediately preceding five calendar years, the total monetary  
18 amount paid for loss thereon, reported by the year the claim was  
19 incurred, and the total defense and cost containment expense paid  
20 thereon, reported by the year the claim was incurred.
- 21 (7) The monetary amount paid on claims, including the amount  
22 paid per claim, during the immediately preceding five calendar  
23 years to be reported separately by the year the claim was incurred,  
24 with defense and cost containment expense paid.
- 25 (8) The number of claims closed without payment during the  
26 immediately preceding five calendar years, reported by the year  
27 the claim was incurred, and the defense and cost containment  
28 expense paid thereon.
- 29 (9) The monetary amount reserved in the annual statement for  
30 loss and defense cost containment expense for the immediately  
31 preceding calendar year for outstanding claims incurred but not  
32 reported to the insurer.
- 33 (10) The number and types of lawsuits filed against the insureds  
34 in the immediately preceding calendar year.
- 35 (11) Annualized information on investment income or loss,  
36 ~~which~~ *that* shall be consistent with the reported information  
37 provided by insurers to the National Association of Insurance  
38 Commissioners.
- 39 (c) For the purposes of information collection conducted  
40 pursuant to this section, first priority shall be given by the

1 department and commissioner to collecting and compiling  
2 information from insurers concerning long-term health care  
3 facilities and physicians providing services in those facilities, and,  
4 to the extent that departmental resources allow, secondary priority  
5 shall then be given to the collecting and compiling of information  
6 concerning residential care facilities for the elderly and the  
7 physicians who provide services in those facilities.

8 (d) Information that is collected for long-term health care  
9 facilities and the physicians for those facilities shall be collected,  
10 maintained, analyzed, and reported separately from information  
11 that is collected, maintained, analyzed, and reported concerning  
12 residential care facilities for the elderly, and the physicians for  
13 those facilities.

14 (e) As used in this section, “long-term health care facility” has  
15 the same meaning as that term is defined in Section 1418 of the  
16 Health and Safety Code.

17 (f) As used in this section, “residential care facilities for the  
18 elderly” has the same meaning as that term is defined in Section  
19 1569.2 of the Health and Safety Code.

20 (g) Information collected by the department pursuant to this  
21 section shall be deemed official information and subject to the  
22 disclosure protections of Section 1040 of the Evidence Code.  
23 Nothing in this section shall require individualized information  
24 that would identify the amount paid by a specific insurer or facility  
25 to be released. However, nothing in this subdivision shall prevent  
26 the department from preparing reports and policy recommendations  
27 based on the data collected pursuant to this section.

28 SEC. 2. Section 1874.86 of the Insurance Code is amended to  
29 read:

30 1874.86. Each insurer subject to this article shall report, *at the*  
31 *request of the commissioner, but not more than* annually, to the  
32 department on the following:

33 (a) The number of vehicles inspected pursuant to Section  
34 1874.85 and the percentage that this number represents of the total  
35 number of vehicles for which it paid a claim for the cost of auto  
36 body repairs in the prior calendar year.

37 (b) The results of the inspections, including the nature of any  
38 fraud uncovered, and whether or not legal action was pursued.

1 The department shall make the information provided pursuant  
2 to this section available to the California Highway Patrol and the  
3 Bureau of Automotive Repair.

4 SEC. 3. Section 12962 of the Insurance Code is amended to  
5 read:

6 12962. The commissioner shall report to the Governor, the  
7 Legislature, and to the committees of the Senate and Assembly  
8 having jurisdiction over insurance all of the following in the annual  
9 report submitted pursuant to Section 12922:

10 (a) An analysis of the information required by Sections 674.5,  
11 1857.7, 1857.9, 1864, ~~11555.2~~, and 12963, including, but not  
12 limited to, all of the following:

13 (1) An aggregate and an average for all insurers for each item  
14 of information required by these sections.

15 (2) The number of insurers reporting policies written for each  
16 class during the calendar year.

17 (3) For each class, the number of insurers reporting a combined  
18 loss ratio of 100 percent or more, and the number reporting a  
19 combined loss ratio of under 100 percent.

20 (4) An analysis of adjustments made to loss reserves for prior  
21 years.

22 (5) The change in any item required to be included by  
23 paragraphs (1) to (4), inclusive, from the immediately prior year.

24 (b) An analysis of the activities of the Department of Insurance  
25 in implementing the provisions of Proposition 103 on the  
26 November 8, 1988, general election ballot, as set forth in Article  
27 10 (commencing with Section 1861.01) of Chapter 9 of Part 2 of  
28 Division 1.

29 (c) Recommendations and proposals, including suggested  
30 legislation, to protect consumers from arbitrary insurance rates  
31 and practices, to encourage a competitive insurance marketplace,  
32 to provide for an accountable Insurance Commissioner, and to  
33 ensure that insurance is fair, available, and affordable for all  
34 Californians.

35 ~~(d) An analysis on the results of the program to reduce the~~  
36 ~~number of uninsured motorists and the relationship to affordable~~  
37 ~~private passenger vehicle liability insurance rates pursuant to~~  
38 ~~Sections 4750.2 and 4750.4 of the Vehicle Code.~~

39 (e)

1     (d) The requirements of this section shall be satisfied if the  
2     analysis required by this section is included in the annual report  
3     to the Governor required by Section 12922, and a copy of that  
4     report is provided to the Legislature.

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