

California Department of Insurance



RICARDO LARA
Insurance Commissioner

Commissioner Lara Orders Insurance Companies to Refund Premiums to Drivers and Businesses Affected by the COVID-19 Emergency

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Commissioner's action reflects reduced risk of loss due to "shelter in place" restrictions

LOS ANGELES, Calif. — Insurance Commissioner Ricardo Lara ordered insurance companies to return insurance premiums to consumers and businesses and provide much-needed financial relief during the COVID-19 emergency. The Commissioner's [Bulletin](#) covers premiums paid for at least the months of March and April — including the month of May if "shelter in place" restrictions continue — in at least six different insurance lines: private passenger automobile, commercial automobile, workers' compensation, commercial multi-peril, commercial liability, medical malpractice, and any other insurance line where the risk of loss has fallen substantially as a result of the COVID-19 pandemic.

"With Californians driving fewer miles and many businesses closed due to the COVID-19 emergency, consumers need relief from premiums that no longer reflect their present-day risk of accident or loss," said Commissioner Lara. "Today's mandatory action will put money back in people's pockets when they need it most."

The Commissioner's [Bulletin](#) requires insurance companies to provide a premium credit, reduction, return of premium, or other appropriate premium adjustment as soon as possible, and no later than August 2020. Commissioner Lara has already requested at least a 60-day grace period for policyholders to pay their premiums so that insurance policies are not cancelled for nonpayment of premium during this challenging time. Together, these two actions will give consumers and businesses substantial financial relief.

According to a UC Davis [Special Report on the Impact of COVID-19 on California Traffic Accidents](#), reduced driving has resulted in fewer accidents, injuries, and fatalities on public highways and roads. Falling payroll and receipts due to closure orders have also dramatically reduced risk of a liability loss for businesses.

Several auto insurance companies have recently announced voluntary premium refunds to drivers. Today's [Bulletin](#) extends these private personal auto policy reductions to more companies and adds commercial lines while monitoring insurance companies' compliance with California's consumer protection laws so that refunds are not discriminatory or inadequate.

A premium refund will not require prior approval by the Department of Insurance if an insurance company follows certain methods outlined in the Commissioner's Bulletin, such as using an average percentage based on estimated change in risk or exposure. Consumers will also have the opportunity to provide their individual actual or estimated experience to their insurance company.

Commissioner Lara also ordered insurance companies to report back to the Department of Insurance all premium refunds they have issued or expect to issue within 60 days, in order to provide oversight and ensure companies are complying with the Bulletin.

"I applaud efforts made by insurance companies to date that have offered grace periods and flexibility to consumers and businesses during this national emergency," added Commissioner Lara. "We must do more to help our hard-working families and small businesses."

Today's action builds on other steps the Department of Insurance has taken to assist consumers during the COVID-19 emergency:

- [Requesting a 60-day grace period for consumers and businesses to pay insurance premiums](#)
- [Extending deadlines for insurance claims until 90 days after the statewide "state of emergency" or any other "state of emergency" has ended related to COVID-19](#)
- [Maintaining auto insurance for those with an expired license and/or car registration](#)
- [Extending personal auto coverage for delivery drivers for California's essential businesses](#)
- [Eliminating cost-sharing for COVID-19 testing and screening](#)
- [Reminding insurance companies that workers' compensation insurance applies regardless of a worker's immigration status](#)
- [Urging uninsured Californians to obtain insurance to protect their health](#)
- [Directing health insurance companies to provide increased telehealth access for consumers](#)
- [Directing health insurance companies to submit emergency plans on prescriptions and health access](#)