



February 16, 2018

Sacramento, California

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California Links

State Senate

State Assembly

**Department of
Insurance**

Today is the legislative deadline to introduce legislation for the 2018 session. It is anticipated there will be 1,750-2,000 new measures. To date, about 500 bills have crossed the two chambers' desks.

Legislation Impacting The Insurance Industry Introduced This Week

[AB 2229](#) (Wood, Dem-Healdsburg) requires the standard form of fire insurance policy to include the features of the property being insured that contribute to increased or decreased risk as compared to similar properties in the region, and further requires, to the extent possible, the policy to inform the insured how these risk factors are affecting the costs of the insured's insurance policy. The insurance industry has some concerns about this and how it interacts with Department of Insurance ratemaking and market conduct oversight.

[AB 2256](#) (Santiago, Dem-Los Angeles) authorizes a pharmacy or wholesaler to furnish naloxone hydrochloride or other opioid antagonists to a law enforcement agency. Current law, the Pharmacy Law, provides for the licensure and regulation of pharmacies and wholesalers by the Board of Pharmacy within the Department of Consumer Affairs. Current law authorizes a pharmacy to furnish naloxone hydrochloride or other opioid antagonists to a school district, county office of education, or charter school if specified criteria are met.

[AB 2487](#) (McCarty) requires the application for a physician's and surgeon's certificate to include proof of satisfactory completion of a course on opiate-dependent patient treatment and management that meets the requirement, at a minimum, of the federal Comprehensive Addiction Recovery Act of 2016 and also includes at least eight hours of instruction in buprenorphine treatment of opioid use disorders. The bill also requires a licensed physician and surgeon to complete a continuing education course on opiate-dependent patient treatment and management, as specified, unless the physician and surgeon meets the requirements of a qualifying physician within the federal Comprehensive Addiction Recovery Act of 2016.

[AB 2586](#) (Mayes, Rep-Yucca Valley) extends the timeline for reconsideration to 45 days, after which a person may then appeal the decision, action, or omission of the rating organization with the Insurance Commissioner. Current law regulates workers' compensation

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insurance rates and requires rates to be adequate to cover an insurer's losses and expenses. Current law also provides that a person aggrieved by a decision, action, or omission of a rating organization may request reconsideration, and if the request for reconsideration is rejected or is not acted upon within 30 days, the person may file an appeal with the Insurance Commissioner.

[AB 2594](#) (Friedman, Dem-Los Angeles) revises the standard forms of policy and extends the period in which to bring suit to 24 months after the inception of the loss if the loss is related to a state of emergency. Current law prescribes the standard form for a fire insurance policy or county fire insurance policy. Current law also imposes a 12-month statute of limitations in which to bring suit under a fire insurance policy or a county fire insurance policy after a loss. Additionally, current law makes it a misdemeanor for an insurer or agent to countersign or issue a fire policy that varies from the California standard form of policy.

[AB 2634](#) (Chau, Dem-Arcadia) requires an insurer to provide notice to a policyholder of a flexible premium life insurance policy whenever the policy is subject to an increase in the cost of insurance charge or administrative expense charge. The bill also requires the notice to include specified information about the increase.

Auto Rate Survey Bill Reintroduced

[AB 2276](#) (Burke, Dem-Inglewood) requires an insurer that conducts or uses a survey that establishes a prevailing automobile body repair labor rate in a specific geographic area to report the results of the survey to the Insurance Department at least every 12 months and requires an auto body repair shop participating in the survey to declare that it meets equipment requirements and has proof of insurance.

The bill also requires an auto body repair labor rate survey to meet standards, including surveying a minimum of 30 auto body repair shops or 30% of auto body repair shops, whichever is greater, in a geographical area. In addition, it requires the survey to ask specified questions, including what is the regular hourly rate an auto body repair shop charges for repair work.

Lastly, the legislation permits an insurer or auto body repair shop to negotiate a labor rate that is higher or lower than the prevailing auto body repair labor rate, and permits an insurer to adjust the labor rate in a written estimate provided by a claimant's chosen repair shop if specified criteria are met.

This is the state's personal lines trade association priority, proactive bill. Reaching concession with auto dealers and body shops has proven challenging. Last year's introduced measure was killed by the Assembly Appropriations Committee chair because the insurance industry spiked the chair's priority bill relating to workers compensation for day laborers.

Labor Legislation Introductions Of Import

[AB 2223](#) (Flora, Rep-Ripon) authorizes paystubs be provided monthly. Current law requires an employer, semimonthly or at the time of payment of wages, to furnish an employee, an accurate, itemized, written statement containing specified information regarding the

amounts earned, hours worked, and the employee's identity subject to certain variations. This bill authorizes the required written statement to be provided monthly. This is Chamber supported.

[AB 2366](#) (Bonta, D-Alameda) extends existing employment protections to victims of sexual harassment. Current law prohibits an employer from discharging, or discriminating or retaliating against, an employee who is a victim of domestic violence, sexual assault, or stalking and who takes time off from work to obtain, or attempt to obtain, any relief to help ensure the health, safety, or welfare of the victim or his or her child. This bill extends these employment protections to victims of sexual harassment. The Chamber of Commerce is opposed.

[AB 2496](#) (Gonzales-Fletcher, Dem-San Diego) provides that a janitor is subject to the rebuttable presumption provisions that its workers are employees rather than independent contractors. Current law creates a rebuttable presumption that a worker performing services for which a license is required under specified statutes, is an employee rather than an independent contractor. Current law also provides specified criteria to determine whether the worker is an employee or an independent contractor.

[AB 2587](#) (Levine, Dem-Marin County) relates to current law that establishes, within the state disability insurance program, a family temporary disability insurance program, also known as the paid family leave program, for the provision of wage replacement benefits to workers who take time off work to care for a seriously ill family member or to bond with a minor child within one year of birth or placement. Current law authorizes an employer to require an employee to take up to two weeks of earned but unused vacation before, and as a condition of, the employee's initial receipt of these benefits during any 12-month period in which the employee is eligible for these benefits. This bill eliminates that authorization and related provisions.

[AB 2613](#) (Reyes, Dem-Colton) relates to current law requiring that employers pay wages to their employees, twice per calendar month, on days designated in advance as regular paydays. However, employees defined as executive, administrative, or professional may be paid once per month. Existing law makes a violation of these provisions a misdemeanor and subject to civil penalties recovered by the Labor Commissioner. This bill additionally imposes penalties, payable to the affected employees, on employers who violate these provisions.

[AB 2680](#) (Jones-Sawyer, Dem-Los Angeles) concerns the Fair Employment and Housing Act, which prohibits an employer to include on any application for employment any question that seeks the disclosure of an applicant's conviction history, to inquire into or consider the conviction history of an applicant until that applicant has received a conditional offer, and, when conducting a conviction history background check, to consider, distribute, or disseminate information related to specified prior arrests, diversions, and convictions. This bill, under those laws relating to contract and applications for employment, requires the Department of Justice to adopt a standard form for use by an employer, whether public or private, seeking the consent of an applicant for employment to conduct a conviction history background check on that applicant by the department.

Two bills yet to be introduced that the Chamber is sponsoring concern defamation lawsuits in cases of sexual harassment allegations and a meal period waiver offer.

Results Of Proposals Heard During Assembly Universal Healthcare Select Committee Hearings Starting To Be Formally Introduced

[AB 2459](#) (Friedman, Dem-Los Angeles) expresses the intent of the Legislature to enact legislation that ensures that a Californian who purchases healthcare coverage as an individual spends no more than ___% of his or her income on the premiums for healthcare coverage that pays ___% of the average cost of care.

[AB 2502](#) (Wood, Dem-Healdsburg) relates to current law, the Knox-Keene Health Care Service Plan Act, which provides for the licensure and regulation of healthcare service plans by the Department of Managed Healthcare. Current law also provides for the regulation of health insurers by the Department of Insurance. Current law further provides for the Medi-Cal program, which is administered by the Department of Healthcare Services, under which qualified low-income individuals receive healthcare services. This bill states the intent of the Legislature to enact legislation to further control healthcare costs. As second measure by Assembly Member Jim Wood, [AB 2517](#), expresses the intent of the Legislature to enact legislation to improve affordability of health coverage offered through Covered California to those who are now eligible for financial assistance in the form of advance premium tax credits.

[AB 2565](#) (Chiu, Dem-San Francisco) expresses the intent of the Legislature to enact legislation that make premiums for healthcare coverage offered through Covered California more affordable to persons who are eligible for the federal premium tax credit. Another measure by Assembly Member David Chiu, [AB 2566](#), expresses the intent of the Legislature to enact legislation that would control healthcare costs, improve health outcomes, and reduce health disparities.