

Date of Hearing: August 11, 2020

ASSEMBLY COMMITTEE ON INSURANCE

Tom Daly, Chair

SB 1255 (Committee on Insurance) – As Amended July 30, 2020

SENATE VOTE: 39-0

SUBJECT: Insurance

SUMMARY: Contains numerous technical or non-controversial changes to the Insurance Code. Specifically, **this bill:**

- 1) Authorizes a hearing to suspend or revoke a license, registration, or certificate of authority for alleged misconduct perpetrated against a person age 65 or over to be set on the earliest available date if the Office of Administrative Hearings cannot accommodate the hearing within 90 days.
- 2) Authorizes future access to cash withdrawals to be limited to the remaining cash value of the policy.
- 3) Prohibits life and disability income insurers from denying an application based solely on HIV status, and heightens the civil and criminal penalties for negligent, willful, or malicious disclosure of HIV test results.
- 4) Requires the Department of Insurance (department) to conduct a hearing on rates in the large group health insurance market in even numbered years instead of the existing requirement for an annual hearing.
- 5) Extends the deadlines for the publication of recommendations and the supporting actuarial study of the Long-Term Care Insurance Task Force.
- 6) Makes various technical, non-substantive changes.

EXISTING LAW:

- 1) Authorizes the Insurance Commissioner to deny an application for an agent or broker license, or revoke an existing license, if the applicant or licensee has engaged in specified activities.
- 2) Requires, for allegations of misconduct perpetrated against a person age 65 or over, a hearing to suspend or revoke a license, registration, or certificate of authority, be held within 90 days after CDI receives a notice of defense, unless a continuance is granted.
- 3) Prohibits a life insurance policy issued on or after January 1, 2021, that contains long-term care benefits and permits policy loans or cash withdrawals from prohibiting or limiting a loan or withdrawal while the insured receives payment of long-term care benefits, but authorizes the policy to limit future access to policy loans based on the remaining cash value of the policy.

- 4) Establishes a set of laws that protects an individual with acquired immune deficiency syndrome (AIDS) or AIDS-related conditions (ARC) from unfair discrimination when they are seeking life or disability income insurance policies.
- 5) Establishes the Long-Term Care Insurance Task Force in the department, and requires the task force to issue recommendations for establishing a statewide long-term care insurance program by July 1, 2021 and a supporting actuarial study by July 1, 2022.
- 6) Requires the department to conduct an annual hearing on rates in the large group health insurance market.

FISCAL EFFECT: Undetermined

COMMENTS:

- 1) **Purpose.** This bill contains the annual omnibus language sponsored by the Department of Insurance. It contains numerous technical or non-controversial changes to the Insurance Code. By long-standing practice, the omnibus bill is a collection of consensus items. Any item that generates opposition is removed from the bill.
- 2) **Related Legislation.** This bill contains provisions originally contained in Senate Bill 961 (Gonzalez) related to protections for individuals with AIDS or ARC who are seeking life or disability income insurance policies. These provisions were added by the Senate in an effort to reduce the volume of legislation to be considered this year. The provisions are non-controversial updates to existing insurance law on the subject.

REGISTERED SUPPORT / OPPOSITION:

Support

Equality California, sponsor
Bienestar Human Services, Inc.
Billy DeFrank LGBTQ+ Community Center
City of West Hollywood
Elizabeth Taylor AIDS Foundation
GLMA: Health Professionals Advancing LGBTQ Equality (GLMA)
The TransLatin@Coalition

Opposition

None received

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