

1992

1992 Legislative Summary

Assembly Committee on Insurance

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California Legislature Assembly Committee on Insurance

**BURT MARGOLIN
CHAIRMAN**

1992 LEGISLATIVE SUMMARY



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HEALTH INSURANCE

AB 1672 (Margolin)

Small Group Coverage Reform. Revises laws regulating health insurance sold to groups of small employers with from three to fifty employees. Requires carriers to guarantee issue and guarantee renewal of coverage to small groups. Limits pre-existing condition exclusion to a single six-month period, which cannot be imposed by succeeding carriers (even when an employee changes jobs), provided coverage is not interrupted for more than 90 days. Requires carriers to develop standard rates based on age, geography, and family size, and requires actual premiums to vary no more than 20% above or below the standard rates. Creates a group purchasing pool, initially operated by the Major Risk Medical Insurance Board, through which small employers will be able to buy coverage at more competitive rates. (CHAPTER 1128, STATS. of 1992)

AB 1985 (Speier)

Coverage For Off-Label Use Of FDA Approved Drugs. Requires insurers providing prescription drug benefits to cover off-label use of an FDA-approved drug when the drug is prescribed for treatment of a life-threatening condition; and the drug has been recognized for treatment of the condition by one of three specific drug compendia, or by two articles from major peer reviewed medical journals that present data supporting the proposed off-label use or uses as generally safe and effective (unless there is clear and convincing contradictory evidence in a major peer reviewed medical journal). (CHAPTER 1268, STATS. of 1992)

AB 2083 (Felando)

Claims Reviewers. Requires health insurers, upon rejecting a claim from a health care provider or a patient, and upon their demand, to disclose the specific rationale used in determining why the claim was rejected. Prohibits compensation of claims reviewers based on a percentage of the amount by which a

claim is reduced for payment. (CHAPTER 544, STATS. of 1992)

AB 2372 (Frizzelle)

Osteopathic Physicians and Surgeons. Prohibits health plans, in contracting with physicians to provide managed care, from discriminating against osteopathic physicians with appropriate osteopathic board certification. (CHAPTER 619, STATS. of 1992)

AB 2656 (Frizzelle)

Claims. Adds health plans covering dental expenses to existing laws requiring insurers to pay or contest claims within a timely manner. (CHAPTER 747, STATS. of 1992)

SB 371 (Thompson)

Preventive Health Care for Children. Requires health insurers to cover comprehensive preventive care of children age 16 and younger, according to American Association of Pediatrics guidelines, including physical examinations, laboratory services, and immunizations. (CHAPTER 1134, STATS. of 1992)

SB 382 (Craven)

Health Care Service Plans: Supplemental Insurance; Claims Procedures For Specialized Plans. Extends current payment deadlines, penalties and procedures for resolving disputes of health care claims to dental and other specialized health care service plans. The bill also prohibits health care service plans, including specialized health care service plans, from reducing the level of payment to a provider solely because the provider has contracted with another state-approved plan. (CHAPTER 1357, STATS. OF 1992.)

SB 921 (Torres)

Medicare Supplement Coverage. Makes technical changes to the Medicare Supplement Act of 1992 (SB 925 (Torres), CHAPTER 287, STATS. of 1992) and appropriates \$254,000 to the Department of Insurance from the Insurance Fund to implement the Act. (CHAPTER 1014, STATS. of 1992)

SB 925 (Torres)

Medicare Supplement Act of 1992. Conforms state law regulating Medicare

supplement coverage to recent changes in federal law, providing, among other provisions, standardized benefit packages. (CHAPTER 287, STATS. of 1992)

SB 1002 (Watson)

Health Care Service Plans, Quality Review. Clarifies provisions of law relating to quality assurance reviews of health care service plans. Specifically authorizes the Commissioner of Corporations to require onsite review of peer review records where necessary and requires the commissioner to ensure confidentiality of such records and proceedings. (CHAPTER 175, STATS. of 1992)

SB 1333 (Torres)

Uniform Billing Format. Requires the Office of Statewide Health Planning and Development to adopt uniform billing form formats for professional and institutional health care services. Requires carriers and providers to use a completed uniform billing form or electronic equivalent. (CHAPTER 1133, STATS. of 1992)

SB 1597 (Maddy)

Laryngectomy. Requires health insurers covering laryngectomy surgery to also cover prosthetic devices to restore a method of speaking. (CHAPTER 808, STATS. of 1992)

SB 1643 (Deddeh)

Health Care Service Plans, Duplicate Audits. Provides an exemption, from the Department of Corporations (DOC) onsite medical survey requirement, for any health care service plan that contracts with the Department of Health Services (DHS) to provide services solely to Medi-Cal beneficiaries, provided the plan submits to DOC the medical survey audit conducted by DHS for the same period. Also permits DHS to waive the requirement of a financial and administrative review of any plan upon submission of the DOC financial audit. (CHAPTER 1021, STATS. of 1992)

SB 1664 (Rogers)

Health Care Service Plan Licensing. Extends, until January 1, 1994, the exemption from Department of Corporations

licensure for those health care service plans operated and funded by a public entity. Urgency measure, effective August 10, 1992. (CHAPTER 458, STATS. of 1992)

SB 1943 (Mello)

Long-term Care Coverage. Substantially revises the existing regulatory scheme for long-term care insurance to add greater consumer protections. Provisions include minimum standards for home care policies, limitations on insurers' ability to rescind policies or deny claims, increased disclosure of information to consumers, and increased enforcement in cases of violations by insurers or agents. (CHAPTER 1132, STATS. of 1992)

AUTOMOBILE INSURANCE

- AB 1995 (Filante) Photo Inspections. Authorizes waivers of inspections for autos over seven years old, permits delaying inspection up to 30 days, and specifies that inspections are not to certify registration or safety of vehicles. Urgency measure effective March 31, 1992. (CHAPTER 21, STATS. of 1992.)
- AB 2605 (Peace) California Automobile Assigned Risk Plan (CAARP). Requires an insurer which refuses to accept an application for a good driver discount policy to provide the applicant a written statement explaining the reasons for denying insurance coverage. Requires certificate of eligibility for CAARP coverage to be accompanied by the refusal statement. (CHAPTER 1255, STATS. of 1992.)
- AB 2699 (Horcher) Fraud. Authorizes a six-month driver's license suspension for persons convicted of staging auto accidents to file false insurance claims. (CHAPTER 490, STATS. of 1992.)
- AB 2811 (Brulte) CAARP. Specifies the independent judgment standard for judicial review of CAARP premium setting decisions by the Insurance Commissioner. (CHAPTER 1256, STATS. of 1992.)
- SB 239 (Johnston) Photo Inspections. Permits exemption from requirement of photo inspection for transfers of coverage within an agency, insurer or insurer group where an insured has had comprehensive and collision coverage in effect for 12 months. Urgency bill, effective September 28, 1992. (CHAPTER 967, STATS. of 1992.)

HOMEOWNERS INSURANCE

SB 1854 (Petrus)

Policy Disclosure. Forbids the issuance of a residential insurance policy unless a notice describing certain conditions of the purchased coverage, such as guaranteed replacement cost coverage with building code upgrades for the dwelling, and describing other types of coverage, is provided to the insured. Specifies the contents of the notice, upon which the insurer or agent must indicate the type of coverage purchased. (CHAPTER 1089, STATS. of 1992.)

CREDIT LIFE AND DISABILITY INSURANCE

AB 2107 (Connelly)

Premium Rates. Repeals current freeze on credit life and disability insurance premium rates effective January 1, 1994. Requires the Insurance Commissioner, by January 1, 1994, to adopt regulations specifying rates for credit disability, credit life and joint life and disability insurance. (CHAPTER 32, STATS. of 1992.)

SB 1493 (Johnston)

Notice. Requires annual notice to revolving account customers that pre-existing medical conditions affect credit life and disability coverage. Specifies that credit card accounts may not apply pre-existing medical condition limitations to each charge or advance. Urgency measure, effective July 27, 1992. (CHAPTER 366, STATS. of 1992.)

GUARANTY ASSOCIATIONS

SB 1490 (Johnston)

Health and Life Insurance Guaranty Associations. Places the California Life Insurance Guaranty Association (CLIGA) in fifth order of priority for claims against the assets of insurers being liquidated. Provides that the CLIGA and Health Insurance Guaranty Association (HIGA) boards of directors must each consist of at least nine and no more than thirteen members, and authorizes CLIGA and HIGA to lend money to one another. (CHAPTER 956, STATS. of 1992.)

SB 1581 (Maddy)

California Insurance Guaranty Association. Includes claims by assignees under premium finance agreements (e.g., claims by lenders) as claims covered by the California Insurance Guaranty Association (CIGA). Clarifies computation dates for claims for unearned premium. Permits CIGA to refund a portion of assessments to an insurer which withdraws from the state. (CHAPTER 227, STATS. of 1992.)

SURPLUS LINES

AB 2608 (B. Friedman)

Placement of Coverage. Requires, for coverage to be placed with a nonadmitted insurer, that insurance cannot be procured from admitted insurers writing in this state the particular type of coverage sought. Requires surplus lines brokers to ensure a diligent search is made among admitted insurers before placing coverage with nonadmitted insurers. (CHAPTER 1205, STATS. of 1992.)

SB 1145 (Johnston)

Customer Disclosure. Requires surplus lines brokers and nonadmitted insurers to obtain the signature of an applicant on a disclosure statement. The statement must notify the applicant that the policy is being issued by an insurer not licensed by California, not subject to financial solvency and enforcement requirements applicable to state licensed insurers, and not a member of the California insurance guaranty associations. (CHAPTER 397, STATS. of 1992.)

INSURANCE COMMISSIONER/REGULATORY

AB 1689 (Filante)

Agents/Brokers Education. Requires the Department of Insurance to provide an opportunity for licensure to applicants for fire and casualty broker-agent or life agent licenses who, before December 1, 1991, requested examination dates before prelicensing education requirements went into effect. Permits licensees to complete 30 hours of continuing education over a two year period instead of 15 hours per year. Urgency measure, effective April 1, 1992. (CHAPTER 26, STATS. of 1992.)

AB 2875 (Lancaster)

Applications for Rate Approval. Provides that an application for a change in rates for property and casualty insurance is deemed approved 180 days after receipt by the Insurance Commissioner, unless disapproved by a final order of the commissioner after a hearing or if extraordinary circumstances exist. Applies to applications filed on or after July 1, 1993. (CHAPTER 1257, STATS. of 1992.)

AB 3336 (Brulte)

Emergency Regulations. Requires the Insurance Commissioner, five days before submitting emergency regulations to the Office of Administrative Law, to mail notice, the text of the regulations and certain supporting documents to persons who request notice of the Commissioner's regulations. (CHAPTER 793, STATS. of 1992.)

SB 1666 (Johnston)

Examinations, Producer Controlled Insurers and Single Risk Limits. Requires the Insurance Commissioner to examine insurers at least once every five years and accept examinations of other states' National Association of Insurance Commissioners (NAIC) accredited insurance regulators. Requires insurers to provide the commissioner reasonable access to necessary documents. Specifies contractual, reporting and supervision requirements for insurers controlled by persons who sell and solicit insurance.

Forbids property and casualty insurers
from insuring a single risk in excess of
10 percent of capital and surplus.
(CHAPTER 614, STATS. of 1992.)

WORKERS' COMPENSATION

AB 400 (Margolin)

Acupuncture Treatment. Extends until 1997 the ability of acupuncturists to treat injured workers under workers' compensation. Requires the Division of Workers' Compensation to study the effectiveness of acupuncture in workers' compensation and report by December 31, 1995. (CHAPTER 824, STATS. of 1992.)

AB 2329 (Peace)

Truth in Advertising. Requires advertisements concerning workers' compensation claims to state that it is a felony to make a false claim. Requires a person who contacts an individual regarding a workers' compensation claim as a result of a lead-generating device to disclose that fact to the individual. Prohibits entities that solicit the filing of workers' compensation claims from using a name or symbol that is deceptive or misleading. (CHAPTER 904, STATS. of 1992.)

AB 2771 (Wright)

Self-Insurance. Changes the penalty imposed for failure of a self-insurer to obey reporting requirements from a percentage of the annual license fee to a civil penalty. Allows security deposit funds placed in the Self-Insurance Plans Fund to be loaned to the General Fund if necessary. Exempts public self-insurers from the audit requirements that apply to private self-insurers. Requires instead that public self-insurers report to their governing boards whether their workers' compensation liabilities are adequately funded. Allows the Director of Industrial Relations to audit any public self-insurer if there is good cause to do so. (CHAPTER 532, STATS. of 1992.)

AB 3251 (Frazee)

Proof of Insurance. Repeals requirement that an employer applying for a business license must provide proof of workers' compensation insurance. Requires instead that an employer must declare under penalty of perjury that he or she has workers' compensation insurance coverage when applying for a business license. The declaration must include (1) the name

and policy number of the applicant's workers' compensation insurance carrier; and (2) a specified warning that failure to secure coverage is a crime. Requires the Workers' Compensation Insurance Rating Bureau to help the Director of Industrial Relations identify employers who fail to obtain insurance. (CHAPTER 1276, STATS. of 1992.)

AB 3660 (Margolin)

Fraud. Appropriates \$7 million to the Department of Insurance and district attorneys for fraud investigation purposes. Establishes a fee for appointment as a qualified medical evaluator in workers' compensation. Provides that fee revenues shall support operations of the Industrial Medical Council. Broadens definition of acts considered to be workers' compensation fraud. Requires the Employment Development Department to release to investigating agencies relevant information relating to a workers' compensation fraud investigation. Requires the Industrial Medical Council to develop guidelines regarding the time spent to conduct initial comprehensive medical-legal evaluations and treatment procedures not valued in the Official Medical Fee Schedule. Requires medical-legal evaluations to disclose when and where the evaluation was performed, and the name and qualifications of any person providing professional services in connection with the report. Requires anyone billing for medical-legal evaluations, diagnostic procedures or services performed by persons who are not employed by the reporting physician to specify the amount paid to those persons for their services. Urgency measure, effective September 30, 1992. (CHAPTER 1352, STATS. of 1992.)

AB 3757 (Bronzan)

Managed Care Pilot Projects. Authorizes the Department of Industrial Relations to establish pilot projects in four counties to test the feasibility of combining occupational and nonoccupational medical care coverage. Permits an employer participating in a pilot project to

contract with a health care service plan or an insurer offering a managed care product to provide medical care coverage for employees' on- and off-the-job injuries. Provides that employees enrolling in coverage provided through a pilot project may not use a nonplan personal physician for occupational injuries. Provides that an employer whose workers are unionized shall not participate in a pilot project unless agreed to in a collective bargaining agreement. (CHAPTER 1131, STATS. of 1992.)

AB 3758 (Conroy)

Administration. Maintains the employer assessment that partially funds operations of the Division of Workers' Compensation at the same level in 1992-93 as in 1991-92. Authorizes workers' compensation judges (rather than referees) to conduct all types of conferences. Gives liens filed on behalf of the Uninsured Employers Fund (UEF) the same status as other independent liens. Permits UEF judgments to be filed against parents or substantial shareholders of illegally uninsured employers. (CHAPTER 1226, STATS. of 1992.)

AB 3774 (Brulte)

Settlement Conferences. Provides that, for two years, settlement conferences in cases involving the Uninsured Employers Fund or the Subsequent Injuries Fund or in death-without-dependents cases shall take place only at the district Workers' Compensation Appeals Board offices in San Francisco, Los Angeles, Van Nuys, Anaheim, Sacramento and San Diego. (CHAPTER 611, STATS. of 1992.)

SB 890 (Lockyer)

Compensability of Bloodborne Disease. Expands the definition of compensable injury to include any reaction to employer-provided prophylactic treatment designed to prevent the development of bloodborne disease in health care workers following a documented occupational exposure to blood. (CHAPTER 1085, STATS. of 1992.)

SB 1484 (Davis)

Self-insured Employers. Allows

self-insured employers to purchase aggregate excess or aggregate stop-loss workers' compensation insurance. (CHAPTER 378, STATS. of 1992.)

SB 1992 (Royce)

Funding Appropriation. Appropriates additional funds to the Uninsured Employers Fund (UEF) and Subsequent Injuries program for fiscal year 1991-92. Makes a General Fund loan to the Subsequent Injuries program to ensure payment of claims in fiscal year 1991-92. Increases the amount of a revolving fund available to pay claims against the UEF. Urgency measure, effective June 26, 1992. (CHAPTER 100, STATS. of 1992.)

UNEMPLOYMENT INSURANCE

AB 1830 (Ferguson)

Unemployment Benefits Recovery. Provides for expanded recovery of unemployment compensation overpayments; conforms state law to federal law on tax liens in bankruptcy cases; and delays the deadline for submitting information on unemployment cases involving school employers from October to December. (CHAPTER 125, STATS. of 1992.)

SB 589 (Russell)

Extended Unemployment Benefits. Authorizes the governor to suspend state-triggered extended unemployment benefits in order to continue full federal funding of emergency unemployment benefits provided by the federal government. Contingent on federal approval, the bill also allows an individual to qualify for extended unemployment benefits if his or her earnings during the base period exceed 1.5 times the earnings during the highest quarter in the base period in which he or she exhausted all rights to regular compensation. Urgency measure, effective April 1, 1992. (CHAPTER 22, STATS. of 1992.)

SB 2004 (Russell)

Unemployment Job Retraining Benefits. Extends until 1997 the California Training Benefits Program and expands the ability of individuals to continue receiving unemployment benefits while participating in retraining under the program. Also requires the Employment Development Department to include in its annual report on the program information on the number of individuals who apply, qualify and return to employment, and the amount of unemployment insurance compensation benefits paid to program participants. (CHAPTER 577, STATS. of 1992.)

LIFE INSURANCE

AB 3530 (Peace)

Living Benefits Contracts. Substitutes the term "viatical settlements" for "living benefits contracts," under which life insurance benefits may be advanced to policyholders with terminal or catastrophic illness in specified circumstances. Also increases the licensing fee for persons selling living benefits contracts from \$1,000 to \$2,833. (CHAPTER 796, STATS. of 1992.)

CALIFORNIA RESIDENTIAL EARTHQUAKE RECOVERY FUND

AB 2049 (Isenberg)

Repeal. Repeals, effective January 1, 1993, the California Residential Earthquake Recovery Fund. Homeowners' claims arising from earthquakes which occurred before the repeal would be paid. (CHAPTER 1251, STATS. of 1992.)

MISCELLANEOUS

- AB 586 (Lancaster) Actuary Liability. Specifies that an actuary is liable for his or her negligence or other tortious conduct. (CHAPTER 737, STATS. of 1992.)
- AB 2051 (Margolin) Insurance Premium Financing. Requires agents and brokers, for automobile insurance, before arranging insurance premium financing or an agreement for an insured to use an insurer's or CAARP's periodic payment programs, to disclose the available periodic payment options. Requires disclosure to automobile insurance premium finance customers of information about interest, fees, charges, etc., required by the Truth In Lending Act. (CHAPTER 368, STATS. of 1992.)
- AB 2412 (Lancaster) Title Insurance/Underwritten Title Companies. Permits title insurance advisory organizations to prepare procedural manuals. Requires underwritten title companies to submit quarterly financial statements to the Insurance Commissioner. Requires the Insurance Commissioner to approve or deny a request to transfer less than ten percent of the stock of an underwritten title company within 60 days of the request, or the request is deemed to be approved. (CHAPTER 991, STATS. of 1992.)
- AB 2971 (Horcher) Reinsurance. Authorizes ceding of insurance to a nonadmitted alien reinsurer that is a group of incorporated insurers under common administration, provided that the group meets specified regulatory and financial requirements. (CHAPTER 1247, STATS. of 1992.)
- AB 3619 (Knowles) Title Insurance. Expands the anti-rebate title insurance exception to permit title insurers, controlled escrow companies and underwritten title companies to furnish the names of owners of record, descriptions of real property and

property characteristics without charge to realtors. (CHAPTER 551, STATS of 1992.)

SB 770 (Davis)

Insurance: Motor Clubs. Redefines the way assets are calculated for purposes of qualifying to operate as a motor club. Among other things, the bill increases the minimum net worth requirement of a motor club from \$150,000 to \$250,000; redefines net worth as the excess of total assets over total liabilities; and specifies conditions for insolvency of a motor club. (CHAPTER 15, STATS. of 1992.)

SB 1492 (Johnston)

Group Variable Life Insurance Policies. Authorizes insurers to issue group variable life insurance policies. Permits insurers to offer separate account investments for retirement medical benefits. Urgency measure, effective September 28, 1992. (CHAPTER 973, STATS. of 1992.)

BILLS VETOED 1992

AB 69 (Margolin)

Workers' Compensation Reform. Component of Workers' Compensation Conference Committee Report. Would have limited the number and cost of medical-legal evaluations obtained in a workers' compensation case. Would have established medical fee schedule as maximum rather than presumptively allowable fees. Would have expanded medical fee schedule to include hospitals, drugs and new procedures. Would have reduced permanent disability benefits by up to 10 percent for vocational rehabilitation maintenance allowance payments received. Would have capped or reduced fees for vocational rehabilitation services. Would have limited maintenance allowance benefits to 52 weeks in duration. Would have limited the number and length of rehabilitation plans. Would have required employees to prove that workplace events were the predominant cause of a psychiatric stress injury for the injury to be compensable. Would have barred claims for psychiatric injury after termination unless the worker proves that a sudden and extraordinary event caused the injury or that he or she showed evidence of the injury prior to termination. Would have required declarations under penalty of perjury from participants in the workers' compensation system that they have not offered or received kickbacks for referrals. Would have required insurers to give employers access to claim files and prior notice of settlement in contested cases. Would have required the establishment of a fee schedule for defense attorney costs. Would have required doctors to sign evaluations, under penalty of perjury, attesting to compliance with time guidelines set by the Industrial Medical Council (IMC). Would have authorized the IMC to charge a fee for appointment as a qualified medical evaluator. Would have required employee leasing organizations to

register with the Division of Workers' Compensation.

AB 853 (Epple)

Experimental Medical Procedures. Would have required disability insurers and health care service plans that deny coverage of experimental medical treatment to provide specified information to the terminally ill patients. The required information included reasons for denial of coverage and procedures available to appeal the decision.

AB 1306 (Isenberg)

Employment Training Panel. Would have extended the sunset date for the Employment Training Panel from 1994 to January 1, 1999, and transferred administrative responsibilities from the Employment Development Department to the Department of Commerce. The bill also would have appropriated \$29 million from the General Fund to repay an Employment Training Fund loan made to the GAIN program in the 1992 State Budget.

AB 1671 (Margolin)

Consumer Notice. Would have required notices of cancellation or nonrenewal for automobile, homeowners, certain commercial insurance, and workers' compensation coverage to include a statement of reasons for the nonrenewal or cancellation. Would have required offers to renew automobile, homeowners and commercial insurance which include premium increases or changes in coverage to include a statement of the reasons for the price increases or coverage changes.

AB 2042 (Lancaster)

California Automobile Assigned Risk Plan (CAARP). Would have required CAARP premiums to be actuarially sound so that the private automobile insurance market would not subsidize CAARP.

AB 2078 (Gotch)

Financial Responsibility. Would have required drivers to furnish proof of automobile insurance, or other acceptable proof of financial responsibility, upon request to peace officers who are ticketing the drivers or who are summoned to accident scenes.

AB 2169 (Gotch)

AIDS Insurance Coverage. Would have required the Insurance Commissioner to prepare a study and report on: (a) the experience of persons tested positive for HIV, HIV-related illnesses, and AIDS with respect to private health coverage; and (b) the role of public health and private or nonprofit programs in ensuring proper health care for such individuals.

AB 2342 (Clute)

Whitefly Extended Unemployment Benefits. Would have provided up to 26 weeks of extended unemployment benefits to eligible victims who are unemployed because of the poinsettia whitefly infestation.

AB 2547 (Tucker)

Medi-Cal Participation of Prepaid Health Plans. Would have required the Department of Health Services to report to both the Governor and the Legislature's health policy committees regarding Medi-Cal participation of each prepaid health plan. Among the issues to be addressed in the report were, for each prepaid plan, the number of Medi-Cal beneficiaries served by the plan, total enrollees, the number of Medi-Cal beneficiaries as a percentage of the plan's total enrollment, and whether or not the plan has tax-exempt status.

AB 2631 (Umberg)

Immunization Coverage. Would have required health insurers to provide immunization coverage for adults in accordance with U.S. Public Health Service recommendations and for children, in accordance with American Academy of Pediatrics recommendations.

AB 2909 (Campbell)

Termination of Agents and Employees. Would have forbidden insurers from terminating employees or exclusive agents because of loss ratios for policies submitted to the insurers or because of the submission of applications for good driver discount policies.

AB 3267 (Floyd)

Unemployment Eligibility. Would have allowed an individual who left work because of a trade dispute to be

eligible for unemployment benefits without a waiting period when his or her employer hires a permanent replacement.

AB 3374 (Epple)

Automobile Service Contracts. Would have authorized the Insurance Commissioner to supervise and regulate motor vehicle service contracts. Would have specified insurance and regulatory requirements for administrators of such contracts.

AB 3740 (Margolin)

Life and Health Insurance Guaranty Associations. Would have required the Insurance Commissioner to conduct a study on the feasibility of combining the California Life Insurance Guaranty Association and the Health Insurance Guaranty Association.

AB 3830 (Brown)

Medical Malpractice Cooperatives. Would have authorized nonprofit physician cooperative corporations to provide indemnification for claims other than malpractice which are related to corporation members' professional practices in the field of medicine. Would have specifically excluded claims or losses related to workers' compensation, health, life, owned automobile, unfair business practices, antitrust and personal injury, including libel and slander, unrelated to the member's professional practice of medicine.

SB 6 (Torres)

Universal Health Coverage. Would have established a commission to develop a program of universal health coverage, based on regional health insurance purchasing corporations, which would buy from private carriers and provide consumers a choice of plans.

SB 10 (Lockyer)

Automobile Insurance. Would have lowered financial responsibility requirements, permitted waiver of coverage for property damage where drivers purchase minimum financial responsibility, permitted insurers to contract with repair shops to repair damaged vehicles and permitted insurers to offer policies under which drivers agreed to nonjudicial

federal legislation that extended federal jobless benefits until June 19, 1993.) Would have prohibited State Disability Insurance benefits for mental or physical injury suffered by an individual if the individual is convicted of a felony, and the illness or injury is a result of the felony or the prosecution of the felony.

SB 1904 (Johnston)

Workers' Compensation Reform. Component of Workers' Compensation Conference Committee Report. Would have allowed employers to contract with managed care organizations (MCOs) to provide health care to injured workers. Would have required employees to obtain medical care from MCOs. Would have prohibited an employer from using an MCO for workers' compensation medical care unless the employer also provides health insurance to its employees. Would have required an employer to obtain authorization from represented employees in a collective bargaining agreement before use of an MCO. Would have allowed an employee to receive medical care from a non-MCO physician if the employee predesignates the physician in writing. Would have allowed an employee to opt out of treatment by the MCO one year after the date of injury. Would have guaranteed that an injured worker has the right to examination by a chiropractic "gatekeeper" who shall direct treatment. Would have repealed the minimum rate law regulating workers' compensation insurance, effective January 1, 1994. Would have replaced it with a system of competitive rating that would have required the insurer's statistical agent to file prospective loss costs with the Insurance Commissioner. Would have required insurers to file workers' compensation insurance rates with the Insurance Commissioner prior to use. Effective January 1, 1997, would have permitted insurers to set up an assigned risk plan for employers who cannot obtain insurance through ordinary methods, but only if the commissioner finds that the State Compensation Insurance Fund (SCIF) is in danger of insolvency. Would have

directed the Department of Finance to study the feasibility of privatizing SCIF. Would have directed the Department of Insurance to study the impact of repeal of the minimum rate law on the workers' compensation insurance market.