

AMENDED IN ASSEMBLY APRIL 3, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1391

Introduced by Committee on Insurance

March 4, 2013

An act to amend Sections 662, 739.3, 985, 1011, 1011.1, 1012, 1016, 1070.6, 1624, 1675, 1749.8, 1758.3, 1872.87, and 14090.1 of, and to repeal Section 668.5 of, the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1391, as amended, Committee on Insurance. Insurance: omnibus.

(1) Existing law provides that no cancellation of a motor vehicle insurance policy, not subject to certain cancellation protections because it has been in effect less than 60 days, is effective unless a notice of cancellation, subject to certain notice provisions, is mailed or delivered by the insurer to the named insured not later than the 59th day following the effective date and at least 10 days prior to the effective date of cancellation. Existing law also provides no notice of cancellation of a motor vehicle insurance policy, where the cancellation is based on, among other things, nonpayment of premium, is effective unless mailed or delivered by the insurer to the named insured, lienholder, or additional interest at least 20 days prior to the effective date of cancellation, except as specified.

This bill would delete the requirements for cancellation of a motor vehicle insurance policy less than 60 days old, and would apply the requirements regarding notice of cancellation for nonpayment of premiums, and other specified reasons, to all cancellation circumstances.

(2) Existing law requires every life agent who sells annuities to satisfactorily complete 8 hours of training prior to soliciting individual

consumers, and requires every life agent who sells annuities to satisfactorily complete 4 hours of training prior to each license renewal.

This bill would clarify the completion of an 8-hour training requirement to initially procure a license to sell annuities does not satisfy the requirement to complete a 4-hour training course in order to renew the annuity license.

(3) Existing law prohibits the Insurance Commissioner from granting authority to transact variable contracts unless the life agent or applicant furnishes proof that he or she is registered to sell securities in accordance with the rules of the United States Securities and Exchange Commission or the Financial Industry Regulatory Authority.

This bill would make clear that the life agent or applicant is required furnish proof that he or she is registered to sell securities in California in accordance with the rules of the United States Securities and Exchange Commission or the Financial Industry Regulatory Authority.

(4) Existing law requires an individual holding an insurance adjuster license, not otherwise exempt, to complete a minimum of 24 hours of continuing education courses, as specified.

This bill would authorize an exemption from the continuing education requirements for an individual licensed as an insurance adjuster and as a property or casualty broker-agent who has met other specified continuing education requirements.

(5) Existing law defines an insurance solicitor as a natural person employed to aid an insurance agent or insurance broker in transacting insurance other than life.

~~This bill would add disability and health insurances to that definition.~~

This bill would redefine an insurance solicitor to mean a natural person employed to aid a property and casualty broker-agent acting as an insurance agent or insurance broker in transacting insurance other than life, disability, or health.

(6) Existing law provides that a nonresident licensee who applies for a property broker-agent, casualty broker-agent, personal lines broker-agent, or life agent resident license in this state, and who is currently licensed for the same lines of authority in the state of his or her current resident license, is not required to complete an examination. The application for examination is required to be received within 90 days of the cancellation of the applicant's resident license and the producer database records, maintained by the National Association of Insurance Commissioners, are required to indicate that the producer is licensed in good standing for the line of authority requested.

This bill would provide that upon issuance of the California resident license, the examination waiver also applies to adding additional lines of authority to the California resident license provided that the individual was previously licensed in good standing for the requested additional lines of authority, and the application is received within 12 months of the cancellation of the applicant's previous resident license in another state.

(7) This bill would make technical, conforming, and clarifying changes, and delete obsolete provisions.

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

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

1 SECTION 1. Section 662 of the Insurance Code is amended
2 to read:

3 662. (a) A notice of cancellation of a policy shall not be
4 effective unless mailed or delivered by the insurer to the named
5 insured, lienholder, or additional interest at least 20 days prior to
6 the effective date of cancellation; provided, however, that where
7 cancellation is for nonpayment of premium, at least 10 days' notice
8 of cancellation accompanied by the reason for the cancellation
9 shall be given. Unless the reason accompanies or is included in
10 the notice of cancellation, the notice of cancellation shall state or
11 be accompanied by a statement that upon written request of the
12 named insured, mailed or delivered to the insurer not less than 15
13 days prior to the effective date of cancellation, the insurer will
14 specify the reason for the cancellation.

15 (b) This section shall not apply to nonrenewal.

16 (c) Notices made to lienholders pursuant to this section may be
17 done electronically with the consent of the lienholder.

18 SEC. 2. Section 668.5 of the Insurance Code is repealed.

19 SEC. 3. Section 739.3 of the Insurance Code is amended to
20 read:

21 739.3. (a) "Company Action Level Event" means any of the
22 following events:

23 (1) The filing of an RBC Report by an insurer that indicates any
24 of the following:

1 (A) The insurer’s Total Adjusted Capital is greater than or equal
2 to its Regulatory Action Level RBC but less than its Company
3 Action Level RBC.

4 (B) If a life or health insurer, the insurer has Total Adjusted
5 Capital that is greater than or equal to its Company Action Level
6 RBC but less than the product of its Authorized Control Level
7 RBC and 2.5, and has a negative trend.

8 (C) If a property and casualty insurer, the insurer has Total
9 Adjusted Capital that is greater than or equal to its Company Action
10 Level RBC but less than the product of its Authorized Control
11 Level RBC and 3.0, and triggers the trend test determined in
12 accordance with the trend test calculation included in the Property
13 and Casualty RBC instructions.

14 (2) The notification by the commissioner to the insurer of an
15 Adjusted RBC Report that indicates the event in paragraph (1),
16 provided that the insurer does not challenge the Adjusted RBC
17 Report under Section 739.7.

18 (3) If the insurer challenges, under Section 739.7, an Adjusted
19 RBC Report that indicates the event in paragraph (1), the
20 notification by the commissioner to the insurer that the
21 commissioner has, after a hearing, rejected the insurer’s challenge.

22 (b) In the event of a Company Action Level Event, the insurer
23 shall prepare and submit to the commissioner a comprehensive
24 financial plan that shall do all of the following:

25 (1) Identify the conditions in the insurer that contribute to the
26 Company Action Level Event.

27 (2) Contain proposals of corrective actions that the insurer
28 intends to take and would be expected to result in the elimination
29 of the Company Action Level Event.

30 (3) Provide projections of the insurer’s financial results in the
31 current year and at least the four succeeding years, both in the
32 absence of proposed corrective actions and giving effect to the
33 proposed corrective actions, including projections of statutory
34 operating income, net income, capital, or surplus, or a combination.
35 The projections for both new and renewal business may include
36 separate projections for each major line of business and separately
37 identify each significant income, expense, and benefit component.

38 (4) Identify the key assumptions impacting the insurer’s
39 projections and the sensitivity of the projections to the assumptions.

1 (5) Identify the quality of, and problems associated with, the
2 insurer's business, including, but not limited to, its assets,
3 anticipated business growth and associated surplus strain,
4 extraordinary exposure to risk, mix of business, and use of
5 reinsurance in each case, if any.

6 (c) The RBC Plan shall be submitted as follows:

7 (1) Within 45 days of the Company Action Level Event.

8 (2) If the insurer challenges an Adjusted RBC Report pursuant
9 to Section 739.7, within 45 days after notification to the insurer
10 that the commissioner has, after a hearing, rejected the insurer's
11 challenge.

12 (d) Within 60 days after the submission by an insurer of an RBC
13 Plan to the commissioner, the commissioner shall notify the insurer
14 whether the RBC Plan shall be implemented or is, in the judgment
15 of the commissioner, unsatisfactory. If the commissioner
16 determines that the RBC Plan is unsatisfactory, the notification to
17 the insurer shall set forth the reasons for the determination, and
18 may set forth proposed revisions that will render the RBC Plan
19 satisfactory, in the judgment of the commissioner. Upon
20 notification from the commissioner, the insurer shall prepare a
21 Revised RBC Plan, which may incorporate by reference revisions
22 proposed by the commissioner, and shall submit the Revised RBC
23 Plan to the commissioner as follows:

24 (1) Within 45 days after the notification from the commissioner.

25 (2) If the insurer challenges the notification from the
26 commissioner under Section 739.7, within 45 days after a
27 notification to the insurer that the commissioner has, after a
28 hearing, rejected the insurer's challenge.

29 (e) In the event of a notification by the commissioner to an
30 insurer that the insurer's RBC Plan or Revised RBC Plan is
31 unsatisfactory, the commissioner may, at his or her discretion,
32 subject to the insurer's right to a hearing under Section 739.7,
33 specify in the notification that the notification constitutes a
34 Regulatory Action Level Event.

35 (f) Every domestic insurer that files an RBC Plan or Revised
36 RBC Plan with the commissioner shall file a copy of the RBC Plan
37 or Revised RBC Plan with the insurance commissioner in any state
38 in which the insurer is authorized to do business if both of the
39 following apply:

1 (1) That state has an RBC provision substantially similar to
2 subdivision (a) of Section 739.8.

3 (2) The insurance commissioner of that state has notified the
4 insurer of its request for the filing in writing, in which case the
5 insurer shall file a copy of the RBC Plan or Revised RBC Plan in
6 that state no later than the later of:

7 (A) Fifteen days after the receipt of notice to file a copy of its
8 RBC Plan or Revised RBC Plan with the state.

9 (B) The date on which the RBC Plan or Revised RBC Plan is
10 filed under subdivision (c) of Section 739.7.

11 SEC. 4. Section 985 of the Insurance Code is amended to read:

12 985. (a) On or after January 1, 1970, as used in this article and
13 in subdivision (i) of Section 1011, “insolvency” means either of
14 the following:

15 (1) Any impairment of minimum “paid-in capital” or “capital
16 paid in,” as defined in Section 36, required in the aggregate of an
17 insurer by the provisions of this code for the class, or classes, of
18 insurance that it transacts anywhere.

19 (2) An inability of the insurer to meet its financial obligations
20 when they are due.

21 (b) On or after January 1, 1970, an insurer cannot escape the
22 condition of insolvency by being able to provide for all its liabilities
23 and for reinsurance of all outstanding risks. An insurer must also
24 be possessed of additional assets equivalent to the aggregate
25 “paid-in capital” or “capital paid in” required by this code after
26 making provision for all those liabilities and for that reinsurance.

27 (c) On or after October 1, 1967, as used in this code provision
28 for reinsurance of all outstanding risks and “gross premiums
29 without any deduction, received and receivable upon all unexpired
30 risks” means the greater of: (1) the aggregate amount of actual
31 unearned premiums, or (2) the amount reasonably estimated as
32 being required to reinsure in a solvent admitted insurer the
33 unexpired terms of the risks represented by all outstanding policies.

34 (d) On or after October 1, 1967, an insurer shall make provision
35 for reinsurance of the outstanding risk on policies that provide
36 premiums that are fully earned at inception and on policies that
37 for any other reason do not provide for a return premium to the
38 insured on cancellation prior to expiration.

39 (e) On or after October 1, 1967, the commissioner shall prescribe
40 standards for reasonably estimating the amount required to reinsure

1 that will provide adequate safeguards for the policyholders,
2 creditors, and the public.

3 (f) On or after October 1, 1967, this section shall not be
4 applicable to life, title, mortgage, or mortgage guaranty insurers.

5 (g) In the application of this section to disability insurance, as
6 defined in Section 106, reserves for unearned premiums and
7 amounts reasonably estimated as required to reinsure outstanding
8 risks shall be determined in accordance with the provisions of
9 Section 997.

10 SEC. 5. Section 1011 of the Insurance Code is amended to
11 read:

12 1011. The superior court of the county in which the principal
13 office of a person described in Section 1010 is located, upon the
14 filing by the commissioner of the verified application showing any
15 of the conditions in this subdivision exist, or a filing by the Federal
16 Deposit Insurance Corporation of the verified application showing
17 that the conditions enumerated in subdivision (j) exist and the
18 conditions set forth in Section 5383(e)(3) of Title 12 of the United
19 States Code having been satisfied, shall issue its order vesting title
20 to all of the assets of that person, wheresoever situated, in the
21 commissioner or his or her successor in office, in his or her official
22 capacity, and direct the commissioner forthwith to take possession
23 of all of its books, records, property, real and personal, and assets,
24 and to conduct, as conservator, the business of the person, or so
25 much thereof as to the commissioner may seem appropriate, and
26 enjoining the person and its officers, directors, agents, servants,
27 and employees from the transaction of its business or disposition
28 of its property until any of the following further order of the court:

29 (a) That the person has refused to submit its books, papers,
30 accounts, or affairs to the reasonable inspection of the
31 commissioner or his or her deputy or examiner.

32 (b) That the person has neglected or refused to observe an order
33 of the commissioner to make good within the time prescribed by
34 law any deficiency in its capital if it is a stock corporation, or in
35 its reserve if it is a mutual insurer.

36 (c) That the person, without first obtaining the consent in writing
37 of the commissioner, has transferred, or attempted to transfer,
38 substantially its entire property or business or, without consent,
39 has entered into any transaction the effect of which is to merge,

1 consolidate, or reinsure substantially its entire property or business
2 in or with the property or business of any other person.

3 (d) That the person is found, after an examination, to be in a
4 condition that makes its further transaction of business will be
5 hazardous to its policyholders, or creditors, or to the public.

6 (e) That the person has violated its charter or any law of the
7 state.

8 (f) That any officer of the person refuses to be examined under
9 oath, touching its affairs.

10 (g) That any officer or attorney in fact of the person has
11 embezzled, sequestered, or wrongfully diverted any of the assets
12 of the person.

13 (h) That a domestic insurer does not comply with the
14 requirements for the issuance to it of a certificate of authority, or
15 that its certificate of authority has been revoked.

16 (i) That the last report of examination of any person to whom
17 the provisions of this article apply shows the person to be insolvent
18 within the meaning of Article 13 (commencing with Section 980)
19 of Chapter 1 of Part 2 of Division 1; or if a reciprocal or
20 interinsurance exchange, within the applicable provisions of
21 Section 1370.2, 1370.4, 1371, or 1372; or if a life insurer, within
22 the applicable provisions of Sections 10510 and 10511.

23 (j) Notification is given by the United States Secretary of the
24 Treasury that a determination has been made by the secretary, in
25 accordance with and satisfying the provisions of Section 5383(b)
26 of Title 12 of the United States Code, as to a person described in
27 Section 1010 that is an insurance company as defined in Section
28 5381(a)(13) of Title 12 of the United States Code, and one of the
29 following:

30 (1) The board of directors, or body performing similar functions,
31 of the person acquiesces or consents to the appointment of a
32 receiver as provided for in Section 5832(a)(1)(A)(i) of Title 12 of
33 the United States Code, with that consent to be considered to be
34 consent to issuance of an order under this section.

35 (2) The United States District Court for the District of Columbia
36 issued an order for the appointment of a receiver of the person as
37 provided for in Section 5382(a)(1)(A)(iv)(I) of Title 12 of the
38 United States Code, without regard to whether an appeal of the
39 order is pending.

1 (3) A petition by the United States Secretary of the Treasury
2 for appointment of a receiver was made to the United States District
3 Court for the District of Columbia and was granted by operation
4 of the law as provided for in Section 5382(a)(1)(A)(v) of Title 12
5 of the United States Code, without regard to whether an appeal of
6 the order is pending.

7 SEC. 6. Section 1011.1 of the Insurance Code is amended to
8 read:

9 1011.1. If a verified application is filed pursuant to Section
10 1011 that shows that the conditions set forth in subdivision (j) of
11 Section 1011 exist and upon a showing that notice was provided
12 to the person that is the subject of the verification application, all
13 of the following apply:

14 (a) A superior court hearing shall be held in which the person
15 may oppose the verified application solely on the grounds that the
16 conditions set forth in subdivision (j) of Section 1101 do not exist.
17 The hearing shall be completed within 24 hours after the verified
18 application is filed with the court.

19 (b) The superior court shall issue an order as provided for in
20 Section 1011 within 24-hours after the verified application was
21 filed with the court.

22 (c) If the superior court does not issue an order within 24 hours
23 as provided for in subdivision (b), then an order described in
24 Section 1011 shall be deemed granted by operation of law upon
25 expiration of the 24-hour period, without further notice.

26 (d) An order entered by the superior court pursuant to
27 subdivision (b) or entered by operation of law pursuant to
28 subdivision (c) shall not be subject to any stay or injunction
29 pending appeal.

30 SEC. 7. Section 1012 of the Insurance Code is amended to
31 read:

32 1012. Except in the case of an order issued based on a verified
33 application showing the conditions in subdivision (j) of Section
34 1011 to exist, the order shall continue in force and effect until, on
35 the application either of the commissioner or of that person, it
36 shall, after a full hearing, appear to the court that the ground for
37 the order directing the commissioner to take title and possession
38 does not exist or has been removed and that the person can properly
39 resume title and possession of its property and the conduct of its
40 business.

1 SEC. 8. Section 1016 of the Insurance Code is amended to
2 read:

3 1016. (a) If at any time after the issuance of an order under
4 Section 1011, or if at the time of instituting any proceeding under
5 this article, including under Section 1011, it shall appear to the
6 commissioner that it would be futile to proceed as conservator
7 with the conduct of the business of that person, he or she may
8 apply to the court for an order to liquidate and wind up the business
9 of the person. Upon a full hearing of that application, the court
10 may make an order directing the winding up and liquidation of the
11 business of that person by the commissioner, as liquidator, for the
12 purpose of carrying out the order to liquidate and wind up the
13 business of that person.

14 (b) Notwithstanding subdivision (a), the court may issue an
15 order to liquidate and wind up the business of a person as to whom
16 a verified application is filed pursuant to subdivision (j) of Section
17 1011 based solely on the verified application and hearing as
18 provided for in subdivision (a) of Section 1011.1, without further
19 hearing, or may issue an order to liquidate and wind up the business
20 of the person upon application by the commissioner after the
21 issuance of an order under Section 1011. The court’s order may
22 direct the winding up and liquidation of the business of the person
23 by the commissioner, as liquidator, for the purpose of carrying out
24 the order to liquidate and wind up the business of the person.

25 SEC. 9. Section 1070.6 of the Insurance Code is amended to
26 read:

27 1070.6. The withdrawal procedure and fees prescribed by this
28 article shall not be required of a nonsurviving admitted constituent
29 to a merger or consolidation into another admitted insurer in
30 accordance with the applicable statutes and the commissioner’s
31 prior written consent given pursuant to subdivision (c) of Section
32 1011, provided the commissioner is satisfied by documents,
33 authenticated so as to be admissible in evidence over objection,
34 filed with him or her, that:

35 (a) The constituent has discharged all of its liabilities to residents
36 of this state in the manner provided by Section 1071.5;

37 (b) There will be an admitted insurer directly available to the
38 constituent’s policyholders: (1) to obtain policy changes and
39 endorsements, (2) to receive payment of premiums and refund

1 unearned premiums, (3) to serve notice of claim, proof of loss,
2 summons, process, and other papers, and (4) for purposes of suit;

3 (c) The constituent shall timely file with the commissioner
4 appropriate financial statements reporting its insurance business
5 done in this state during the calendar year of the merger or
6 consolidation and all appropriate tax returns required by law for
7 the period, and shall timely pay all taxes found to be due on account
8 of the business; and

9 (d) The constituent has surrendered its current California
10 certificate of authority to the commissioner for cancellation as of
11 the effective date of the merger.

12 The withdrawal procedure and fees prescribed by this article
13 shall not be required of an insurer that has been liquidated by a
14 final order of a court of record of this or any sister state provided
15 a certified copy of the order reciting the fact of liquidation and
16 discharge of all obligations has been filed with the commissioner.

17 SEC. 10. Section 1624 of the Insurance Code is amended to
18 read:

19 1624. ~~An insurance solicitor is a natural person employed to~~
20 ~~aid~~ *“Insurance solicitor” means a natural person employed to aid*
21 *a property and casualty broker-agent acting as an insurance agent*
22 *or insurance broker in transacting insurance other than life,*
23 *disability, or health.*

24 SEC. 11. Section 1675 of the Insurance Code is amended to
25 read:

26 1675. The following applicants who have theretofore been
27 licensed under this code are exempt from the requirements of this
28 article:

29 (a) An applicant for a license to act as a property broker-agent
30 or a casualty broker-agent who has been licensed as a property
31 broker-agent, casualty broker-agent, or surplus line broker during
32 any part of the license year in which the application is filed or the
33 immediately preceding license year.

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

38 (c) An applicant for a license to act as an accident and health
39 agent who has been licensed as an accident and health agent during

1 any part of the license year in which the application is filed or the
2 immediately preceding license year.

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

4 (e) An applicant specifically exempted from the particular
5 qualifying examination requirement by other provisions of this
6 code.

7 (f) (1) A nonresident licensee who applies for a property
8 broker-agent, casualty broker-agent, personal lines broker-agent,
9 or life agent resident license in this state, and who is currently
10 licensed for the same lines of authority in the state of his or her
11 current resident license, shall not be required to complete an
12 examination. The application shall be received within 90 days of
13 the cancellation of the applicant's resident license and the producer
14 database records, maintained by the National Association of
15 Insurance Commissioners, shall indicate that the producer is
16 licensed in good standing for the line of authority requested.

17 (2) Upon issuance of the California resident license, the
18 examination waiver also applies to adding additional lines of
19 authority to the California resident license provided that the
20 individual was previously licensed in good standing for the
21 requested additional lines of authority, and the application is
22 received within 12 months of the cancellation of the applicant's
23 previous resident license in another state.

24 SEC. 12. Section 1749.8 of the Insurance Code is amended to
25 read:

26 1749.8. (a) Every life agent who sells annuities shall
27 satisfactorily complete eight hours of training prior to soliciting
28 individual consumers in order to sell annuities.

29 (b) Every life agent who sells annuities shall satisfactorily
30 complete four hours of training prior to each license renewal.
31 Completion of the eight-hour annuity training required by
32 subdivision (a) does not satisfy the four-hour annuity training
33 required by this subdivision. For resident licensees, this
34 requirement shall count toward the licensee's continuing education
35 requirement, but may still result in completing more than the
36 minimum number of continuing education hours set forth in this
37 section.

38 (c) The training required by this section shall be approved by
39 the commissioner and shall consist of topics related to annuities,
40 and California law, regulations, and requirements related to

1 annuities, prohibited sales practices, the recognition of indicators
2 that a prospective insured may lack the short-term memory or
3 judgment to knowingly purchase an insurance product, and
4 fraudulent and unfair trade practices. Subject matter determined
5 by the commissioner to be primarily intended to promote the sale
6 or marketing of annuities shall not qualify for credit towards the
7 training requirement. Any course or seminar that is disapproved
8 under the provisions of this section shall be presumed invalid for
9 credit towards the training requirement of this section unless it is
10 approved in writing by the commissioner.

11 (d) The training requirements set forth in this section shall not
12 apply to nonresident agents representing an insurer that is a direct
13 response provider.

14 For the purposes of this section, “direct response provider” means
15 an insurer that meets each of the following criteria:

16 (1) The insurer does not initiate telephone contact with insureds
17 or prospective insureds.

18 (2) Agents of the insurer speak with insureds and prospective
19 insureds only by telephone, and at the request of the insureds or
20 prospective insureds.

21 (3) Agents of the insurer are assigned to speak with insureds or
22 prospective insureds on a random basis, when contacted.

23 (4) Agents of the insurer are salaried and do not receive
24 commissions for sales or referrals.

25 SEC. 13. Section 1758.3 of the Insurance Code is amended to
26 read:

27 1758.3. The commissioner shall not grant authority to transact
28 variable contracts unless the life agent or applicant furnishes proof
29 that he or she is registered to sell securities in California in
30 accordance with the rules of the United States Securities and
31 Exchange Commission or the Financial Industry Regulatory
32 Authority. Any authority granted to a life agent to transact variable
33 contracts shall immediately terminate upon the life agent no longer
34 being registered to sell securities in accordance with the rules of
35 the United States Securities and Exchange Commission or the
36 Financial Industry Regulatory Authority.

37 SEC. 14. Section 1872.87 of the Insurance Code is amended
38 to read:

39 1872.87. (a) Each insurer required to pay special purpose
40 assessments pursuant to Sections 1872.8, 1872.81, 1872.85, 1874.8,

1 or subdivision (a) of Section 1872.86 may, over a reasonable length
 2 of time, but in no event later than the calendar year in which the
 3 assessment is paid, recoup the special purpose assessments by way
 4 of a surcharge on premiums charged for the insurance policies to
 5 which those sections apply or by including the assessments within
 6 the insurer’s rates. Amounts recouped shall not be considered
 7 premiums for any purpose, including the computation of gross
 8 premium tax or agents’ commission.

9 (b) The amount of the surcharge shall be separately stated on
 10 either a billing or policy declaration sent to an insured.

11 SEC. 15. Section 14090.1 of the Insurance Code is amended
 12 to read:

13 14090.1. (a) An individual who holds an insurance adjuster
 14 license and who is not exempt under subdivision (b) shall
 15 satisfactorily complete a minimum of 24 hours, of which three
 16 hours are to be in ethics, of continuing education courses pertinent
 17 to the duties and responsibilities of an insurance adjuster license
 18 reported to the insurance commissioner on a biennial basis in
 19 conjunction with his or her license renewal cycle.

20 (b) This section does not apply to any of the following:

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

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

26 (3) An individual licensed as an insurance adjuster and as a
 27 property or casualty broker-agent, pursuant to Section 1625, who
 28 has met the continuing education requirements specified in Section
 29 1749.3.