

RICARDO LARA

INSURANCE COMMISSIONER

California Department of Insurance

Notes – Councilman Eric Guerra Small Business Resources

Virtual Town Hall

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California businesses of all sizes are suffering great losses because of the COVID-19 pandemic. While we have encountered business interruption in the past following wildfires or other disasters, we have seen nothing on this scale, with thousands of businesses closing and/or drastically reducing their payroll. Insurance Commissioner Ricardo Lara, along with Councilman Eric Guerra, hosted the following small business experts to address issues faced by California's small businesses:

- Amanda Blackwood, CEO, Sacramento Metro Chamber

Councilman Eric Guerra

During this COVID-19 pandemic emergency, with so many businesses experiencing tremendous economic loss, it is imperative that you, your friends, and colleagues have up-to-date information on available services and resources.

I want to welcome our local President/CEO of the Sacramento Metro Chamber of Commerce, Amanda Blackwood. We also have here the California Insurance Commissioner, whom I've had the pleasure of knowing for almost 20 years now. Commissioner Ricardo Lara is the eighth elected Insurance Commissioner. The Department of Insurance is the nation's largest state consumer protection agency, which is charged with protecting California consumers. Commissioner Lara has been busier than ever, due to the COVID-19 pandemic and the devastating fires throughout the state. The Insurance Commissioner has taken many actions to protect homeowners, consumers, workers, and businesses. The impact is on a completely different scale; 1000's of businesses were closed and payroll was dramatically reduced. Having Insurance Commissioner Lara here with us today is a great benefit.

Let me start by welcoming my good friend, a longtime advocate for working families, and a big advocate for women-owned businesses and minority-owned businesses. Welcome, Ricardo Lara, Insurance Commissioner in California.

Insurance Commissioner Ricardo Lara

Thank you, Councilman Guerra, it is great to see you. You reminded me of our days as staffers back in the day at the Capitol.

I'm happy to be here today to share updates on the work, we, at the Department of Insurance, have been doing to help businesses and share some resources that our Sacramento business owners should know about.

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And I want to say hi to Amanda Blackwood from the Sacramento Metro Chamber of Commerce. I am so glad that she is here as well. I had the pleasure of joining her back in June for her Tuesday's at 2 event and was able to share some timely information on not only our COVID actions but on insurance claims for damages from civil unrest as well.

Here we are in October, more than 6 months into this pandemic, and our lives and livelihoods are still disrupted by COVID. It's a very different world from the beginning of 2020.

My priorities since this pandemic started have been:

- Getting money back to consumers and businesses.
- Helping small businesses to file insurance claims and combat fraud.
- Protecting the health of Californians.

ACTIONS

I have taken more than 20 separate actions to help consumers and businesses and I want to mention several that affect our small businesses:

1. I ordered partial premium refunds for motorists and small businesses due to lower risk at the workplace and on the road – which have resulted in \$1.2 billion in relief so far.

I expect those savings to continue as long as you are seeing fewer accidents, fewer losses, and lower payrolls.

2. I directed health insurance companies to provide zero cost-sharing on consumers for COVID-19 screening and testing.
3. I extended policyholder deadlines for businesses and consumers to ensure they don't lose, limit, or waive their policy benefits as a result of the current national state of emergency.
4. I asked companies to extend grace periods so businesses affected by COVID-19 have more time to pay their insurance premiums – and you do not lose your insurance.
5. I have pushed insurance companies to expand access to telehealth so consumers have access to medically necessary health care while keeping them and our health care workers safe.
6. And just last week I directed insurance companies to return health care premiums that are inflated because of the pandemic.

It is clear that people are going to the doctor less, and insurance companies are seeing record profits. They need to return some of that money to you, who are paying premiums but not using your benefits to seek care.

The pandemic is still causing a lot of uncertainty in health care pricing – and we are likely to see higher rates down the road as the costs of COVID-19 are counted.

But it is clear to me that over the past few months, the use of medical services is down and insurance companies need to provide you relief.

WORKERS' COMPENSATION

I want to briefly touch on the effect COVID-19 has had on workers' compensation insurance.

The first thing businesses need to know is that all workers affected by COVID-19 on the job are eligible for workers' compensation benefits.

Last month Governor Gavin Newsom signed SB 1159 by Senator Jerry Hill which expands access to workers' compensation and creates a rebuttable presumption for front line workers. Under this new law, if they are diagnosed with COVID-19 or tests positive within 14 days of performing a labor or service at a place of work, it is presumed to have been contracted while on the job.

Employers should know however, you have a chance to prove that the illness is not work-related.

I have also taken action and issued emergency workers' compensation regulations to reflect the lower risk of worker injuries in light of the pandemic.

These new regulations mandate insurance companies to recompute premium charges, and will result in savings for many policyholders as businesses.

That is why I ordered insurance companies to return a portion of workers' compensation premiums to businesses.

The new regulations also exclude COVID-19 related claims from being included in future rate calculations so that employers are not penalized with higher rates due to COVID-19 claims.

I want to close by reminding everyone that if you have questions about your home, auto, business or other insurance contact my Department at 800-927-4357.

We have real, live experts who speak multiple languages who can help you Monday through Friday.

Insurance is complicated and these are difficult times, so please do not hesitate to call my department. Our experts are here to help.

You can also use our new live chat feature at insurance.ca.gov.

Thank you and I look forward to answering your questions.

Councilman Eric Guerra

It definitely does help. As Amanda Blackwood would tell you, a big chunk of the Sacramento region consists of small businesses who are our neighbors. They are the small businesses and the family members here who work amongst us that have propped the Sacramento region. Again, that number is 800-927-4357; help is available at this number in multiple different languages. It is my understanding that Commissioner Lara, you are the only Insurance Commissioner in our country that

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speaks Spanish. Am I right?

Commissioner Ricardo Lara

Actually, there are five Latino insurance commissioners around the country that speak Spanish.

Councilman Eric Guerra

Five Latino Insurance Commissioners in the country, out of 50, makes it 10%; we're making progress. Now we need some more women insurance commissioners out there as well. Speaking of that, let me bring it over to Amanda Blackwood.

Amanda is the President of the Sacramento Chamber of Commerce, representing many small business owners throughout Sacramento county, not just urban, but suburban and rural. We have small businesses in all those sectors. Most recently, she helped execute \$20 million of CARES Funding to help small businesses provide technical assistance and navigate this chaos, much like Insurance Commissioner Lara's office. Thank you, Amanda Blackwood. Can you tell us a little bit about what the Chamber is doing? Then, we'll get right into the insurance questions and what resources are available for small businesses.

Amanda Blackwood

Thank you so much for having me. I very much appreciate it. A little bit of information about the Metro Chamber. We're the Regional Chamber of Commerce; we represent 22 cities, 6 counties about 2.5 million people. As Councilmember Guerra said, we've got an urban core, suburban area, and very rural folks. Some of the issues that our members are facing are similar; some are not. But COVID has wholly changed the operation. As the Councilmember said, the Commissioner shares this view with me, small businesses are the backbone of our community. Individuals who went into business – it was not because they were a business person – it is because they do what they love to do. Even in the best of times, the technical aspect of running a business, particularly in California, can be overwhelming for those folks. You've got regulations coming at you, you may or may not understand, particularly if English is not your first language. You know you're trying to navigate all of the things coming at you while doing that thing that you love to do and we are here to help.

QUESTIONS

1. Is there an ALL Risk Policy in the market place?

Commissioner: All Risk Policies cover you for all perils except for certain perils that are specifically excluded in the policy. Most standard commercial insurance policies are all-risk policies. But there are some “named peril” only policies that only cover the perils specifically identified in the policy.

Either way, each insurance policy is different and often they are long and complex contracts, so I always tell people if you are not going to read your entire policy, at least make sure you read the exclusions and understand what you are not covered for.

If you have any questions on what you are covered for you should have a conversation with your agent to get more information or to make sure you really understand your policy. If you still don't understand, or if you want a second opinion, please call my department.

One of our experts can walk you through the complicated language to make sure you understand

what is and what isn't covered.

Insurance is complicated so it's better to make sure you know what you have before you need to file a claim that way you can make any adjustments or add any coverage that may be otherwise excluded.

We also have a lot of great resources on our website at insurance.ca.gov that can help you find a licensed agent, help you find coverage and compare coverage and prices.

2. How has COVID impacted the business community and what do you see for the next six months as we navigate recovery?

Amanda Blackwood: It is a great question. This is a time in which there is so much that we can't control. Just know that you're a human person with finite energy with finite time, and you're going to want to use that time to move forward in the best way that you can. The best advice that we give to the business community is to pause and know that you are a human person. This is stressful; you've got things coming at you from every direction.

Just over the last six months, COVID is happening, remote school is happening, we're having necessary and vital conversations about racial justice, wildfires are happening, everything is coming at you. The best thing you could do is first stabilize yourself, reach out for help, and make strategic decisions that are very difficult when you are under stress. Take care of yourself first. After that, let's start talking about business, and let's start talking about planning. Those businesses that we have seen pivoting during this time are embracing so many things that they probably already knew they should be doing.

For example, I'm a brick and mortar, and I always knew I should have a web-based store, but I never got time to get around to do it. I collect my customers' information, and sometimes I'll reach out to them. However, I really should have a close personal relationship with my customers. I probably should have been doing all of those things. There are those who have pivoted and have tried to reimagine their business operating in this new environment.

There are folks that are taking the steps forward to prepare them for the future. As you mentioned, that includes getting that paperwork in order. You don't always look at your books, and you don't look at your policies, you don't look at all that stuff when your small businesses are doing well. That's not a good way to do business. Know that you need to have long term resilience. All of those things including getting your payroll in order, getting your processes in order, looking at your policies, seeing if you're incurring expenses that you don't need, and asking questions.

You might have other business lines with an online revenue stream or a partnership with another organization that will be able to add value to what you're doing. All of those things are things that a business can do that are under your control. It may be as simple as committing to tasks each day: today is the day that I'm going to work on my cash flow, today is the day I'm going to apply for that loan, today is the day I'm going to fill out my PPP forgiveness because I know I scrambled to get that loan.

I don't know what the next step is moving forward; you know it's not the best news. However, it's the real news that many of our industries are very deeply impacted. Our retail and hospitality folks are particularly struggling right now, and even being opened at 25%-50% occupancy, there is not cash flowing. We anticipate that we are going to have some business loss. We know that is going to happen. We know that those folks need support. We know that the doors need to be wide open when

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they come back. And I'd be remiss if I didn't say, we need this particularly for women in the workforce, right now.

Forbes recently reported that 700,000 people left the workforce just in September alone. Eighty-eight percent of those are women because they are at home, caring for children, caring for family, caring for the elderly keeping their households together. That's real, but COVID will not be forever. When it is not, we want our jobs back, and we want to start our small businesses again. We should do anything that we can do to open that door to level the playing field to create opportunities. That is where we get to work, elected officials like us that showed these values, to get those businesses back up and running. We need our communities to take a step forward and say small businesses are essential. And I'm going to do my part to keep it on track.

To that point, our organization, the Sacramento Hispanic Chamber, the Black Chamber of Commerce, Asian Pacific Chamber of Commerce and other chambers have collaborated as the Sacramento Inclusive Economic Developmental Collaborative (Sac IEDC) to give voice to the diverse businesses, provide guidance, and provide technical assistance.

3. How could they get a hold of the technical assistance for help?

Amanda: I would encourage you to follow the Commissioner's advice and call the Department of Insurance for guidance. If you're a business in the city of Sacramento, go to the city's website. Under COVID resources, you will find links to various technical service providers, specifically within the Sac IEDC (a partnership of over 15 organizations all wrapping around to bring guidance and support). And if you're in the Greater Sacramento area beyond the city of Sacramento, then reach out to Capital Region Small Business Development Center (SBDC). SBDC offers no-cost, technical assistance, one on one counseling, small group counseling and workshop, and training for any business in this region don't need to be small.

Normally, SBDC assists small and midsize businesses that need help on anything. It could be anything, such as writing your business plan or just learning how to go online or have social media presence to navigate policies and fill out PPP paperwork. They can assist you in making hard decisions. They can also just have a person who speaks your language and who can listen to the challenges you're facing. You're on track. There is a human being on the other end of that phone who understands what you're going through. They have technical expertise that can guide you through this decision, so if you are not trying to navigate this alone.

4. I have a policy but went to make a claim and was told it wasn't covered. What can I do?

Commissioner: This is a great question and one that we hear over and over. If you have business interruption coverage, but your insurance company is telling you that these losses are not covered due to exclusions in your policy, we recommend that you file a formal claim with your insurance company and start creating that paper trail.

Insurance companies are legally required to fairly investigate a claim and formally respond back with their coverage decision and the reason for any denials they may make.

If you have already filed a formal claim and that claim has been denied, you can contact my Department and we will review the claim to make sure your insurance company properly investigated the claim and followed all the laws.

Many commercial policies have exclusions for loss due to contamination by virus and similar perils.

And many policies also require that a loss be caused by direct physical damage or loss to the insured property that results from a cause covered by the policy.

But we have had some success in getting denied business interruption claims and event cancellation claims paid, so it's worth you contacting us to let us take a look.

5. I don't know if the policy I have is what I need or not. How do I know if I am properly insured? What should I do to protect myself?

Commissioner: This is a great question and right in line with a few of the others we have answered today. People often don't pay attention to their insurance until they need it, but COVID-19 now has a lot of business owners really looking at what their coverage is vs what they actually need.

The first step is to make sure you are working with a licensed and trusted agent or broker. I always recommend that people check out our website to make sure the agent they are working with has a current license and that they are in good standing with our department. The last thing anyone needs right now is to be taken advantage of by a fraudster.

The next thing is to talk with your agent about your business needs and work with them, they may have additional coverage recommendations depending on your unique situation.

Before you commit, make sure you understand the policy, or like I said earlier, at least understand what's not covered. Read the exclusions, and if you have any questions, ask your agent, or call us and we can take a look.

I also think it's important that people know, it's okay to shop around. Different insurance companies offer different coverage options and different rates. Make sure you look at more than just one company if you're not finding what you need.

6. I am reopening my business and trying to make sure to follow all the local health rules but I am worried about my liability when I reopen to customers. Is there something I should do to make sure I am protected?

Commissioner: I understand the burdens being placed on businesses as they attempt to reopen while still keeping their employees and customers safe.

It is a lot to deal with and it is not an understatement to say that lives are at stake here.

Insurance against lawsuits is part of the liability portion of your commercial policy.

As you reopen, the Department of Insurance is going to be watching closely to make sure that insurance companies are giving you as much flexibility as possible as a business owner and that they are fully abiding by their contracts.

This is another perfect opportunity to have a conversation with your agent or insurance company to get guidance regarding how to safely return to business and also to make sure you have the right coverage in place – and understand what exemptions are in your policy.

Businesses should follow the Governor's Resiliency Roadmap, as well as local guidelines, for what processes the business must follow, and that will go a long way towards helping them reopen safely and without additional liability.

If you need an expert from my Department to help you decipher your coverage or you're not satisfied with the answers you're getting from your agent or broker, give us a call.

I am going to repeat this number because it is important you have it - 800-927-4357.

7. What advice would you give businesses who are trying to figure out what the next right step is for them to open?

Amanda: Employers desperately want to create a safe space for their employees and their guests. The best advice I could give is to follow the county protocols. Wash your hands, wear your mask, get your flu shot, and maintain social distancing. Doing all of those things that you could do to create that safe space that people feel comfortable. It's going to be an interesting part of our recovery even when things are over, and maybe we've got a vaccine. When the numbers would tell us we're doing alright, human beings still need to feel comfortable to be reengaged. You've got daycare, you've got situations where parents are choosing to send their kids. These are real emotional decisions that people are making, and particularly for our small business locally. Over the last six months, consumers rely more on Amazon, Instacart, and Doordash. Consumers have changed their behavior. We need people shopping from small businesses, buying those gift cards, embracing the curbside but ultimately, you know, getting back to just some semblance of normal.

The best thing that a business can do is create that safe space, be very transparent, follow the protocols, and always feel comfortable. We're all figuring it out together, so it's okay we're going to make mistakes along the way.

Provide masks and model the behavior that you want to see. The sooner we can have the discipline to follow those steps, the sooner we will be in the yellow, and we will be back in business.

Councilman: In Sacramento, in the middle of October, the change in the county to orange was a big move. We are urging everybody to follow those guidelines. I believe in the county; we do have some code officers who can give businesses advice about appropriate health and safety standards within the city. Workers also have the right to refuse if they feel unsafe. And I'm not sure if that's the same in the county, but I know in the city of Sacramento. Do you have any additional information on that part?

Amanda: Know that Sacramento County is trying to take as much of a leadership role as they can as well in that space. If you are unsure, call the county health office, call the metro chamber; we can ask those questions for you as well. Be assured that the conversations are private. It's not about being perfect; it's about you trying to do the right thing. It is okay to be a little vulnerable in that space as we're all figuring it out. The county and city are here to get you compliant. Their first order of businesses is to educate you on what you do need to be doing. Let me get you the tools that you need to be successful. This isn't a gotcha. This is an education campaign.

Councilman: I am glad that you mentioned education. Our code officers are there to help everyone be safe and help folks transition in this different environment.

I want to thank you, Amanda Blackwood, President/CEO of the Sacramento Metropolitan Chamber of Commerce of Greater Sacramento region.

Any parting remarks, Commissioner about insurance, or even what people should be thinking about during this very tense time?

Commissioner Ricardo Lara: I again want to say thank you again, Councilman Guerra, for having me here today.

We're here to be a resource for you. You can use your local chamber or go to your city or county office, and all these resources are free. Nobody should be charging you for any of this information. We also have a very robust law enforcement unit within the Department of Insurance. We have over 300 agents and investigators. We have a local office in Sacramento that helps protect you against insurance fraud. Unfortunately, California continues to be one of the main states that get targeted for fraud. Our seniors, our working families, our immigrant business owners, people who are limited English speaking are vulnerable to fraud.

There is still a lot of work to do to assist businesses and their workers as we continue to try to cope with the disasters, this pandemic, and the future of our economy and the state.

But I remain committed to helping our small businesses come through this and rebuild.

I'll share one more time, if you have any questions or issues with your insurance, please call us at 800-927-4357 or go to our website www.insurance.ca.gov for more resources for consumers and businesses.

We have a COVID-19 resource page with a lot of helpful information and we keep it updated so you know the latest actions we are taking to help you and your business recover.

Stay safe. Stay healthy. Thank you again!

Amanda Blackwood: Well, thank you for this time. Thank you for bearing with the technical difficulties. Thank you both for your leadership. You are not alone. It's okay to feel a little stressed and vulnerable right now. We're all in it. But know that there's help for you at no cost, no barrier. It's as simple as picking up the phone, shooting off an email, even to hear that what you're doing is the right thing, get some affirmation.

Eric Guerra: Thank you both very much again, Amanda, Insurance Commissioner Lara, and everyone here. Utilize those resources to find out what is excluded from your policy, find out what you need, look into business relationships, make sure you are well-covered, and file claims. Thank you everyone. Si se puede Sacramento.

Additional Resources

Request Assistance from the California Department of Insurance

- <https://www.insurance.ca.gov/>
- PH: 800-927-4357

Sacramento City

- Email: 311@cityofsacramento.org
- Call 311 for information in city limits
- PH: 916-264-5011 outside the city

Sacramento Councilman Eric Guerra

- PH: 916-808-7006

Sacramento Metro Chamber

- Email: communications@metrochamber.org
- PH: 916 552-6800

Sacramento Inclusive Economic Development Collaborative (Sac IEDC)

- Email: info@sac-iedc.org
- PH: 916-252-5277

Northern California Small Business Development Centers (SBDC)

- <https://asksbdc.com/>
- PH: 833-ASK-SBDC (833-275-7232)

Governor's Resiliency Roadmap

- <https://covid19.ca.gov/roadmap/>