

Introduced by Committee on Insurance (Senators Calderon (Chair), Anderson, Corbett, Correa, Gaines, Lowenthal, Price, and Wyland)

February 18, 2011

An act relating to insurance, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 716, as introduced, Committee on Insurance. Insurance: surplus lines insurers: reinsurance.

Existing law regulates the business of insurance with regard to surplus lines insurers and reinsurance.

This bill would declare that it is the intent of the Legislature to reconcile California surplus lines and reinsurance law with the recent changes to federal law to minimize any possibly adverse effects of preemption by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

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

- 1 SECTION 1. The Legislature declares its intent that:
- 2 (a) It is appropriate for the protection of insureds, insurers, and
- 3 the public generally, that appropriate rules and standards exist
- 4 pertaining to reinsurance and the recognition of credit for
- 5 reinsurance based upon appropriate standards for solvency.

1 (b) It is appropriate for the protection of insureds and the public
2 generally that surplus lines insurers are appropriately overseen to
3 the end that commerce is encouraged and the public protected

4 (c) The Dodd-Frank Wall Street Reform and Consumer
5 Protection Act (Public Law 111-203) was signed into law on July
6 21, 2010, and includes provisions pertinent to both state surplus
7 lines regulation and reinsurance, including language that can
8 preempt certain state laws.

9 (d) To minimize any possible adverse effect upon the citizens
10 of California, it is the intent of the Legislature to reconcile
11 California surplus lines and reinsurance law with the recent changes
12 to federal law to minimize any possibly adverse effects of
13 preemption.

14 SEC. 2. This act is an urgency statute necessary for the
15 immediate preservation of the public peace, health, or safety within
16 the meaning of Article IV of the Constitution and shall go into
17 immediate effect. The facts constituting the necessity are:

18 In order to ensure that the salutary effects of harmonizing
19 California law with the Dodd-Frank Wall Street Reform and
20 Consumer Protection Act of 2010 can be achieved at the earliest
21 possible time, it is necessary that this act take effect immediately.