

California Department of Insurance Settles Suit Over Iran Investments

February 6, 2012 by [Larry Golub](#)

On January 27, the California Department of Insurance (“DOI”) issued a [news release](#) that it had reached a settlement in its lawsuit that sought to require insurers to disclose investments in companies doing business with Iran.

This blog has reported on the DOI’s continuing efforts to require such disclosures by insurers [since July 2009](#) when prior Insurance Commissioner Steve Poizner first issued a Data Call to all insurers admitted in California seeking information on their investments in or related to Iran.

On March 29, 2010, five insurance trade associations filed a petition with the Office of Administrative Law (“[OAL](#)”) contending that the Commissioner’s rule on Iran investment activity constituted an impermissible “underground” regulation.

The OAL found, [on October 11, 2010](#), that the DOI’s rule on Iranian investments was indeed such a “regulation” that should have been adopted pursuant to the procedures set forth in the California Administrative Procedure Act (“[APA](#)”).

On November 9, 2010, [Commissioner Poizner filed an action](#) in the Los Angeles Superior Court contesting the OAL’s determination and sought to clarify his authority to address insurer investments in companies doing business with Iran. The action also named the five insurance trade associations. At the time the action was filed, OAL Director Susan Lapsley issued a [press release](#) stating that the Commissioner did not follow the APA procedure “but rather simply imposed new rules unilaterally without any public input or comment,” something “the APA is designed to prevent.”

In the DOI’s news release issued January 27, 2012, current [Commissioner Dave Jones](#) announced the settlement of the litigation, which he advised will “permit the Commissioner to maintain a public list of businesses involved in volatile sectors of the Iranian economy,” and be able “to independently review and publicize the names of insurers with investments in Iran-related businesses.”

However, the settlement also includes an agreement that “insurers will no longer be required to file quarterly reports regarding their Iran-related investment activities nor will such investments be disallowed for purposes of determining financial solvency of the insurers.”

The news release further states that the settlement will include the Commissioner withdrawing his lawsuit against OAL, and the trade associations withdrawing their challenge as to the Commissioner’s publicizing of insurer investments in companies engaged in business with Iran.