



## California Insurance Commissioner Lara Orders Insurance Carriers to Refund Premiums

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Yesterday, April 13, 2020, California Insurance Commissioner Ricardo Lara issued [Bulletin 2020-3](#) to “All Property and Casualty Insurers and Workers Compensation Insurers.” This e-alert is intended to provide a high-level summary of key takeaways of the Bulletin. Insureds should be aware that they may be entitled to a premium refund from their insurance carriers.

- The Bulletin stems from what has been deemed a reduction in certain covered risks in light of COVID-19, Governor Newsom’s “shelter-in-place” Order, and other County-specific Orders. For example, there are now fewer drivers on the road, thus fewer accidents, such that the risk of accidents covered by auto insurance has been reduced; with the reduced risk should come a comparable reduction in the premiums attributable to those risks.
- As a result of the declared reductions in risk, the Bulletin requires certain insurance carriers to:
  - Refund Policyholders – make an initial premium refund (through credit, reduction, return, or other appropriate adjustment) for the months of March and April to all adversely impacted California policyholders, within 120 days of the Bulletin’s issuance;
  - Notice & Explanation – provide affected policyholders with (1) a notification of the amount of the refund, credit, check, reduction, etc.; (2) an explanation of the basis for the adjustment; and (3) an opportunity to seek a different adjustment based on information specific to the policyholder (such as actual miles driven for automobile insurance); and
  - Report to Department of Insurance – provide the Department of Insurance a report (which may be made available to the public) within 60 days of the Bulletin’s issuance, listing all actions taken and to be taken as a result of the Bulletin.
- The Bulletin applies to carriers of the following lines of insurance:
  - Private passenger automobile insurance,
  - Commercial automobile insurance,
  - Workers’ compensation insurance,

- Commercial multiple peril insurance,
  - Commercial liability insurance,
  - Medical malpractice insurance, and
  - Any other line where the measures of risk have become substantially overstated as a result of the pandemic.
- Commissioner Lara noted that if the COVID-19 pandemic continues beyond May, subsequent Bulletins to insurers with additional instruction may be issued.

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Clients with questions about this e-Alert or related issues are welcome to contact [Ashley Vaccaro](#), other members of [Rutan's Insurance Recovery and Coverage Counseling Group](#), or the Rutan & Tucker attorney with whom you are regularly in contact.

[Rutan's Insurance Recovery and Coverage Counseling Group](#) focuses on advising businesses and individuals in obtaining and evaluating insurance coverage, as well as on litigating and resolving disputed coverage claims. Our attorneys have extensive experience in all aspects of insurance coverage and related disputes, including those regarding property damage and business interruption losses, including those related to COVID-19; professional indemnity (errors & omissions); professional liability; directors & officers liability; cyber risk losses; construction defects; products liability; employment-related liability; environmental liability; and government investigations.

We have successfully obtained or otherwise won claims related to wrongful denials of coverage on behalf of clients in all business sectors. As a result, clients seek our advice and representation in some of the most novel and difficult matters, requiring an intricate understanding of insurance law. Further, our experience and sophistication has placed us at the forefront of developing theories for coverage when new circumstances are presented. We work with our clients and their risk managers and insurance brokers to ensure the most efficient, customized, comprehensive, and cost-effective process in evaluating and securing insurance coverage and pursuing disputed coverage claims. Understanding the intricacies of insurance procurement, brokering, and coverage determinations, our clients look to us at every step in the insurance process.

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