

AMENDED IN ASSEMBLY MAY 16, 2000

AMENDED IN ASSEMBLY MAY 2, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 2297

Introduced by Assembly Member Calderon

February 24, 2000

An act to amend Section 11664 of, and to add Section 11665 to, of the Insurance Code, relating to workers' compensation, *and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2297, as amended, Calderon. Insurance: workers' compensation: renewal notice.

Existing law requires a notice of nonrenewal of a policy of workers' compensation except for 6 specified situations, including when the insurer has made a written offer to the insured to renew the policy at a premium rate increase of less than 25%.

This bill would repeal that exception.

Existing law requires an insurer to advise workers' compensation policyholders of specified information.

This bill would require an insurer, if the premium rate charged on a workers' compensation policy is to be increased by 25% or more, to provide the policyholder with written notice of a renewal offer not less than 30 days before the policy renewal date, provided that the Insurance Commissioner has

approved the underlying pure premium rate at least 60 days prior to the policy renewal date.

This bill would declare that it would take effect immediately as an urgency statute.

Vote: ~~majority~~ ^{2/3}. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

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

1 SECTION 1. Section 11664 of the Insurance Code is
2 amended to read:

3 11664. (a) This section applies only to policies of
4 workers' compensation insurance.

5 (b) A notice of nonrenewal shall be in writing and shall
6 be delivered or mailed to the producer of record and to
7 the named insured at the mailing address shown on the
8 policy. Subdivision (a) of Section 1013 of the Code of Civil
9 Procedure shall be applicable if the notice is mailed.

10 (c) An insurer, at least 30 days, but not more than 120
11 days, in advance of the end of the policy period, shall give
12 notice of nonrenewal, and the reasons for the
13 nonrenewal, if the insurer intends not to renew the
14 policy.

15 (d) If an insurer fails to give timely notice required by
16 subdivision (c), the policy of insurance shall be
17 continued, with no change in its premium rate, for a
18 period of 60 days after the insurer gives the notice.

19 (e) A notice of nonrenewal shall not be required in any
20 of the following situations:

21 (1) The transfer of, or renewal of, a policy without a
22 change in its terms or conditions or the rate on which the
23 premium is based between insurers that are members of
24 the same insurance group.

25 (2) The policy has been extended for 90 days or less, if
26 the notice required in subdivision (c) has been given
27 prior to the extension.

28 (3) The named insured has obtained replacement
29 coverage or has agreed, in writing, within 60 days of the
30 termination of the policy, to obtain that coverage.



1 (4) The policy is for a period of no more than 60 days
2 and the insured is notified at the time of issuance that it
3 may not be renewed.

4 (5) The named insured requests a change in the terms
5 or conditions or risks covered by the policy within 60 days
6 prior to the end of the policy period.

7 (f) After an insured has received a notice of
8 nonrenewal, upon receiving a written request from the
9 insured or the agent or broker of record on the
10 nonrenewed policy, an insurer shall provide a premium
11 and loss history report for the account's tenure or the past
12 three years, whichever is shorter, plus loss experience
13 during the current policy year, within 10 business days of
14 receiving the request.

15 SEC. 2. Section 11665 is added to the Insurance Code,
16 to read:

17 11665. (a) This section applies only to policies of
18 workers' compensation insurance.

19 (b) For the purpose of this section, "premium rate"
20 means the cost of insurance per unit of exposure prior to
21 the application of individual risk variations based on loss
22 or expense considerations such as scheduled rating and
23 experience rating.

24 (c) If the premium rate in the governing classification
25 for the insured is to be increased 25 percent or greater
26 and the insurer intends to renew the policy, the insurer
27 shall provide a written notice of a renewal offer not less
28 than 30 days prior to the policy renewal date, provided
29 the Insurance Commissioner has approved the
30 underlying pure premium rate at least 60 days prior to the
31 policy renewal date. The governing classification shall be
32 determined by the rules and regulations established in
33 accordance with subdivision (c) of Section 11759.3.

34 *SEC. 3. This act is an urgency statute necessary for*
35 *the immediate preservation of the public peace, health,*
36 *or safety within the meaning of Article IV of the*
37 *Constitution and shall go into immediate effect. The facts*
38 *constituting the necessity are:*

39 *In order to ensure that employers begin to receive clear*
40 *notification as soon as possible on whether their workers'*



1 *compensation insurance rates are being increased or*
2 *their policies are being canceled, it is necessary for this act*
3 *to take effect immediately.*

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