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INSURANCE CODE - INS

DIVISION 1. GENERAL RULES GOVERNING INSURANCE [100 - 1879.8] (Division 1 enacted by Stats. 1935, Ch. 145.)

PART 1. THE CONTRACT [100 - 679.75] (Part 1 enacted by Stats. 1935, Ch. 145.)

CHAPTER 10.4. Prior Notice Concerning Cancellation or Nonrenewal [674 - 674.9] (Chapter 10.4 added by Stats. 1977, Ch. 503.)

674. A policy of liability insurance issued to a local public entity or state agency as a named insured shall not be canceled or renewal of such a policy declined for reasons other than nonpayment of premium unless notice is mailed to the named insured at least 45 days prior to the effective date of nonrenewal or at least 60 days prior to the effective date of cancellation. Such notice need not be sent if a renewal notice stating a premium for an additional period of coverage has been sent the named insured at least 45 days before cancellation or expiration of an existing policy and such premium has not been tendered the insurer before such cancellation or expiration. This section shall not require that notice of cancellation or nonrenewal be given an additional insured added by way of endorsement or certificate of insurance.

(Repealed and added by Stats. 1978, Ch. 344.)

674.5. (a) No insurer shall cease to offer any particular class of commercial liability insurance without prior notification to the commissioner.

(b) The department shall adopt regulations implementing this section as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Division 3 of Title 2 of the Government Code, except that for the purposes of Chapter 3.5 (commencing with Section 11340) of Division 3 of Title 2 of the Government Code, any regulations adopted under this section shall be deemed to be necessary for the immediate preservation of the public peace, health and safety, or general welfare. These regulations shall remain in effect for 180 days. Unless the regulation provides for notification by some other classification or category, notification pursuant to this section shall be made for each class of insurance as defined by the Insurance Services Office.

(Added by Stats. 1986, Ch. 1329, Sec. 1.)

674.6. (a) No insurer issuing policies of insurance subject to Section 674.5 or 675 shall cease to offer any particular line of coverage without prior notification to the commissioner.

(b) Except as provided in Section 674.9, an insurer shall notify the department at least 60 days prior to the date it intends to withdraw wholly or substantially from a line of (1) commercial liability insurance, (2) any insurance defined in Section 660 or 675 when coverage is provided by a separate rider or endorsement for an activity for which the insured receives compensation, a stipend, or remuneration of any kind for the activity and then only to the extent of the coverage, (3) any other insurance defined in Section 660, or (4) any insurance issued to an individual or individuals covering a risk not arising from a business or commercial activity. Upon receipt of the notice, the commissioner may request and review additional information, as deemed necessary, and investigate the market conditions to determine whether that insurance may become not readily available in the voluntary insurance market as a result of the withdrawal.

(c) For purposes of this section, "intent to substantially withdraw" means an insurer's intent to nonrenew in excess of 50 percent of its current policyholders in the line of coverage upon their next renewal.

(d) The commissioner shall adopt appropriate rules, regulations, and standards for purposes of implementing this section.

(e) Any insurer that has notified the commissioner pursuant to subdivision (b) shall (1) notify the commissioner within 10 days after the date given in the withdrawal notice if the insurer does not in fact withdraw that line of insurance from the market, or (2) notify the commissioner within 10 days after reentry if the insurer reenters that line after the withdrawal.

(Amended by Stats. 2003, Ch. 899, Sec. 1. Effective January 1, 2004.)

674.9. (a) Notwithstanding subdivision (b) of Section 674.6, an insurer issuing policies of liability insurance to long-term health care facilities, residential care facilities for the elderly, or physicians who provide or oversee the provision of services to residents in long-term health care facilities or residential care facilities for the elderly shall notify the department at least 90 days prior to the date it intends to cease, withdraw, or substantially withdraw from offering liability policies to those facilities or physicians.

(b) Each insurer writing liability insurance for long-term health care facilities, residential care facilities for the elderly, or physicians who provide or oversee the provision of services to residents in long-term health care facilities or residential care facilities for the elderly shall, by a date to be set by the commissioner, but not more than once each calendar year, report to the commissioner information specified by him or her regarding liability policies for those facilities or physicians. The information shall include, but not be limited to, the following:

(1) Whether the insurer is writing coverage for long-term health care facilities, residential care facilities for the elderly, or physicians who provide or oversee the provision of services to residents in long-term health care facilities or residential care facilities for the elderly, including new and renewal policies, and the types of policies it is writing.

(2) The number and types of long-term health care facilities or residential care facilities for the elderly and beds covered.

(3) The total amount of premiums from insureds, both written and earned, during the immediately preceding five calendar years.

(4) The total number of claims received, including the amount per claim.

(5) The number of claims incurred, together with the monetary amount reserved for loss and defense and cost containment expense for the immediately preceding accident year or report year.

(6) The number of claims closed with payment during the immediately preceding five calendar years, the total monetary amount paid for loss thereon, reported by the year the claim was incurred, and the total defense and cost containment expense paid thereon, reported by the year the claim was incurred.

(7) The monetary amount paid on claims, including the amount paid per claim, during the immediately preceding five calendar years to be reported separately by the year the claim was incurred, with defense and cost containment expense paid.

(8) The number of claims closed without payment during the immediately preceding five calendar years, reported by the year the claim was incurred, and the defense and cost containment expense paid thereon.

(9) The monetary amount reserved in the annual statement for loss and defense and cost containment expense for the immediately preceding calendar year for outstanding claims incurred but not reported to the insurer.

(10) The number and types of lawsuits filed against the insureds in the immediately preceding calendar year.

(11) Annualized information on investment income or loss, that shall be consistent with the reported information provided by insurers to the National Association of Insurance Commissioners.

(c) For the purposes of information collection conducted pursuant to this section, first priority shall be given by the department and commissioner to collecting and compiling information from insurers concerning long-term health care facilities and physicians providing services in those facilities, and, to the extent that departmental resources allow, secondary priority shall then be given to the collecting and compiling of information concerning residential care facilities for the elderly and the physicians who provide services in those facilities.

(d) Information that is collected for long-term health care facilities and the physicians for those facilities shall be collected, maintained, analyzed, and reported separately from information that is collected, maintained, analyzed, and reported concerning residential care facilities for the elderly, and the physicians for those facilities.

(e) As used in this section, "long-term health care facility" has the same meaning as that term is defined in Section 1418 of the Health and Safety Code.

(f) As used in this section, "residential care facilities for the elderly" has the same meaning as that term is defined in Section 1569.2 of the Health and Safety Code.

(g) Information collected by the department pursuant to this section shall be deemed official information and subject to the disclosure protections of Section 1040 of the Evidence Code. Nothing in this section shall require individualized information that would identify the amount paid by a specific insurer or facility to be released. However, nothing in this subdivision shall prevent the department from preparing reports and policy recommendations based on the data collected pursuant to this section.

(Amended by Stats. 2010, Ch. 400, Sec. 4. (AB 2782) Effective January 1, 2011.)

