

AMENDED IN SENATE JULY 3, 2000  
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

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An act to amend ~~Section 11664 of, and to add Section 11665 to, Sections 11664 and 11750~~ 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 *at least 30 days, but not more than 120 days, in advance of the end of the policy period* 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%. *Existing law does not define the term "premium rate."*

~~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.~~ *The bill would define the term “premium rate” for purposes of the renewal notification requirements.*

*Existing law provides for an advisory organization, as defined, to provide the Insurance Commissioner with advisory pure premium rates for workers’ compensation insurance and for employers liability insurance incidental thereto and written in connection therewith.*

*This bill would require that within 45 days of receiving an advisory pure premium rate the Insurance Commissioner either approve or disapprove that rate.*

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

Vote: <sup>2</sup>/<sub>3</sub>. 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.



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

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

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

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

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

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

19 (6) *The insurer has made a written offer to the insured  
20 to renew the policy at a premium rate increase of less than  
21 25 percent.*

22 (f) *(1) If the premium rate in the governing  
23 classification for the insured is to be increased 25 percent  
24 or greater and the insurer intends to renew the policy, the  
25 insurer shall provide a written notice of a renewal offer  
26 not less than 30 days prior to the policy renewal date. The  
27 governing classification shall be determined by the rules  
28 and regulations established in accordance with  
29 subdivision (c) of Section 11750.3.*

30 (2) *For purposes of this section, "premium rate"  
31 means the cost of insurance per unit of exposure prior to  
32 the application of individual risk variations based on loss  
33 or expense considerations such as scheduled rating and  
34 experience rating.*

35 (g) After an insured has received a notice of  
36 nonrenewal, upon receiving a written request from the  
37 insured or the agent or broker of record on the  
38 nonrenewed policy, an insurer shall provide a premium  
39 and loss history report for the account's tenure or the past  
40 three years, whichever is shorter, plus loss experience



1 during the current policy year, within 10 business days of  
2 receiving the request.

3 ~~SEC. 2. Section 11665 is added to the Insurance Code,~~  
4 ~~to read:~~

5 ~~11665. (a) This section applies only to policies of~~  
6 ~~workers' compensation insurance.~~

7 ~~(b) For the purpose of this section, "premium rate"~~  
8 ~~means the cost of insurance per unit of exposure prior to~~  
9 ~~the application of individual risk variations based on loss~~  
10 ~~or expense considerations such as scheduled rating and~~  
11 ~~experience rating.~~

12 ~~(c) If the premium rate in the governing classification~~  
13 ~~for the insured is to be increased 25 percent or greater~~  
14 ~~and the insurer intends to renew the policy, the insurer~~  
15 ~~shall provide a written notice of a renewal offer not less~~  
16 ~~than 30 days prior to the policy renewal date, provided~~  
17 ~~the Insurance Commissioner has approved the~~  
18 ~~underlying pure premium rate at least 60 days prior to the~~  
19 ~~policy renewal date. The governing classification shall be~~  
20 ~~determined by the rules and regulations established in~~  
21 ~~accordance with subdivision (c) of Section 11759.3.~~

22 *SEC. 2. Section 11750 of the Insurance Code is*  
23 *amended to read:*

24 11750. (a) The purpose of this article is to promote  
25 the public welfare by regulating concert of action  
26 between insurers in collecting and tabulating rating  
27 information and other data that may be helpful in the  
28 making of adequate pure premium rates for workers'  
29 compensation insurance and for employers liability  
30 insurance incidental thereto and written in connection  
31 therewith for all admitted insurers and in submitting  
32 them to the commissioner for approval; to authorize and  
33 regulate the existence and cooperation of qualified rating  
34 organizations to one of which each workers'  
35 compensation insurer shall belong; to authorize and  
36 regulate cooperation between insurers, rating  
37 organizations and advisory organizations in ratemaking  
38 and other related matters to the end that the purposes of  
39 this chapter may be complied with and carried into  
40 effect.



1 (b) Notwithstanding any other provision of law,  
2 within 45 days of receiving an advisory pure premium  
3 rate the Insurance Commissioner shall either approve or  
4 disapprove that rate.

5 SEC. 3. This act is an urgency statute necessary for the  
6 immediate preservation of the public peace, health, or  
7 safety within the meaning of Article IV of the  
8 Constitution and shall go into immediate effect. The facts  
9 constituting the necessity are:

10 In order to ensure that employers begin to receive clear  
11 notification as soon as possible on whether their workers'  
12 compensation insurance rates are being increased or  
13 their policies are being canceled, it is necessary for this act  
14 to take effect immediately.

