

ASSEMBLY BILL

No. 1837

Introduced by Assembly Member Gaines

February 12, 2010

An act to amend Section 700 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1837, as introduced, Gaines. Insurance transactions: nonadmitted insurers.

Existing law prohibits persons from transacting any class of insurance within this state without first being admitted for that class and makes a violation of that prohibition a crime.

This bill would make a technical, nonsubstantive change to that provision.

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

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

1 SECTION 1. Section 700 of the Insurance Code is amended
2 to read:
3 700. (a) A person shall not transact any class of insurance
4 business in this state without first being admitted for that class.
5 Except for the State Compensation Insurance Fund as authorized
6 by Sections 11770 and 11778 to 11780.5, inclusive, admission is
7 secured by procuring a certificate of authority from the
8 commissioner. The certificate shall not be granted until the

1 applicant conforms to the requirements of this code and of the laws
2 of this state prerequisite to its issue.

3 (b) The unlawful transaction of insurance business in this state
4 in willful violation of the requirement for a certificate of authority
5 is a public offense punishable by imprisonment in the state prison,
6 or in a county jail not exceeding one year, or by fine not exceeding
7 one hundred thousand dollars (\$100,000), or by both that fine and
8 imprisonment, and shall be enjoined by a court of competent
9 jurisdiction on petition of the commissioner.

10 (c) After the issuance of a certificate of authority, the holder
11 shall continue to comply with the requirements as to its business
12 set forth in this code and in the other laws of this state, including,
13 but not limited to, Chapter 5 (commencing with Section ~~1631~~;
14 *1621*), with regard to employees or contractors who solicit,
15 negotiate, or effect insurance.

16 (d) Where a hearing is held under this section the proceedings
17 shall be conducted in accordance with Chapter 5 (commencing
18 with Section 11500) of Part 1 of Division 3 of Title 2 of the
19 Government Code, and the commissioner shall have all the powers
20 granted therein.

21 (e) The commissioner shall either issue or deny an application
22 for a certificate of authority within 180 calendar days after the date
23 of the application.

24 (f) The commissioner and his or her authorized representative
25 shall be prohibited from seeking a waiver to extend the 180
26 calendar day period specified in subdivision (e), nor shall the
27 applicant be permitted to waive that period.