

Assembly Bill No. 1639

CHAPTER 122

An act to amend Sections 1749.5, 1765, 1765.3, 14042, and 15031 of the Insurance Code, relating to insurance.

[Approved by Governor July 20, 2007. Filed with
Secretary of State July 20, 2007.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1639, Duvall. Insurance: licensing.

Existing law provides that a provider teaching any approved continuing education course at any approved seminar shall qualify for the same number of classroom hours as would be granted to a person taking and successfully completing that course, except that such person shall qualify for those classroom hours only once each license term.

This bill would provide that a provider may not use its own self-study course toward its continuing education requirement.

Existing law provides that an applicant for a surplus line broker's license shall provide a fee of \$295 for up to 2 natural named persons, and \$83 for each additional natural person named.

This bill would provide that the fee for the application shall be \$700 every 2 years. It would require every applicant for a business entity license to provide the names of all persons who may exercise the power and perform the duties under the license.

This bill would also provide that whenever a surplus line broker licensed as an organization desires to change the persons who are authorized to transact business under the license, it shall immediately file an application with the commissioner reflecting the change. The bill would require all natural persons named to take and pass the qualifying examination, as specified, and that they be in all other respects subject to the laws applying to surplus line brokers.

Existing law provides that no independent or public insurance adjusters shall conduct a business under a fictitious or other business name unless and until he or she has obtained the written authorization of the commissioner to do so.

This bill would provide that independent or public insurance adjusters who conduct business under a fictitious name must comply with specified rules, and the commissioner may disapprove of the use of a fictitious business name on specified grounds.

The people of the State of California do enact as follows:

SECTION 1. Section 1749.5 of the Insurance Code is amended to read:

1749.5. (a) A person teaching any approved course of instruction or lecturing at any approved seminar shall qualify for the same number of classroom hours as would be granted to a person taking and successfully completing that course, seminar, or program, except that such person shall qualify for those classroom hours only once each license term for each course, seminar, or program.

(b) Excess classroom hours accumulated during any one-year period may be carried forward to the next year.

(c) For good cause shown, the commissioner may grant an extension of time during which the requirements imposed by this article may be completed, but that extension of time shall not exceed the period of one year.

(d) Every person subject to this article shall furnish, in a form satisfactory to the commissioner, written certification as to the courses, programs, or seminars of instruction taken and successfully completed by that person.

(e) Any education provider whose self-study courses have been approved by the department shall not count its own self-study courses towards its continuing education requirement for a license issued under this chapter.

SEC. 2. Section 1765 of the Insurance Code is amended to read:

1765. (a) A license under this chapter shall be applied for and renewed by the filing with the commissioner of a written application therefor, in accordance with the provisions of Section 1652.

(b) Subject to subdivision (f) of this section, the commissioner shall issue a license authorizing any applicant who is trustworthy and competent to transact an insurance brokerage business in such manner as to safeguard the interest of the insured, to act as a surplus line broker from the date of the license until the expiration date specified in Section 1630. In order to transact surplus line brokerage business, an individual must be licensed as a surplus line broker.

(c) An applicant for a surplus line broker's license shall, as part of the application and a condition of the issuance of the license, file a bond to the people of the State of California in the sum of fifty thousand dollars (\$50,000), conditioned that the licensee will fully and faithfully comply with the requirements of this chapter, and all applicable provisions of this code. The bond shall be subject to the provisions of Sections 1662 and 1663. A surplus line broker bond is not required for an individual licensed as a surplus line broker who only transacts on behalf of a licensed surplus line broker organization.

(d) The filing fee for a license to act as a surplus line broker shall be seven hundred dollars (\$700) every two years, or for any initial fractional license year. Every applicant for a business entity license, as provided in subdivision (a) of Section 1765.2, shall provide the names of all persons who may exercise the power and perform the duties under the license. Whenever an organization licensed as a surplus line broker desires to change,

remove, or add to the natural person or persons who are to transact insurance under authority of its license, it shall immediately file an application or notice with the commissioner for an endorsement changing its license accordingly, on a form prescribed by the commissioner. The fee for adding or removing from any surplus line broker's license issued to an organization the name of any natural person, named thereon, shall be twenty-four dollars (\$24). The commissioner shall require that the qualifying examination provided by subdivision (a) of Section 1676 be taken by any natural person named by the organization to exercise its agency or brokerage powers who would be required to take and pass the qualifying examination. That natural person or persons and the organization are in all other respects subject to the provisions of this chapter and the insurance laws.

(e) Such license shall be renewed in accordance with and subject to, the provisions of Sections 1717, 1718, 1719, and 1720.

(f) The commissioner may deny, suspend, or revoke any license applied for or granted pursuant to this chapter on all or any one of the grounds and in accordance with the procedures provided in Article 6 (commencing with Section 1666) and Article 13 (commencing with Section 1737) of Chapter 5, whenever the commissioner finds that the applicant or licensee has committed a violation of any provision of this code.

SEC. 3. Section 1765.3 of the Insurance Code is amended to read:

1765.3. Any natural person applying for a license to act as a surplus line broker shall prove his or her competency by showing he or she holds an existing license to act as a fire and casualty broker-agent, which requires passing the qualifying examination for such an insurance broker's license.

SEC. 4. Section 14042 of the Insurance Code is amended to read:

14042. No licensee shall conduct a business under a fictitious or other business name unless and until he or she has obtained the written authorization of the commissioner to do so.

The commissioner shall not authorize the use of a fictitious or other business name which is so similar to that of a public officer or agency or of that used by another licensee that the public may be confused or misled thereby.

The authorization shall require, as a condition precedent to the use of any fictitious name, that the licensee comply with Section 1724.5 of this code and Chapter 5 (commencing with Section 17900) of Part 3 of Division 7 of the Business and Professions Code.

A licensee desiring to conduct his or her business under more than one fictitious business name shall obtain the authorization of the commissioner in the manner prescribed in this section for the use of each such name.

The licensee shall pay a fee of ten dollars (\$10) for each authorization to use an additional fictitious business name and for each change in the use of a fictitious business name. If the original license is issued in a nonfictitious name and authorization is requested to have the license reissued in a fictitious business name, the licensee shall pay a fee of twelve dollars (\$12) for such authorization.

SEC. 5. Section 15031 of the Insurance Code is amended to read:

15031. No licensee shall conduct a business under a fictitious or other business name unless and until he or she has obtained the written authorization of the commissioner to do so.

The commissioner shall not authorize the use of a fictitious or other business name which is so similar to that of a public officer or agency of that used by another licensee that the public may be confused or misled thereby.

The authorization shall require, as a condition precedent to the use of any fictitious name, that the licensee comply with Section 1724.5 of this code and Chapter 5 (commencing with Section 17900) of Part 3 of Division 7 of the Business and Professions Code.

A licensee desiring to conduct his or her business under more than one fictitious name shall obtain the authorization of the commissioner in a manner prescribed in this section for the use of such name.

The licensee shall pay a fee of ten dollars (\$10) for each authorization to use an additional fictitious name and for each change in the use of a fictitious business name. If the original license is issued in a nonfictitious name and authorization is requested to have the license reissued in a fictitious business name, the licensee shall pay a fee of ten dollars (\$10) for that authorization.