

AMENDED IN ASSEMBLY APRIL 3, 2008

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2044**

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**Introduced by Assembly Member Duvall**

February 15, 2008

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An act to amend ~~Section 1704~~ of Sections 1625.5, 1638, 1675, 1703, 1704, 1733, 1749, 1749.3, 1749.31, 1749.4, 1750.5, 1849, 14029, 14091, 14094 of, to amend and renumber and add Section 14090.1 of, to add Section 15059.1 to, to repeal Section 1745 of, and to repeal and add Section 1746 of, the Insurance Code, relating to licensing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2044, as amended, Duvall. Insurance licensees.

*(1) Existing law authorizes the Insurance Commissioner of the Department of Insurance to issue resident and nonresident agent and broker-agent licenses, as specified. Existing law defines the terms "resident" and "nonresident" and specifies the requirements for a person to apply for and receive either a resident or nonresident license. Under existing law, a person applying for a nonresident license may have to pay a higher application fee than a person applying for a resident license, as specified.*

*This bill would state that for licensing purposes, a person could be considered a resident of this state if one of 2 specified set of circumstances exists. This bill would also allow a broker or agent to designate one state as his or her resident state. This bill would also exempt a licensed nonresident who is licensed in his or her resident state from the requirement of taking a qualifying examination in order to receive a resident license, as specified. This bill would authorize the commissioner to charge an applicant for a nonresident license a fee*

*equal to what the applicant's resident state would charge a California resident for a license in that state, as specified.*

*(2) Existing law requires certain licensees to disclose financial records, certain licensees to hold certain funds as a fiduciary, and certain licensees to have an appointment for authority to act as an insurance agent.*

*This bill would add other certain licensees to those required to disclose financial records, to hold certain funds as a fiduciary, and to have an appointment for authority to act as an insurance agent, as specified.*

*(3) Existing law requires licensees to complete a certain amount of hours of continuing education.*

*This bill would specify the types of training and the number of hours required for certain licensees, as specified.*

*(4) Existing law requires that a person must have previously worked as a life licensee or as an employee of a life licensee in order to be eligible for a life and disability analyst license.*

*This bill would, instead, require that a person must have worked as both a life-only and accident and health licensee in order to be eligible for a life and disability analyst license.*

*(5) Existing law requires the licensing of and regulates the activities of insurance adjusters, as specified.*

*This bill would, in addition, require insurance adjusters to complete a certain number of continuing education hours and would require that an insurance adjuster license be renewed every year instead of every 5 years.*

*(6) Existing law sets a 2-year term for personal lines licenses and provides that the licenses renew on the last day of December.*

*This bill would instead provide that each license shall renew 2 years from the date it was issued, as specified.*

*(7) Existing law authorizes the commissioner to mail an order reprimanding the licensee if the commissioner believes that a licensee has committed an offense, as specified. Under existing law, if the licensee requests formal notice and hearing the order becomes void and certain proceedings are initiated, as specified.*

*This bill would, instead, authorize the commissioner to mail an applicant or a licensee a citation and an order assessing a specified fine for a violation the commissioner believes the applicant or licensee committed, as specified. This bill would specify the required contents of the citation and order and would provide that if the licensee requests*

*formal notice and hearing, the order would be void and certain proceedings would be initiated, as specified.*

~~Existing law prohibits life agents, travel agents, and fire and casualty insurance agents from acting as an agent of an insurer unless the insurer has filed with the commissioner a notice of appointment, executed by the insurer, appointing the licensee as the insurer’s agent. Existing law also regulates the notice and cancellation of these appointments.~~

~~This bill would make a technical, nonsubstantive change to these provisions.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: no.

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

1     SECTION 1. Section 1625.5 of the Insurance Code is amended  
2 to read:

3     1625.5. (a) A personal lines licensee is a person authorized to  
4 transact automobile insurance, as defined in Section 660, including  
5 insurance for recreational vehicles used for noncommercial  
6 purposes, personal watercraft insurance, residential property  
7 insurance, as defined in Section 10087, including earthquake and  
8 flood insurance, inland marine insurance covering personal  
9 property, and umbrella or excess liability insurance providing  
10 coverage when written over one or more underlying automobile  
11 or residential property insurance policies, and a personal lines  
12 broker-agent license is a license to so act.

13     (b) A license under this section shall be applied for and renewed,  
14 following successful completion of a qualifying examination on  
15 this code, ethics, and products sold under the license, in the same  
16 manner as is provided in this chapter for a license to act as a fire  
17 and casualty broker-agent, except as provided in subdivision (c)  
18 or where provided otherwise.

19     (c) A person licensed as a personal lines agent who makes an  
20 application to the commissioner to become a fire and casualty  
21 broker-agent pursuant to Section 1625 shall do all of the following:

22     (1) Submit an application on a form provided by the  
23 commissioner.

24     (2) Complete prelicensing education as specified in Section  
25 1749.

1 (3) Take and pass a qualifying examination pursuant to Section  
2 1676.

3 (d) Notwithstanding any other provision of law, for a personal  
4 lines license:

5 (1) "License term" for a personal lines license means all of that  
6 two-year period beginning ~~on the first day of January and ending~~  
7 ~~the last day of December in the second subsequent year as~~  
8 *described in either subdivision (a) or (b) of Section 1629, as*  
9 *applicable, and ending the second succeeding year on the last*  
10 *calendar day of the month in which the initial license was issued.*

11 (2) "License year" for a personal lines license ~~means either the~~  
12 ~~first or second calendar year of a license term.~~ *shall be determined*  
13 *for each entity as follows:*

14 (A) *Upon initial licensing, the license year starts on the date*  
15 *the license is issued.*

16 (B) *Subsequently, each license year starts the first day of the*  
17 *month following the month in which the initial license was issued.*

18 (C) *A license year ends the following calendar year on the last*  
19 *calendar day of the month in which the initial license was issued.*

20 SEC. 2. *Section 1638 of the Insurance Code is amended to*  
21 *read:*

22 1638. (a) A nonresident license; is a license issued to a person  
23 not a resident of this ~~State~~ *state.*

24 *A person is a resident of this state if either of the following apply:*

25 (1) *He or she occupies a dwelling in this state and intends this*  
26 *state to be his or her domicile.*

27 (2) *He or she maintains his or her principal place of business*  
28 *in this state.*

29 (b) *A person licensed under this chapter may designate only*  
30 *one state as his or her resident state.*

31 SEC. 3. *Section 1675 of the Insurance Code is amended to*  
32 *read:*

33 1675. Except as provided in Section 1680, the following  
34 applicants who have theretofore been licensed under this code are  
35 exempt from the requirements of this article:

36 (a) An applicant for a license to act as a fire and casualty  
37 broker-agent who has been licensed as a fire and casualty  
38 broker-agent or surplus line broker during any part of the license  
39 year in which the application is filed or the immediately preceding  
40 license year.

1 (b) An applicant for a license to act as a life-only agent who has  
2 been licensed as a life-only agent during any part of the license  
3 year in which the application is filed or the immediately preceding  
4 license year.

5 (c) An applicant for a license to act as an accident and health  
6 agent who has been licensed as an accident and health agent during  
7 any part of the license year in which the application is filed or the  
8 immediately preceding license year.

9 (d) An applicant for a license to act as travel insurance agent.

10 (e) An applicant specifically exempted from the particular  
11 qualifying examination requirement by other provisions of this  
12 code.

13 (f) *A nonresident licensee who applies for a fire and casualty  
14 broker-agent, personal lines broker-agent or life agent resident  
15 license in this state, and who is currently licensed for the same  
16 lines of authority in the state of his or her current resident license,  
17 shall not be required to complete an examination. The application  
18 must be received within 90 days of the cancellation of the  
19 applicant's resident license and the producer database records,  
20 maintained by the National Association of Insurance  
21 Commissioners, must indicate that the producer is licensed in good  
22 standing for the line of authority requested.*

23 *SEC. 4. Section 1703 of the Insurance Code is amended to  
24 read:*

25 1703. Every applicant for an original license ~~to act as a fire  
26 and casualty broker-agent, personal lines broker-agent, life agent,  
27 life analyst, surplus line broker, special lines surplus line broker,  
28 motor club agent, or bail agent or bail solicitor or bail permittee  
29 under this chapter, Chapter 5A (commencing with Section 1759),  
30 Chapter 6 (commencing with Section 1760), or Chapter 7  
31 (commencing with Section 1800)~~ shall, as part of the application,  
32 endorse an authorization for disclosure to the commissioner of  
33 financial records of any fiduciary funds as defined in Section 1733,  
34 pursuant to Section 7473 of the Government Code. The  
35 authorization shall continue in force and effect for so long as the  
36 licensee continues to be licensed by the department.

37 *SEC. 5. Section 1704 of the Insurance Code is amended to  
38 read:*

39 1704. (a) ~~Life agents, travel agents, and fire and casualty  
40 insurance agents~~ *Any person acting as a licensee under this chapter*

1 shall not act as an agent of an insurer unless the insurer has filed  
2 with the commissioner a notice of appointment, executed by the  
3 insurer, appointing the licensee as the insurer's agent. Every fire  
4 and casualty broker-agent acting in the capacity of an insurance  
5 solicitor shall have filed on his or her behalf with the commissioner  
6 a notice executed by an insurance agent or insurance broker  
7 appointing and agreeing to employ the solicitor as an employee  
8 within this state. Additional notices of appointment may be filed  
9 by other insurers before the license is issued and thereafter as long  
10 as the license remains in force. The authority to transact insurance  
11 given to a licensee by an insurer or fire and casualty broker-agent,  
12 as the case may be, by appointment shall be effective as of the date  
13 the notice of appointment is signed. That authority to transact shall  
14 apply to transactions occurring after that date and for the purpose  
15 of determining the insurer's or fire and casualty broker-agent's  
16 liability for acts of the appointed licensee. No notice of  
17 appointment of a life agent, fire and casualty broker-agent, or travel  
18 insurance agent shall be filed under this subdivision unless the  
19 licensee being appointed has consented to that filing. Each  
20 appointment made under this subdivision shall by its terms continue  
21 in force until:

22 (1) The cancellation or expiration of the license applied for or  
23 held at the time the appointment was filed.

24 (2) The filing of a notice of termination by the insurer or  
25 employing fire and casualty broker-agent, or by the appointed life  
26 agent, fire and casualty broker-agent, travel insurance agent, or  
27 insurance solicitor.

28 (b) Upon the termination of all appointments, or all  
29 endorsements naming the licensee on the license of an organization  
30 licensee, and the cancellation of the bond required pursuant to  
31 Section 1662 if acting as a broker, the permanent license shall not  
32 be canceled, but shall become inactive. It may be renewed pursuant  
33 to Section 1718. It may be reactivated at any time prior to its  
34 expiration by the filing of a new appointment pursuant to this  
35 section, Section 1707, and Section 1751.3, or the filing of a new  
36 bond pursuant to Section 1662. An inactive license shall not permit  
37 its holder to transact any insurance for which a valid, active license  
38 is required.

1 (c) Upon the termination of all appointments of a person licensed  
2 under a certificate of convenience, such certificate shall be canceled  
3 and shall be returned by its lawful custodian to the commissioner.

4 (d) A fire and casualty broker-agent appointing an insurance  
5 solicitor pursuant to this section, if a natural person, must be the  
6 holder of a permanent license to act as a fire and casualty  
7 broker-agent or the holder of a certificate of convenience so to act  
8 issued pursuant to either subdivision (a) or (b) of Section 1685. If  
9 the fire and casualty broker-agent is an organization, it must be  
10 the holder of a permanent license.

11 (e) The filing of an incomplete or deficient action notice with  
12 the department shall require the filing of an amended, complete  
13 action notice, together with the payment of the fee therefor  
14 specified in subdivision (n) of Section 1751.

15 (f) A notice of appointment appointing a solicitor may be filed  
16 by a second or subsequent fire and casualty broker-agent. The  
17 broker-agent seeking to appoint the solicitor shall enter into an  
18 agreement with all other fire and casualty broker-agents with whom  
19 the insurance solicitor has an existing appointment. The agreement  
20 shall govern how the broker-agents will determine on which fire  
21 and casualty broker-agent's behalf the solicitor is working when  
22 dealing with individuals who are customers of none of the fire and  
23 casualty broker-agents with whom the solicitor has an appointment.  
24 If the agreement does not identify which broker-agent or  
25 broker-agents are liable for the act of the solicitor, all fire and  
26 casualty broker-agents with whom the solicitor is appointed at the  
27 time of the act shall be jointly and severally liable for that act.

28 *SEC. 6. Section 1733 of the Insurance Code is amended to*  
29 *read:*

30 1733. All funds received by any person acting as ~~an insurance~~  
31 ~~agent, broker, or solicitor, life agent, life analyst, surplus line~~  
32 ~~broker, special lines surplus line broker, motor club agent, bail~~  
33 ~~agent, permittee, administrator as defined in Section 1759, or~~  
34 ~~solicitor a licensee under this chapter, Chapter 5A (commencing~~  
35 ~~with Section 1759), Chapter 6 (commencing with Section 1760),~~  
36 ~~or Chapter 7 (commencing with Section 1800), as premium or~~  
37 ~~return premium on or under any policy of insurance or undertaking~~  
38 ~~of bail, are received and held by that person in his or her fiduciary~~  
39 ~~capacity. Any such person who diverts or appropriates those~~  
40 ~~fiduciary funds to his or her own use is guilty of theft and~~

1 punishable for theft as provided by law. Any premium that a  
2 premium financier agrees to advance pursuant to the terms of a  
3 premium finance agreement shall constitute fiduciary funds as  
4 defined in this section only if actually received by a person licensed  
5 in one or more of the capacities herein specified.

6 *SEC. 7. Section 1745 of the Insurance Code is repealed.*

7 ~~1745. A first failure to keep or maintain the books and records  
8 required under Section 1727 may be considered by the  
9 commissioner to be a minor offense if committed by a licensee  
10 described in Section 1746 and the commissioner may, in lieu of  
11 notice and hearing referred to in Section 1738, take disciplinary  
12 proceedings and action as set forth in Section 1746.~~

13 *SEC. 8. Section 1746 of the Insurance Code is repealed.*

14 ~~1746. If the commissioner has been informed and believes that  
15 a licensed fire and casualty broker-agent or life agent has  
16 committed any offense referred to in Section 1745, the  
17 commissioner may, without prior notice or hearing, mail to that  
18 licensee at his or her last address filed with the commissioner an  
19 order reprimanding the licensee. That order shall specify the statute  
20 violated and the time of the violation; and shall further state that  
21 the order shall become effective commencing at a date specified  
22 therein not less than 15 days from the date of mailing, unless the  
23 licensee, prior to the effective date, advises the commissioner in  
24 writing that formal notice and hearing are requested, in which case  
25 the order shall become void and of no effect, and the commissioner  
26 may initiate proceedings pursuant to Chapter 5 (commencing with  
27 Section 11500) of Part 1 of Division 3 of Title 2 of the Government  
28 Code.~~

29 *SEC. 9. Section 1746 is added to the Insurance Code, to read:*

30 *1746. (a) For purposes of this section, the following definitions  
31 shall apply:*

32 *(1) "License" includes any type of license issued by the  
33 commissioner pursuant to this chapter, Chapter 5A (commencing  
34 with Section 1759), Chapter 6 (commencing with Section 1760),  
35 Chapter 6.5 (commencing with Section 1781.1), Chapter 7  
36 (commencing with Section 1800), and Chapter 8 (commencing  
37 with Section 1831) of Part 2 of Division 1, Chapter 4 (commencing  
38 with Section 12280) of Part 5 of Division 2, and Chapter 1  
39 (commencing with Section 14000) and Chapter 2 (commencing  
40 with Section 15000) of Division 5.*

1 (2) “Licensee” includes applicants for, and holders of,  
2 individual and organization licenses. With respect to organization  
3 licenses, the term also includes the organization’s officers,  
4 directors, partners, members, and controlling persons, as defined  
5 in subdivision (b) of Section 1668.5.

6 (3) “Minor misstatement” means an incorrect statement on one  
7 of the insurance license application background questions that  
8 does not affect the licensee’s ability to satisfy his or her duties  
9 under the license or his or her suitability for licensure.

10 (4) “Notify” means mailing a notice to the licensee at the  
11 address the licensee most recently filed with the commissioner.

12 (b) If the commissioner determines that a licensee has violated  
13 any section listed in subdivision (e), he or she may notify the  
14 licensee of the violation. Within 21 calendar days, which may be  
15 extended to 45 calendar days if the licensee is temporarily  
16 incapacitated due to illness or injury, or is on vacation, the licensee  
17 must establish to the commissioner’s satisfaction that the violation  
18 has been corrected. If, after the licensee responds, or after 45  
19 calendar days have passed, the licensee fails to establish to the  
20 commissioner’s satisfaction that the violation has been corrected,  
21 the commissioner may, in lieu of proceeding pursuant to  
22 subdivision (h) of Section 1668 or Section 1738, issue a citation  
23 and order to the licensee and notify the licensee that citation and  
24 order have been issued.

25 (c) If the commissioner determines that a licensee has made a  
26 minor misstatement in an application for a new license or an  
27 application to renew a license, or in a document filed in support  
28 of an application, the commissioner may notify the licensee  
29 requesting a justification for the misstatement. Within 21 calendar  
30 days, which may be extended to 45 calendar days if the licensee  
31 is temporarily incapacitated due to illness or injury or is on  
32 vacation, the licensee must provide the justification in writing. If,  
33 after the licensee responds, or 45 calendar days have passed, the  
34 licensee fails to justify the misstatement to the commissioner’s  
35 satisfaction, the commissioner may, in lieu of proceeding pursuant  
36 to subdivision (h) of Section 1668 or Section 1738, issue a citation  
37 and order to the licensee and notify the licensee that the citation  
38 and order have been issued.

39 (d) (1) A citation and order issued pursuant to this section shall  
40 specify all of the following:

- 1 (A) *The section violated.*  
2 (B) *The time or period of the violation.*  
3 (C) *The facts supporting the determination of the violation.*  
4 (D) *The amount of the penalty for the violation.*  
5 (E) *The date payment of the penalty is required, which shall not*  
6 *be less than 21 calendar days from the date of the notice.*  
7 (F) *Instructions for paying the penalty.*  
8 (G) *The licensee's right to contest, and the procedure for*  
9 *contesting, the citation and order.*  
10 (H) *A telephone number and address for the unit in the*  
11 *department issuing the notice or citation. The unit listed shall be*  
12 *responsible for responding in a timely manner to any phone call*  
13 *or correspondence from the licensee regarding the notice or*  
14 *citation. The department shall assign personnel sufficient to carry*  
15 *out these responsibilities.*  
16 (2) *A citation and order shall become final 21 calendar days*  
17 *after the date of the notice, unless the licensee requests review.*  
18 *Within 21 calendar days from the notification of a citation and*  
19 *order, a licensee may, in writing, request an initial review of the*  
20 *citation and order. With the request, the licensee shall provide all*  
21 *reasons at his or her disposal for dismissing the citation and order.*  
22 *There shall be no charge for the review. The review shall be*  
23 *conducted by an attorney employed by the commissioner. If,*  
24 *following the review, the commissioner is satisfied that the violation*  
25 *did not occur, that the licensee was not responsible for the*  
26 *violation, or that extenuating circumstances make dismissal of the*  
27 *citation and order appropriate in the interest of justice, the*  
28 *commissioner shall cancel the citation and order.*  
29 (3) *The commissioner shall mail the results of the initial review*  
30 *to the licensee. If the commissioner affirms that the issuance of*  
31 *the citation and order was proper, the commissioner shall inform*  
32 *the licensee of his or her right to a hearing and the procedure for*  
33 *that hearing. A hearing request must be made in writing and*  
34 *received by the department within 21 calendar days following the*  
35 *mailing of the results of the commissioner's initial review. A*  
36 *licensee requesting a hearing must deposit the amount of the*  
37 *penalty with the commissioner concurrent with the request.*  
38 (4) *The hearing process shall include all of the following:*

1 (A) *The hearing shall be held within 60 calendar days following*  
2 *receipt of the request for the hearing. The licensee may request*  
3 *one continuance, not to exceed 21 calendar days.*

4 (B) *The licensee shall have the choice of a hearing by mail,*  
5 *telephone, or in person. An in-person hearing shall be conducted*  
6 *in whichever of the following offices of the Department of*  
7 *Insurance is closest to the business or residence address of the*  
8 *licensee, at the election of the licensee: Sacramento, Fresno, San*  
9 *Francisco, San Diego, or Los Angeles. If the licensee requests a*  
10 *hearing in Fresno or San Diego, the commissioner may defer the*  
11 *hearing for up to an additional 60 calendar days if necessary in*  
12 *order to schedule at least five hearings in a single day.*

13 (C) *The hearing shall be conducted in accordance with written*  
14 *procedures established by the commissioner. The written*  
15 *procedures shall comply with Sections 11445.40 to 11445.60,*  
16 *inclusive, of the Government Code.*

17 (D) *The hearing shall provide an independent, objective, fair,*  
18 *and impartial review of the citation and order. The hearing officer*  
19 *shall be an attorney employed by the Department of Insurance*  
20 *who is trained and qualified to conduct the hearing in an objective,*  
21 *fair and impartial manner. The hearing officer shall not be, or be*  
22 *managed or controlled by, a person whose primary duties are*  
23 *investigating violations, issuing citations, collecting citation*  
24 *penalties, or otherwise processing citations. The hearing officer's*  
25 *continued employment, performance evaluation, compensation,*  
26 *or benefits, shall not, directly or indirectly, be linked to the amount*  
27 *of citations and orders affirmed by the hearing officer.*

28 (E) *The employee who issued the citation and order may, but*  
29 *shall not be required to, participate in the hearing. The citation*  
30 *and order shall be prima facie evidence of the violation, and the*  
31 *department shall not be required to produce any evidence other*  
32 *than the citation and order.*

33 (F) *Within 14 calendar days following the conclusion of the*  
34 *hearing, the hearing officer shall notify the licensee and the*  
35 *appropriate person within the department of the decision.*

36 (5) *The hearing officer's decision, if adopted by the*  
37 *commissioner, shall constitute a final order of the commissioner,*  
38 *from which judicial review may be obtained pursuant to subdivision*  
39 *(a) of Section 1094.5 of the Code of Civil Procedure.*

1 (e) (1) For the first penalty imposed upon a licensee or an  
2 applicant for a single offense, if the licensee has not provided  
3 evidence to the commissioner showing that the offense was  
4 corrected within 45 days, or if the last penalty for the same single  
5 offense was imposed three years or more prior to the imposition  
6 of the current penalty, the commissioner shall levy penalties in  
7 accordance with the following schedule:

8 (A) For a violation of Section 1647.5, five hundred dollars  
9 (\$500).

10 (B) For a violation of subdivision (h) of Section 1668 or Section  
11 1738, three hundred dollars (\$300).

12 (C) For a violation of Section 1724.5, five hundred dollars  
13 (\$500).

14 (D) For a violation of Section 1725, two hundred dollars (\$200).

15 (E) For a violation of Section 1727, five hundred dollars (\$500).

16 (F) For a violation of Section 1729, two hundred dollars (\$200).

17 (G) For a violation of Section 1729.2, five hundred dollars  
18 (\$500).

19 (H) For a violation of Section 1729.5, two hundred dollars  
20 (\$200).

21 (2) The commissioner shall double the fine listed above for a  
22 single offense if the offense was committed within three years of  
23 the commission of the same single offense for which a penalty was  
24 imposed.

25 (3) Any money collected as a result of the imposition of a penalty  
26 shall be deposited into the General Fund.

27 (f) Any citation and order issued pursuant to this section is  
28 exempt from the requirements of Section 12968 and shall not be  
29 reported to the National Association of Insurance Commissioner's  
30 Regulatory Information Retrieval System (RIRS) database or  
31 similar databases. However, the citation and order shall become  
32 part of the licensee's licensing file.

33 (g) If a licensee has exhausted the administrative remedies  
34 provided in this section and failed to pay a penalty imposed by a  
35 citation and order, the commissioner may, without providing an  
36 additional hearing, suspend, refuse to issue, or refuse to renew, a  
37 license. Before acting pursuant to this subdivision, the  
38 commissioner shall send a delinquency notice advising the licensee  
39 that his or her license may be suspended, not issued, or not  
40 renewed, if the penalty is not paid within 21 calendar days. If,

1 *after the 21st calendar day, the penalty remains unpaid, the*  
2 *commissioner may suspend, refuse to issue, or refuse to renew the*  
3 *licensee's license until the licensee pays the delinquent penalty.*  
4 *A suspension, refusal to issue, or refusal to renew pursuant to this*  
5 *subdivision shall be reported to the National Association of*  
6 *Insurance Commissioner's Regulatory Information Retrieval*  
7 *System (RIRS) database or similar databases.*

8 *SEC. 10. Section 1749 of the Insurance Code is amended to*  
9 *read:*

10 1749. The department shall require all new applicants for  
11 license as a fire and casualty broker-agent, limited lines automobile  
12 insurance agent, personal lines broker-agent, life-only agent, or  
13 accident and health agent to meet prelicensing education standards  
14 as follows:

15 (a) Require a minimum of 40 hours of prelicensing study as a  
16 prerequisite to qualification for a fire and casualty broker-agent  
17 license. The curriculum for satisfying this requirement shall be  
18 approved by the curriculum board and submitted to the  
19 commissioner for final approval. Any additions to the minimum  
20 requirements provided by this section shall be approved by the  
21 curriculum board pursuant to Section 1749.1 and certified by the  
22 department.

23 (b) Require a minimum of 20 hours of prelicensing study as a  
24 prerequisite for qualification for a personal lines broker-agent  
25 license. The curriculum for satisfying this requirement shall be  
26 approved by the curriculum board and submitted to the  
27 commissioner for final approval. Any additions to the minimum  
28 requirements provided by this section shall be approved by the  
29 curriculum board pursuant to Section 1749.1 and certified by the  
30 department.

31 (c) Require a minimum of 20 hours of prelicensing study as a  
32 prerequisite for qualification for a life-only agent license. The  
33 curriculum for satisfying this requirement shall be approved by  
34 the curriculum board and submitted to the commissioner for final  
35 approval. Any additions to the minimum requirements provided  
36 by this section shall be approved by the curriculum board pursuant  
37 to Section 1749.1 and certified by the department.

38 (d) Require a minimum of 20 hours of prelicensing study as a  
39 prerequisite for qualification for limited lines automobile insurance  
40 agent license. The curriculum for satisfying this requirement shall

1 be approved by the curriculum board and submitted to the  
2 commissioner for final approval. Any additions to the minimum  
3 requirements under this section shall be approved by the curriculum  
4 board pursuant to Section 1749.1 and certified by the department.

5 (e) Require a minimum of 20 hours of prelicensing study as a  
6 prerequisite for qualification for an accident and health insurance  
7 agent license. The curriculum for satisfying this requirement shall  
8 be approved by the curriculum board and submitted to the  
9 commissioner for final approval. Any additions to the minimum  
10 requirements under this section shall be approved by the curriculum  
11 board pursuant to Section 1749.1 and certified by the department.  
12 This curriculum shall also include instruction in workers'  
13 compensation and general principles of employers' liability.

14 (f) In addition to the 40 hours prelicensing education required  
15 to qualify for a license as a fire and casualty broker-agent, the 20  
16 hours prelicensing education required to qualify for a license as a  
17 personal lines broker-agent, a life-only agent, or an accident and  
18 health agent, or the 20 hours prelicensing education required to  
19 qualify for a license as a limited lines automobile insurance agent,  
20 the department shall require 12 hours of study on ethics and this  
21 code. Where an applicant seeks a license for more than one of the  
22 following license types: a fire and casualty broker-agent license,  
23 a personal lines broker-agent license, a life-only license, or an  
24 accident and health license, the applicant shall only be required to  
25 complete one 12-hour course on ethics and this code. The  
26 curriculum for satisfying this requirement shall be approved by  
27 the curriculum board and submitted to the commissioner for final  
28 approval.

29 (g) An applicant for a life-only agent license, an accident and  
30 health license, a personal lines broker-agent license, or a limited  
31 lines automobile insurance agent license, who is currently licensed  
32 as such in another state and who has completed 20 hours of  
33 prelicensing education as a requirement for licensing in that state  
34 shall be required to complete only the course of study on ethics  
35 and the Insurance Code, as required by Section 1749. Additionally,  
36 any applicant for such a license holding one or more of the  
37 designations specified in subdivisions (a) to ~~(e)~~ (m), inclusive, of  
38 Section 1749.4 shall be exempted from any requirement for courses  
39 in general insurance that would otherwise be a condition of  
40 issuance of the license.

1 (h) An applicant for a fire and casualty broker-agent license  
2 who is currently licensed as such in another state and who has  
3 completed 40 hours of prelicensing education as a requirement for  
4 licensing in that state shall be required to complete only the course  
5 of study on ethics and this code, as required by subdivision (f).  
6 Additionally, any applicant for such a license holding one or more  
7 of the designations specified in subdivisions (a) to (e), inclusive,  
8 of Section 1749.4, shall be exempted from any requirement for  
9 courses in general insurance that would otherwise be a condition  
10 of issuance of a license.

11 (i) An applicant for a fire and casualty broker-agent license who  
12 is licensed as a personal lines agent shall complete a minimum of  
13 20 hours prelicensing study as a prerequisite. The curriculum for  
14 satisfying this requirement shall be approved by the curriculum  
15 board and submitted to the commissioner for final approval. The  
16 applicant shall not be required to repeat any prelicensing  
17 requirements completed as a prerequisite to being licensed as a  
18 personal lines agent.

19 (j) Review and approval of prelicensing courses not conducted  
20 in a classroom, as referenced in subdivisions (a), (b), (c), (d), and  
21 (i) shall include an evaluation of the safeguards in place to ensure  
22 that the student completing the course is the person enrolled in the  
23 course, methods used to monitor the students' attendance are  
24 adequate, methods for the student to interact with the entity  
25 providing the training exist, and methods used to record the times  
26 spent completing the course are adequate.

27 (k) Prelicensing certificates of completion expire three years  
28 from the completion date of the course, whether or not a license  
29 is issued.

30 *SEC. 11. Section 1749.3 of the Insurance Code is amended to*  
31 *read:*

32 1749.3. (a) An individual licensed as a life-only agent or an  
33 accident and health agent and also licensed as a fire and casualty  
34 broker-agent, or an individual only licensed as a fire and casualty  
35 broker-agent, shall complete those courses, programs of instruction,  
36 or seminars approved by the commissioner for the type of license  
37 held. Completion of specified product training required in  
38 subdivision (d) of Section 1749.33, subdivision (b) of Section  
39 1749.8, and paragraph (4) of subdivision (a) of Section 10234.93  
40 may result in the completion of more than the minimum of required

1 continuing education hours. The minimum number of hours  
 2 required is as follows:

3 (b) During each of the first four 12-month periods following  
 4 the date of the original license issuance, a minimum of 25 hours.

5 (c) Any licensee who has complied with subdivision (b) in the  
 6 first four years, shall thereafter satisfactorily complete ~~30~~ 24 hours  
 7 of instruction prior to renewal of the license. These hours of  
 8 instruction may be completed at any time prior to renewal of the  
 9 license.

10 (d) An individual licensed as a fire and casualty broker-agent  
 11 and as a life-only agent or an accident and health agent shall satisfy  
 12 the requirements of this section by demonstrating completion of  
 13 the courses, programs of instruction, or seminars approved by the  
 14 commissioner for any of the license types listed in subdivision (a).

15 (e) A licensee shall not be required to comply with the  
 16 requirements of this article if the licensee submits proof satisfactory  
 17 to the commissioner that he or she has been a licensee in good  
 18 standing for 30 continuous years in this state and is 70 years of  
 19 age or older.

20 *SEC. 12. Section 1749.31 of the Insurance Code is amended*  
 21 *to read:*

22 1749.31. (a) An individual licensed as a personal lines  
 23 broker-agent shall complete required continuing education courses,  
 24 programs of instruction, or seminars approved by the  
 25 commissioner. ~~The minimum number of hours required is 10 hours~~  
 26 ~~during each of the calendar years in a license term prior to the~~  
 27 ~~renewal of the license. The personal lines broker-agent shall~~  
 28 ~~complete 20 hours during each two-year license term as defined~~  
 29 ~~in subdivision (d) of Section 1625.5.~~

30 (b) An individual licensed as a personal lines broker-agent and  
 31 as a life-only agent or accident and health agent shall satisfy the  
 32 requirements of this section by satisfactorily completing 24 hours  
 33 of instruction prior to renewal of the license.

34 *SEC. 13. Section 1749.4 of the Insurance Code is amended to*  
 35 *read:*

36 1749.4. The courses or programs of instruction successfully  
 37 completed that shall be deemed to meet the standards for continuing  
 38 educational requirements, and the number of classroom hours for  
 39 which they are equivalent, are as follows:

- 1 ~~(a) Any part of the Life Underwriter Training Council Life~~  
2 ~~Course Curriculum totaling 50 hours, including the health course~~  
3 ~~totaling 26 hours.~~
- 4 ~~(b) Any part of the American College CLU diploma curriculum~~  
5 ~~totaling 30 hours.~~
- 6 ~~(c) Any part of the Insurance Institute of America's Accredited~~  
7 ~~Advisor in Insurance (AAI) program totaling 25 hours.~~
- 8 ~~(d) Any part of the American Institute of Property and Liability~~  
9 ~~Underwriters' Chartered Property Casualty Underwriter (CPCU)~~  
10 ~~professional designation program totaling 30 hours.~~
- 11 ~~(e) Any part of the Certified Insurance Counselor program~~  
12 ~~totaling 25 hours.~~
- 13 *(a) Any part of the Life Underwriter Training Council Fellow*  
14 *(LUTCF) program totaling 30 hours for the life-only license and*  
15 *the accident and health license.*
- 16 *(b) Any part of the Chartered Life Underwriter (CLU)*  
17 *curriculum totaling 30 hours for the life-only license and the*  
18 *accident and health license.*
- 19 *(c) Any part of the Accredited Advisor in Insurance (AAI)*  
20 *program totaling 25 hours for the fire casualty broker-agent*  
21 *license.*
- 22 *(d) Any part of the Chartered Property Casualty Underwriter*  
23 *(CPCU) program totaling 30 hours for the fire casualty*  
24 *broker-agent license.*
- 25 *(e) Any part of the Certified Insurance Counselor (CIC) program*  
26 *totaling 25 hours for the life-only or accident health agent license*  
27 *and the fire casualty broker-agent license.*
- 28 *(f) Any part of the Certified Employee Benefit Specialists (CEBS)*  
29 *program totaling 25 hours for the life-only license and the accident*  
30 *and health license.*
- 31 *(g) Any part of the Chartered Financial Consultant (ChFC)*  
32 *program totaling 30 hours for the life-only license.*
- 33 *(h) Any part of the Certified Financial Planner (CFP) program*  
34 *totaling 30 hours for the life-only license.*
- 35 *(i) Any part of the Fellow, Life Management Institute (FLMI)*  
36 *program totaling 30 hours for the life-only license and the accident*  
37 *and health license.*
- 38 *(j) Any part of the Health Insurance Associate (HIA) program*  
39 *totaling 25 hours for the accident and health license.*

1 (k) Any part of the Registered Employee Benefits Consultant  
 2 (REBC) program totaling 30 hours for the accident and health  
 3 license.

4 (l) Any part of the Registered Health Underwriter (RHU)  
 5 program totaling 30 hours for the accident and health license.

6 (m) Any part of the Associate in Risk Management (ARM)  
 7 program totaling 30 hours for the fire casualty broker-agent  
 8 license.

9 (f)

10 (n) Any insurance-related course approved by the curriculum  
 11 board and the commissioner taught by an accredited college or  
 12 university per credit hour granted totaling 15 hours.

13 (g)

14 (o) Any course or program of instruction or seminar developed  
 15 or sponsored by an authorized insurer, recognized agents'  
 16 association, or insurance trade association, or any independent  
 17 program of instruction shall, if approved by the curriculum board  
 18 and the commissioner, qualify for the equivalency of the number  
 19 of classroom hours assigned thereto by the curriculum board and  
 20 the commissioner.

21 (h)

22 (p) Any correspondence course approved by the curriculum  
 23 board and the commissioner shall qualify for the equivalency of  
 24 the number of classroom hours assigned thereto by the  
 25 commissioner.

26 *SEC. 14. Section 1750.5 of the Insurance Code is amended to*  
 27 *read:*

28 1750.5. The fee for filing an application for a nonresident  
 29 license described in Section 1639, and renewal thereof or changes  
 30 in outstanding licenses, shall be the same amount that is established  
 31 in this code for a resident license of the same type, ~~except that if~~  
 32 ~~the applicant's state, territory of the United States, commonwealth,~~  
 33 ~~or Canadian province of residence has fees for any nonresident~~  
 34 ~~insurance license greater than for a like resident license the fee for~~  
 35 ~~filing an application for a nonresident license shall not be less than~~  
 36 ~~the amount a California resident would be required to pay to obtain~~  
 37 ~~a like license for a like term in the applicant's state, territory of~~  
 38 ~~the United States, commonwealth, or Canadian province of~~  
 39 ~~residence. If the applicant's state, territory of the United States,~~  
 40 ~~commonwealth, or Canadian province of residence has fees for~~

1 *any nonresident insurance license greater than for a like resident*  
2 *license, the commissioner may charge a fee equal to the amount*  
3 *a California resident would be required to pay to obtain a like*  
4 *license for a like term in the applicant's state, territory of the*  
5 *United States, commonwealth, or Canadian province of residence.*

6 The fee for filing an application for a nonresident limited lines  
7 license described in Section 1639, and renewal thereof or changes  
8 in outstanding licenses, shall be the same amount that is established  
9 in this code for a resident fire and casualty broker-agent license.  
10 This section shall not be construed to require a countersignature  
11 on a policy or contract, or the payment of a countersignature fee.

12 *SEC. 15. Section 1849 of the Insurance Code is amended to*  
13 *read:*

14 1849. The department may, from time to time, publish rules  
15 and regulations regarding the initial and continuing qualifications  
16 to obtain the life and disability insurance analyst license. No person  
17 shall be eligible for a life and disability insurance analyst license  
18 unless for five years preceding the date of the examination, he or  
19 she has ~~worked as a life licensee under Chapter 5 (commencing~~  
20 ~~with Section 1621) or as an employee of such a licensee been~~  
21 *licensed as both a life-only and accident and health licensee*  
22 *pursuant to paragraphs (1) and (2) of subdivision (a) of Section*  
23 *1626.*

24 *SEC. 16. Section 14029 of the Insurance Code is amended to*  
25 *read:*

26 14029. (a) The business of each licensee shall be operated  
27 under the active direction, control, charge, or management, ~~in this~~  
28 ~~state,~~ of the licensee, if the licensee is qualified, or the person who  
29 has qualified to act as the licensee's manager, if the licensee is not  
30 qualified.

31 (b) No person shall act as a manager of a licensee until he or  
32 she has complied with each of the following:

33 (1) Demonstrated his or her qualifications by a written or oral  
34 examination, or a combination of both, if required by the  
35 commissioner.

36 (2) Made a satisfactory showing to the commissioner that he or  
37 she has the qualifications prescribed by Section 14025 and that  
38 none of the facts stated in Section 14028 or 14028.5 exist as to  
39 him or her.

1 (c) If the manager, who has qualified as provided in this section,  
2 ceases for any reason whatsoever to be connected with the licensee  
3 to whom the license is issued, the licensee shall notify the  
4 commissioner in writing 30 days from the cessation. If notice is  
5 given, the license shall remain in force for a reasonable length of  
6 time to be determined by the rules of the commissioner pending  
7 the qualifications, as provided in this chapter, of another manager.  
8 If the licensee fails to notify the commissioner within the 30-day  
9 period, his or her license shall be subject to suspension or  
10 revocation and may be reinstated only upon the filing of an  
11 application for reinstatement, payment of the reinstatement fee, if  
12 any is due, and the qualification of a manager as provided herein.

13 (d) Every manager shall renew his or her authority by satisfying  
14 the requirements of Article 8 (commencing with Section 14090).

15 *SEC. 17. Section 14090.1 of the Insurance Code is amended*  
16 *and renumbered to read:*

17 ~~14090.1.~~

18 *14090.2.* Notwithstanding Section 14090, the commissioner  
19 may establish license periods and renewal dates for all licenses  
20 issued pursuant to this chapter so as to distribute the renewal work  
21 to permit the most efficient and economical use of personnel and  
22 equipment. In such cases, to the extent practicable, provision shall  
23 be made for the proration or other adjustment of fees so that no  
24 person shall be required to pay more than that which he or she  
25 would have been required to pay had no change in license periods  
26 or renewal dates been made.

27 *SEC. 18. Section 14090.1 is added to the Insurance Code, to*  
28 *read:*

29 *14090.1. (a) An individual who holds an insurance adjuster*  
30 *license and who is not exempt under subdivision (b) of this section*  
31 *shall satisfactorily complete a minimum of 24 hours, including*  
32 *ethics, of continuing education courses pertinent to the duties and*  
33 *responsibilities of an insurance adjuster license reported to the*  
34 *insurance commissioner on a biennial basis in conjunction with*  
35 *his or her license renewal cycle.*

36 *(b) This section does not apply to either of the following:*

37 *(1) A licensee not licensed for one full year prior to the end of*  
38 *the applicable continuing education biennium.*

1 (2) A licensee holding a nonresident insurance adjuster license  
2 who has met the continuing education requirements of his or her  
3 designated resident state.

4 SEC. 19. Section 14091 of the Insurance Code is amended to  
5 read:

6 14091. Except as otherwise provided in this article, an expired  
7 license or branch office certificate may be renewed at any time  
8 within ~~five years~~ one year after its expiration on the filing of an  
9 application for renewal on a form prescribed by the commissioner,  
10 and the payment of the renewal fee in effect on the last preceding  
11 regular renewal date. ~~If the license or certificate is renewed more~~  
12 ~~than 30 days after its expiration, the~~ The licensee, as a condition  
13 precedent to renewal, shall also pay the delinquency fee prescribed  
14 by this chapter. Renewal under this section shall be effective on  
15 the date on which the application is filed, on the date on which the  
16 renewal fee is paid, or on the date on which the delinquency fee,  
17 if any, is paid, whichever last occurs. If so renewed, the license or  
18 certificate shall continue in effect through the date provided in  
19 Section 14090 which next occurs after the effective date of the  
20 renewal, when it shall expire if it is not again renewed.

21 Renewal of a license or certificate shall not prohibit the bringing  
22 of disciplinary proceedings for an act committed before the  
23 effective date of the renewal.

24 SEC. 20. Section 14094 of the Insurance Code is amended to  
25 read:

26 14094. A license or branch office certificate which is not  
27 renewed within ~~five years~~ one year after its expiration may not be  
28 renewed, restored, reinstated, or reissued thereafter; and a license  
29 which expired before October 1, 1958, and was not reinstated  
30 before October 1, 1961, may not be renewed, restored, reinstated,  
31 or reissued.

32 The holder of the license or certificate may obtain a new license  
33 or certificate only on compliance with all of the provisions of this  
34 chapter relating to the issuance of an original license or certificate.

35 SEC. 21. Section 15059.1 is added to the Insurance Code, to  
36 read:

37 15059.1. (a) An individual who holds a public insurance  
38 adjuster license and who is not exempt under subdivision (b) shall  
39 satisfactorily complete a minimum of 24 hours, including ethics,  
40 of continuing education courses pertinent to the duties and

1 responsibilities of a public insurance adjuster license, to be  
2 reported to the insurance commissioner on a biennial basis in  
3 conjunction with his or her license renewal cycle.

4 (b) This section shall not apply to:

5 (1) A licensee not licensed for one full year prior to the end of  
6 the applicable continuing education biennium.

7 (2) A licensee holding a nonresident public insurance adjuster  
8 license who has met the continuing education requirements of his  
9 or her designated state or residence.

10 SECTION 1. Section 1704 of the Insurance Code is amended  
11 to read:

12 ~~1704. (a) Life agents, travel agents, and fire and casualty~~  
13 ~~insurance agents shall not act as an agent of an insurer unless the~~  
14 ~~insurer has filed with the commissioner a notice of appointment,~~  
15 ~~executed by the insurer, appointing the licensee as the insurer's~~  
16 ~~agent. Every fire and casualty broker-agent acting in the capacity~~  
17 ~~of an insurance solicitor shall have filed on his or her behalf with~~  
18 ~~the commissioner a notice executed by an insurance agent or~~  
19 ~~insurance broker appointing and agreeing to employ the solicitor~~  
20 ~~as an employee within this state. Additional notices of appointment~~  
21 ~~may be filed by other insurers before the license is issued and~~  
22 ~~thereafter as long as the license remains in force. The authority to~~  
23 ~~transact insurance given to a licensee by an insurer or fire and~~  
24 ~~casualty broker-agent, as the case may be, by appointment shall~~  
25 ~~be effective as of the date the notice of appointment is signed. That~~  
26 ~~authority to transact shall apply to transactions occurring after that~~  
27 ~~date and for the purpose of determining the insurer's or fire and~~  
28 ~~casualty broker-agent's liability for acts of the appointed licensee.~~  
29 ~~No notice of appointment of a life agent, fire and casualty~~  
30 ~~broker-agent, or travel insurance agent shall be filed under this~~  
31 ~~subdivision unless the licensee being appointed has consented to~~  
32 ~~that filing. Each appointment made under this subdivision shall~~  
33 ~~by its terms continue in force until:~~

34 ~~(1) The cancellation or expiration of the license applied for or~~  
35 ~~held at the time the appointment was filed.~~

36 ~~(2) The filing of a notice of termination by the insurer or~~  
37 ~~employing fire and casualty broker-agent, or by the appointed life~~  
38 ~~agent, fire and casualty broker-agent, travel insurance agent, or~~  
39 ~~insurance solicitor.~~

1     ~~(b) Upon the termination of all appointments, or all~~  
2     ~~endorsements naming the licensee on the license of an organization~~  
3     ~~licensee, and the cancellation of the bond required pursuant to~~  
4     ~~Section 1662 if acting as a broker, the permanent license shall not~~  
5     ~~be canceled, but shall become inactive. It may be renewed pursuant~~  
6     ~~to Section 1718. It may be reactivated at any time prior to its~~  
7     ~~expiration by the filing of a new appointment pursuant to this~~  
8     ~~section, Section 1707, and Section 1751.3, or the filing of a new~~  
9     ~~bond pursuant to Section 1662. An inactive license shall not permit~~  
10    ~~its holder to transact any insurance for which a valid, active license~~  
11    ~~is required.~~

12    ~~(e) Upon the termination of all appointments of a person licensed~~  
13    ~~under a certificate of convenience, the certificate shall be canceled~~  
14    ~~and shall be returned by its lawful custodian to the commissioner.~~

15    ~~(d) A fire and casualty broker-agent appointing an insurance~~  
16    ~~solicitor pursuant to this section, if a natural person, must be the~~  
17    ~~holder of a permanent license to act as a fire and casualty~~  
18    ~~broker-agent or the holder of a certificate of convenience so to act~~  
19    ~~issued pursuant to either subdivision (a) or (b) of Section 1685. If~~  
20    ~~the fire and casualty broker-agent is an organization, it must be~~  
21    ~~the holder of a permanent license.~~

22    ~~(e) The filing of an incomplete or deficient action notice with~~  
23    ~~the department shall require the filing of an amended, complete~~  
24    ~~action notice, together with the payment of the fee therefor~~  
25    ~~specified in subdivision (n) of Section 1751.~~

26    ~~(f) A notice of appointment appointing a solicitor may be filed~~  
27    ~~by a second or subsequent fire and casualty broker-agent. The~~  
28    ~~broker-agent seeking to appoint the solicitor shall enter into an~~  
29    ~~agreement with all other fire and casualty broker-agents with whom~~  
30    ~~the insurance solicitor has an existing appointment. The agreement~~  
31    ~~shall govern how the broker-agents will determine on which fire~~  
32    ~~and casualty broker-agent's behalf the solicitor is working when~~  
33    ~~dealing with individuals who are customers of none of the fire and~~  
34    ~~casualty broker-agents with whom the solicitor has an appointment.~~  
35    ~~If the agreement does not identify which broker-agent or~~  
36    ~~broker-agents are liable for the act of the solicitor, all fire and~~  
37    ~~casualty broker-agents with whom the solicitor is appointed at the~~  
38    ~~time of the act shall be jointly and severally liable for that act.~~

O