

Section 1861.05 of the Insurance Code is amended to read:

1861.05. Approval of Insurance Rates. (a) No rate shall be approved or remain in effect which is excessive, inadequate, unfairly discriminatory or otherwise in violation of this chapter. In considering whether a rate is excessive, inadequate or unfairly discriminatory, no consideration shall be given to the degree of competition and the commissioner shall consider whether the rate mathematically reflects the insurance company's investment income.

(b) Every insurer which desires to change any rate shall file a complete rate application with the commissioner. A complete rate application shall include all data referred to in Sections 1857.7, 1857.9, 1857.15, and 1864 and such other information as the commissioner may require. The applicant shall have the burden of proving that the requested rate change is justified and meets the requirements of this article.

(c) The commissioner shall notify the public of any application by an insurer for a rate change. The application shall be deemed approved sixty days after public notice unless (1) a consumer or ~~his or her~~ **their** representative requests a hearing within forty-five days of public notice and the commissioner grants the hearing, or determines not to grant the hearing and issues written findings in support of that decision, or (2) the commissioner on ~~his or her~~ **their** own motion determines to hold a hearing, or (3) the proposed rate adjustment exceeds 7% of the then applicable rate for personal lines or 15% for commercial lines, in which case the commissioner must hold a hearing upon a timely request. In any event, a rate change application shall be deemed approved 180 days after the rate application is received by the commissioner (A) unless that application has been disapproved by a final order of the commissioner subsequent to a hearing, or (B) extraordinary circumstances exist. For purposes of this section, "received" means the date ~~delivered to the department.~~ **the department deems the rate change application complete pursuant to subdivision (b).**

(d) For purposes of this section, extraordinary circumstances include the following:

(1) Rate change application hearings commenced during the 180-day period provided by subdivision (c). ~~If~~ **Except as provided in paragraph (2), if** a hearing is commenced during the 180-day period, the rate change application shall be deemed approved upon expiration of the 180-day period or 60 days after the close of the record of the hearing, whichever is later, unless disapproved prior to that date.

~~(2) Rate change applications that are not approved or disapproved within the 180-day period provided by subdivision (c) as a result of a judicial proceeding directly involving the application and initiated by the applicant or an intervenor. During the pendency of the judicial proceedings, the 180-day period is tolled, except that in no event shall the commissioner have less than 30 days after conclusion of the judicial proceedings to approve or disapprove the application. Notwithstanding any other provision of law, nothing shall preclude the commissioner from disapproving an application without a hearing if a stay is in effect barring the commissioner from holding a hearing within the 180-day period.~~

~~(3)~~

(2) The hearing has been continued pursuant to Section 11524 of the Government Code. *Code or the 180-day period has been extended by order of the presiding administrative law judge upon a motion for an extension by a party upon a showing of good cause.* The 180-day period provided by subdivision (c) shall be tolled during any period in which a hearing is continued pursuant to Section 11524 of the Government Code. A continuance pursuant to Section 11524 of the Government Code *or a motion to extend the 180-day period* shall be decided on a case by case basis. If the hearing is commenced or continued during the 180-day period, *including any extensions of that period pursuant to this paragraph*, the rate change application shall be deemed approved upon the expiration of the 180-day period, *including any extensions*, or ~~100~~ 60 days after the case is submitted, whichever is later, unless disapproved prior to that date. *Notwithstanding any other law, nothing precludes the commissioner from approving or disapproving an application without a hearing if a stay is in effect barring the commissioner from holding a hearing within the 180-day period.*

(e) The department shall publish a data reconciliation tool for insurers to use as soon as administratively feasible. After the reconciliation tool has been published, the 60-day period described in subdivision (c) shall not commence until the application is deemed complete by the department, including reconciliation of the data provided with the application. Until the data reconciliation tool is available, a rate application shall not be rejected by the department as incomplete solely on the basis of incomplete data reconciliation.

(f) The department may obtain one or more 30-calendar-day extensions of the 60-day period described in subdivision (c) by providing a written notification to the applicant and any intervenor that includes all of the following information:

(1) All issues relating to the application that are resolved.

(2) All issues relating to the application that remain unresolved.

(3) The position of the department on all unresolved issues.

(g) After the 60-day period set forth in subdivision (c) has been subject to two extensions of 30 calendar days pursuant to subdivision (f), the department shall provide the applicant, and any consumer or consumer representative that filed a request for hearing regarding the rate change application within 45 days after the department provides public notice of the rate application, its calculation of the estimated rate that is not excessive, inadequate, unfairly discriminatory or otherwise in violation of this chapter relating to the pending rate change application based on the data provided to the department by the applicant to date and the analysis of the department based on the data. If a consumer or consumer representative has not filed a petition for hearing regarding that rate change application within 45 days after the department provides public notice of the application, or if a petition for a hearing is filed by a consumer or consumer representative within 45 days after the department provides public notice of a rate change application seeking approval of a rate change of less than 7 percent for personal lines or 15 percent for commercial lines, the applicant shall, within 10 calendar days after receipt of the estimated rate, provide written notification to the department that the estimated rate has been either accepted or rejected by the applicant. If the applicant accepts the estimated rate provided by the department, the applicant may implement the accepted rate and the pending rate change application shall be deemed approved by the department at the rate accepted by the applicant. If the applicant rejects the estimated rate provided by the department, subject to the limitations and conditions set forth in this section, the applicant shall retain the opportunity to seek approval from the department of the pending rate change application on different terms.

(h) After the 60-day period set forth in subdivision (c) has been subject to two extensions of 30 calendar days pursuant to subdivision (f), if a consumer or consumer representative has filed a petition for hearing relating to a rate change application of 7 percent or more for personal lines or 15 percent or more for commercial lines within 45 days after the department provides public notice of the rate change application, the department shall provide the applicant and any consumer or consumer representative that filed a request for hearing regarding such rate change application within 45 days after the department provides public notice of the rate application its calculation of the estimated rate that is not excessive, inadequate, unfairly discriminatory or otherwise in violation of this chapter relating to the pending rate change application based on the data provided to the department by the applicant to date and the analysis of the department based on the data. The applicant shall, within 10 calendar days after receipt of the estimated rate, provide written notification to the department that

the estimated rate has been either accepted or rejected by the applicant, provided that the applicant shall not be authorized to implement the rate accepted by the applicant without the consent of any consumer or consumer representative that filed a petition for hearing regarding the pending rate change application within 45 days after the department provides public notice of that rate change application. If the applicant accepts the estimated rate provided by the department and any consumer or consumer representative that filed a request for hearing regarding the rate change application within 45 days after the department provides public notice of that rate change application has consented to the rate accepted by the applicant, the applicant may implement the accepted rate and the pending rate change application shall be deemed approved by the department at the rate accepted by the applicant. If the applicant rejects the estimated rate provided by the department, or any consumer or consumer representative that filed a request for hearing within 45 days after the department provided notice of the rate change application has not consented to the estimated rate accepted by the applicant, the applicant shall not implement any rate change relating to the pending rate change application and, subject to the limitations and conditions set forth in this section, the applicant shall retain the opportunity to seek approval from the department of the pending rate change application on different terms.