

AMENDED IN SENATE APRIL 3, 2014

SENATE BILL

No. 1205

Introduced by Senator Monning

February 20, 2014

An act to amend Section ~~10104~~ 1749.1 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1205, as amended, Monning. Insurance.

Existing law prohibits a person from soliciting, negotiating, or effecting contracts of insurance unless the person holds a valid license from the Insurance Commissioner to act in that capacity. Existing law requires all new applicants for license as one of specified insurance industry professionals, such as a property broker-agent, casualty broker-agent, or limited lines automobile insurance agent, to meet prelicensing education standards, as specified. Existing law requires the Insurance Commissioner to appoint a curriculum board consisting of representatives of insurance agents, brokers, insurance companies, consumer groups, and insurance adjusters, among other persons, to develop the prelicensing and continuing education curriculum. Existing law requires the curriculum board to develop or recommend courses of study covering all lines of insurance to be sold under each license, as specified.

This bill would require the curriculum board to additionally develop or recommend courses of study on commercial earthquake risk management, as specified.

~~Under existing law, policy of residential property insurance may not be issued in the state by an insurer unless the named insured is provided a copy of the California Residential Property Insurance disclosure~~

~~statement. A policy insuring an individually owned condominium that provides dwelling structure coverage is required to include a copy of that disclosure statement.~~

~~This bill would make a technical, nonsubstantive change to those 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 1749.1 of the Insurance Code is amended
 2 to read:

3 1749.1. (a) The commissioner shall appoint a curriculum board
 4 consisting of representatives of insurance agents, brokers, and life
 5 agents trade associations, representatives of insurance companies,
 6 consumer groups, bail agents, and insurance adjusters to develop
 7 the prelicensing and continuing education curriculum, including
 8 a list of preapproved courses of study, including courses of study
 9 for professional designations that would satisfy the requirements
 10 of this article, subdivision (a) of Section 1810.7, and Sections
 11 14090.1 and 15059.1. The curriculum board shall develop or
 12 recommend courses of study covering all lines of insurance to be
 13 sold under each license, including, but not limited to, any special
 14 products such as long-term care insurance, Medi-gap policies,
 15 disability insurance products, and course study on ethics and
 16 pertinent sections of this code. *The curriculum board shall also*
 17 *develop or recommend courses of study on commercial earthquake*
 18 *risk management, including courses relating to understanding risk*
 19 *zones, options for insurance coverage to cover potential loss,*
 20 *mitigation strategies, and postevent recovery.* The curriculum
 21 developed and the courses of study approved by the board shall
 22 be submitted to the commissioner for final approval.

23 (b) The curriculum board shall also develop standards for
 24 providers and instructors of prelicensing and continuing education
 25 courses, programs, and seminars, which standards shall be
 26 approved by the board and submitted to the commissioner for final
 27 approval. The curriculum board may approve standards for courses
 28 in business management practices that may consist of up to 25
 29 percent of the agent or broker requirements for license renewal.
 30 ~~No~~ A prelicensing or continuing education course shall *not* include

1 sales training, motivational training, self-improvement training,
2 or training offered by insurers or agents regarding new products
3 or programs.

4 (c) For purposes of applying subdivision (b), courses in
5 “business management practices” shall consist of the following
6 subject matter:

7 (1) Accounting and financial management, including trust
8 account maintenance, reconciliation and auditing, financial
9 statements, business budgeting, income and expense ratios, banking
10 and investment practices, and business perpetuation and planning.

11 (2) Information and database management, including
12 recordkeeping, privacy law, and other legal requirements covering
13 the use of information.

14 (3) Human resource management, including employee
15 compliance supervision, recruitment, training, and licensing.

16 (4) Customer service management, consisting of methods to
17 improve handling of consumer inquiries and complaints.

18 (5) Communication skills, consisting of methods to improve
19 writing and verbal skills for communication with clients,
20 employees, insurance carriers, claims departments, and regulators.

21 (d) Whenever the commissioner has reasonable cause to believe,
22 and determines after public hearing, that any approved course,
23 program of instruction, or seminar is being conducted so as to fail
24 to meet the commissioner’s prelicensing or continuing education
25 curriculum, or any provider or instructor for any course, program,
26 or seminar has failed to comply with the commissioner’s standards,
27 the commissioner may make and serve upon the provider or
28 instructor of that course, program, or seminar an order or orders
29 rescinding approval for that provider, course, program, or seminar,
30 or imposing fines and penalties on that provider, or both. The
31 amount of any fines and penalties shall not exceed the amounts
32 set forth in Section 1748, and shall be based on the criteria for
33 assessing penalties specified in that section. No credit towards
34 meeting the requirements of this article shall be granted any
35 applicant or licensee for completion of a course, program, or
36 seminar after the effective date of any order rescinding approval
37 for that course, program, or seminar. The commissioner shall serve
38 notice of hearing required by this section upon the provider or
39 instructor of the course, program, or seminar, stating the time and
40 place therefor, and the grounds upon which his or her order is

1 made. The hearing shall occur not less than 30 nor more than 60
2 days after notice is served.

3 (e) The commissioner may impose monetary penalties for minor
4 instances of noncompliance with the standards established pursuant
5 to this article, such as late course roster submissions and late course
6 presentation schedules. The monetary penalties shall not exceed
7 the amounts of the fees established pursuant to Section 1751.1.
8 The commissioner shall adopt regulations to establish the monetary
9 penalties to be levied against providers for late filings and other
10 minor instances of noncompliance with this article and Article 6.5
11 (commencing with Section 2186) of Subchapter 1 of Chapter 5 of
12 Title 10 of the California Code of Regulations.

13 SECTION 1. ~~Section 10104 of the Insurance Code is amended~~
14 ~~to read:~~

15 ~~10104. (a) As used in this chapter, “policy of residential~~
16 ~~property insurance” shall have the same meaning as defined in~~
17 ~~Section 10087, except that it shall not include a tenant’s policy, a~~
18 ~~policy covering individually owned mobilehomes and their~~
19 ~~contents, a renter’s policy, or a policy insuring individually owned~~
20 ~~condominium units, when those policies do not provide dwelling~~
21 ~~structure coverage. If a policy insuring an individually owned~~
22 ~~condominium does provide dwelling structure coverage, an insurer~~
23 ~~shall provide the disclosure required in this chapter.~~

24 ~~(b) As used in this chapter, “insurer” shall have the same~~
25 ~~meaning as defined in Section 10091.~~