



**RICARDO LARA**  
CALIFORNIA INSURANCE COMMISSIONER

## NOTICE

**TO: All Admitted and Non-Admitted Insurance Companies, All Licensed Producers, and Other Interested Parties**

**FROM: Insurance Commissioner Ricardo Lara**

**DATE: March 20, 2020**

**RE: Guidance on “Essential Businesses” and Insurance**

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The California Department of Insurance (Department) is aware that an increasing number of federal, state, and local public health officials recently issued “shelter in place” orders requiring residents to stay home and directing workplaces to implement telecommuting procedures where feasible.

The orders issued by various federal, state, and local public health officials generally provide that individuals may leave their residence and not shelter in place only to perform certain “essential services” or “essential activities” and list those activities considered by the relevant public health authorities to be “essential activities” or “essential services.” All businesses, except those explicitly exempted by the public health orders, are required to comply.

Several California public health directives identify “banks and related financial institutions”<sup>1</sup> as “essential activities” or “essential services” without additional guidance regarding what constitutes “other related financial institutions.”

Similarly, on March 19, 2020, the U.S. Department of Homeland Security issued a “*Memorandum on Identification of Essential Critical Infrastructure Workers During COVID 19 Response*”<sup>2</sup> that provides in relevant part that “workers who are needed to process

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<sup>1</sup> See, e.g., Yolo County: [www.yolocounty.org/shelter-in-place](http://www.yolocounty.org/shelter-in-place); Sacramento County: [https://www.saccounty.net/COVID-19/Documents/20200319\\_HO\\_Signed\\_Stay\\_at\\_Home\\_Order.pdf](https://www.saccounty.net/COVID-19/Documents/20200319_HO_Signed_Stay_at_Home_Order.pdf); San Francisco County: <https://www.sfdph.org/dph/alerts/files/HealthOrderC19-07-%20Shelter-in-Place.pdf>; Alameda County: <http://acgov.org/documents/Final-Order-to-Shelter-In-Place.pdf>; Los Angeles County: [https://content.govdelivery.com/attachments/CALACOUNTY/2020/03/20/file\\_attachments/1406342/COVID-19\\_SaferAtHome\\_HealthOfficerOrder.pdf](https://content.govdelivery.com/attachments/CALACOUNTY/2020/03/20/file_attachments/1406342/COVID-19_SaferAtHome_HealthOfficerOrder.pdf)

<sup>2</sup> <https://www.cisa.gov/publication/guidance-essential-critical-infrastructure-workforce>.

and maintain systems for processing financial transactions and services (e.g., payment, clearing, and settlement; wholesale funding; insurance services; and capital markets activities)”. (*Emphasis added.*)

Likewise, on March 19, 2020, California Governor Gavin Newsom issued an Executive Order (N-33-20)<sup>3</sup> that provides in relevant part that the U.S. Department of Homeland Security identified 16 critical infrastructure sectors that are “considered so vital to the United States that their incapacitation or destruction would have a debilitating effect on security, economic security, public health or safety, or any combination thereof”. Governor Newsom’s Executive Order then provides that “Californians working in these 16 critical infrastructure sectors may continue their work because of the importance of these sectors to Californians’ health and well-being.”

In response to the various public health orders relating to COVID-19, the Department received many inquiries regarding whether insurance activities are “essential services” or “essential activities” within the meaning of the various federal, state, and local public health orders and what functions are included in “insurance services”, “banks and related financial institutions”, and similar phrases.

Although it is not appropriate for the Department to determine whether public health officials intended that any specific aspect or function of an insurance business be designated as an “essential business” or “essential activity” within the meaning of the public health orders, the various orders of public health officials are consistent with the recent guidance that Commissioner Lara previously provided to the California insurance industry in connection with the pandemic.

On March 18, 2020, Commissioner Lara issued a [Notice](#) encouraging all insurance companies and other Department licensees to “take steps during the [COVID-19] crisis necessary to maintain their ability to process and pay insurance claims and provide other required consumer services for insureds in a reasonable and timely manner.” On the same day, Commissioner Lara also issued a [Notice](#) requesting all insurance companies to grant extensions to premium grace periods at least for 60 days, and asked agents, brokers, and other licensees to take steps to protect the safety of workers and customers by arranging alternate methods of premium payment rather than in-person payment.

In response to Governor Newsom’s Executive Order (N-33-20), the recent guidance provided by several California public health officials, and the recent guidance from the U.S. Department of Homeland Security, Commissioner Lara encourages insurers and other licensees of the Department to use their discretion to determine whether critical insurance functions can be performed during the pendency of the COVID-19

<sup>3</sup> : <https://covid19.ca.gov/img/N-33-20.pdf>.

pandemic without jeopardizing the health and safety of their employees and other workers. For example, an insurer or agency may determine it is appropriate to close their doors to walk-in visitors, while remaining open for business and available to consumers through telephone calls, e-mail, or the Internet. In addition, many critical roles and core insurance functions may be performed remotely.

Commissioner Lara also encourages all insurance businesses to continue to provide as many core insurance functions as possible during the COVID-19 pandemic while balancing the protection of the health or safety of their employees and other workers. Any insurance employee or worker continuing to perform core insurance functions during the pandemic should be encouraged to work remotely when possible, comply with social distancing requirements to the extent possible if in-person functions are necessary, and focus only on core insurance activities and functions. It is encouraged that in-person, non-mandatory activities deemed non-essential should be delayed, if possible, until the resumption of normal operations.