TITLE 10, CHAPTER 5, SUBCHAPTER 10, ARTICLE 1
CONSERVATION & LIQUIDATION OFFICE

CONFLICT OF INTEREST CODE FOR THE CONSERVATION & LIQUIDATION OFFICE

Insurance Code Section 1035.2 requires the California Department of Insurance ("CDI") to promulgate and adopt a Conflict of Interest Code pursuant to the provisions of Article 3 (commencing with Section 87300) of Chapter 7 of Title 9 of the Government Code pertaining to the officers and employees of the CDI's Conservation & Liquidation Office. The Fair Political Practices Commission ("FPPC") has adopted a regulation (Title 2 California Code of Regulations Section 18730) containing the terms of a standard Conflict of Interest Code which may be incorporated by reference in an agency's code. After public notice and hearing, it may be amended by the FPPC to conform to amendments in the Political Reform Act (Government Code Sections 81000, *et seq*.). Therefore, the terms of Title 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the FPPC are hereby incorporated by reference. This regulation together with the attached Appendix designating officers and employees and establishing disclosure categories shall constitute the Conflict of Interest Code of the CDI's Conservation & Liquidation Office.

2699.1 Appendix - Designated Employees

Designated Employees	Disclosure Category
Chief Executive Officer	1
Deputy Chief Executive Officer	1
Chief Financial Officer	1
Reinsurance Officer	1
Chief Information Officer	1
Claims Officer	1
Controller	1
Estate Trust Manager	1
Human Resources Manager	2
Administration Manager	2
Claims Manager	3
Estate Reinsurance Supervisor	3

2699.2 Disclosure Categories

Disclosure Categories

Designated employees in Category 1 shall report the following:

1. Any investment in a business entity.
2. Any interest in real property.
3. Income from any source.

4. Any business positions.

Designated employees in Category 2 shall report the following:

1. Any investment in a business entity, or income from any source of the type which, within the preceding 24 months, has provided directly or indirectly, goods, services, or equipment to the CLO or to any CLO estate.
2. Any interest in real property which, within the preceding 24 months, has been purchased, leased, or rented by the CLO or by any CLO estate.
3. His or her status as a director, officer, partner, trustee or holder of a position of management in any business entity which is of a type which, within the preceding 24 months, has provided directly or indirectly, goods, services or equipment to the CLO or to any CLO estate.

Designated employees in Category 3 shall report the following:

1. Any investment in a business entity which, within the preceding 24 months, has been subject to regulation by or under the jurisdiction of the CDI or the CLO.
2. Income from any source, provided that the income was furnished by or on behalf of any person who, within the preceding 24 months, has been subject to regulation by or under the jurisdiction of the CDI or the CLO.

2699.3 Place and Time for Filing Statements of Economic Interests

(a) Place of Filing - Designated employees shall file their Statement of Economic Interests with the CDI, which will make the statements available for public inspection and reproduction. (Government Code Section 81008.) Statements for all Conservation & Liquidation Office officers and employees shall be retained by the CDI.

(b) Time of Filing

(1) Initial Statements - All designated employees on the effective date of this code, as originally adopted, promulgated, and approved by the FPPC, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(2) Assuming Office Statements - All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(3) Annual Statements - All designated employees shall file statements no later than April 1.

(4) Leaving Office Statements - All persons who leave designated positions shall file statements within 30 days after leaving office.

(5) Statements for Persons Who Resign Prior to Assuming Office - Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming

office statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

(6) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(A) File a written resignation with the appointing power; and

(B) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

2699.4 Contents of and Period Covered by Statements of Economic Interests

(a) Contents of Initial Statements - Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(b) Contents of Assuming Office Statements - Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(c) Contents of Annual Statements - Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later.

(d) Contents of Leaving Office Statements - Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

2699.5. Manner of Reporting

Statements of Economic Interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the CDI, and shall contain the following information:

(a) Investment and Real Property Disclosure - When an investment or an interest in real property is required to be reported, the statement shall contain the following:

1. A statement of the nature of the investment or interest;
2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;
3. The address or other precise location of the real property provided, however, that an interest in real property does not include the principal residence of the filer;
4. A statement whether the fair market value of the investment or interest in real property exceeds two thousand dollars ($2,000), exceeds ten thousand dollars ($10,000), exceeds one hundred thousand dollars ($100,000), or exceeds one million dollars ($1,000,000).

(b) Personal Income Disclosure - When personal income is required to be reported, the statement shall contain:

1. The name and address of each source of income aggregating five hundred dollars ($500) or more in value, or fifty dollars ($50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source;
2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was one thousand dollars ($1,000) or less, greater than one thousand dollars ($1,000), greater than ten thousand dollars ($10,000), or greater than one hundred thousand dollars ($100,000);
3. A description of the consideration, if any, for which the income was received;
4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;
5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.
6. A designated employee's income includes his or her community property interest in the income of his or her spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.

(c) Business Entity Income Disclosure - When income of a business entity, including income of a sole proprietorship, is required to be reported, the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity;

2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than ten thousand dollars ($10,000).

(d) Business Position Disclosure - When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(e) Acquisition or Disposal During Reporting Period - In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

2699.6 Duties of the Filing Officer - The filing officer shall:

(a) Supply the necessary forms and manuals prescribed by the Commission;

(b) Determine whether required documents have been filed and, if so, whether they conform on their face with the requirements of this title;

(c) Notify promptly all persons and known committees who have failed to file a report or statement in the form and at the time required by this title;

(d) Report apparent violations of this title to the appropriate agencies; and

(e) Compile and maintain a current list of all reports and statements filed with this office.

2699.7 Disclosure Statement a Public Record - Financial statements filed pursuant to this Code are public records open for public inspection and reproduction during regular business hours, commencing as soon as practicable, but in any event not later than the second business day following the day on which received. No conditions whatsoever shall be imposed upon persons desiring to inspect or reproduce such statements filed under this Code, no shall any information or identification be required from such persons. Copies shall be provided at a charge not to exceed ten cents ($0.10) per page.

NOTE: Authority: Government Code Section 87300; Insurance Code Section 1035.2
References: Government Code Section 87300-87302; 87306; California Code of Regulations, Title 2, Section 18730, *et seq.*