
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair

2025 - 2026 Regular Session

SB 1209 (Allen) - Insurance: examination of insurers

Version: February 19, 2026

Urgency: No

Hearing Date: May 14, 2026

Policy Vote: INS. 5 - 2

Mandate: No

Consultant: Janelle Miyashiro

Bill Summary: SB 1209 requires insurance companies to comply with all recommendations included in an examination or operational report issued by the California Department of Insurance (CDI) following an examination and establishes a fine of up to \$20,000 for each recommendation not adopted within an agreed-upon timeframe. SB 1209 also establishes a hearing process to adjudicate an insurer's failure to comply with report recommendations and to determine the imposition of associated penalties, as specified.

***** **ANALYSIS ADDENDUM – SUSPENSE FILE** *****

The following information is revised to reflect amendments
adopted by the committee on May 14, 2026

Fiscal Impact: Unknown potential increase in enforcement workload for CDI to address noncompliance with remediation requirements (Insurance Fund). It is possible that higher aggregate penalties may incentivize insurers to contest enforcement actions through the administrative hearing process rather than opting for immediate compliance, which may increase administrative and adjudicatory workload. The magnitude of this workload would depend on the number of violations identified in an examination and the specific penalties assessed. However, given that the bill mandates harsher penalties for violating existing law rather than failing to adopt discretionary exam recommendations, the overall impact on CDI's enforcement activities may be absorbable.

Author Amendments:

- Strike the requirement for insurers to comply with all exam recommendations, and instead require examined companies to take corrective actions to remediate violations of applicable statutes, regulations, statutory accounting principles, and other legally binding applicable rules identified in an examination report.
- Authorize a company to request a 30-day extension, or a longer extension approved by the commissioner for good cause, to comply with remediation requirements.
 - Authorize the commissioner or their designee to deny an extension request.
- Make conforming changes.

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