

AMENDED IN SENATE AUGUST 19, 2016  
AMENDED IN SENATE AUGUST 15, 2016  
AMENDED IN ASSEMBLY MARCH 16, 2016  
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1899**

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**Introduced by Assembly Member Calderon**

February 11, 2016

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An act to amend, repeal, and add Section 1677 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1899, as amended, Calderon. Insurance: production agents: license examinations.

Existing law requires the Insurance Commissioner to give, at least once each month, in each of the cities in which he or she has an office, qualifying examinations for production agent licenses. Existing law requires every qualifying examination for a production agent license to be in writing and to be of sufficient scope to satisfy the commissioner that the applicant has sufficient knowledge of, and is reasonably familiar with, the insurance laws of this state and with the provisions, terms, and conditions of the insurance that may be transacted pursuant to the license sought, and that the applicant has a general and fair understanding of the obligations and duties of the holder of that license.

This bill, from January 1, 2018, to January 1, 2024, would require the examination for a license as a life agent, life-only agent, and accident and health agent be provided in English and Spanish. The bill would require the Insurance Commissioner to evaluate the qualifying

examination taken in Spanish and submit a report to the Legislature by March 1, 2023, as provided.

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. The Legislature finds and declares that it is~~  
2     ~~essential that all of the state’s residents have access to vital health~~  
3     ~~services that can prolong and enhance their lives, and that state~~  
4     ~~government continues to take reasonable and effective actions that~~  
5     ~~will facilitate access to these services.~~

6     ~~SECTION 1. The Legislature finds and declares all of the~~  
7     ~~following:~~

8     ~~(a) Every citizen of California deserves equal access to the~~  
9     ~~protection provided by various insurance products.~~

10    ~~(b) Spanish-speaking individuals make up a large portion of~~  
11    ~~the population in California. Estimates from the 2014 American~~  
12    ~~Community Survey (ACS) indicate that 38.6 percent of Californians~~  
13    ~~report their ethnicity as Latino. The ACS data also indicates that~~  
14    ~~22 percent of households in which Spanish is spoken have no~~  
15    ~~member over 14 years of age who speaks English fluently or “very~~  
16    ~~well.” According to research published by Florida State University~~  
17    ~~in 2006, Latino households are less likely to own life insurance~~  
18    ~~than the general population, with 34 percent of Latinos purchasing~~  
19    ~~life insurance compared to 62 percent of the general population.~~  
20    ~~A 2012 Insurance Barometer Study by the Life Insurance and~~  
21    ~~Market Research Association found the same and concluded that~~  
22    ~~a contributing factor to that difference is that Latino households~~  
23    ~~are less likely to have contact with an insurance agent. The Latino~~  
24    ~~population is expected to continue to grow in California, with 2014~~  
25    ~~Department of Finance projections suggesting that Latinos are~~  
26    ~~expected to number 23.7 million in 2050, or 47.6 percent of all~~  
27    ~~Californians.~~

28    ~~(c) By offering the opportunity for Spanish-speaking individuals~~  
29    ~~to take insurance licensing exams, California will increase the~~  
30    ~~number of insurance agents and brokers able to serve~~  
31    ~~Spanish-speaking consumers, while also opening a career path~~  
32    ~~currently unavailable to this population.~~

1     *(d) Several insurance companies offer Spanish translations of*  
2 *the insurance products they offer, a practice the Legislature*  
3 *commends and encourages to be followed by every insurance*  
4 *company and every product offered in order to ensure that the*  
5 *consumer more fully understands the full scope of his or her*  
6 *coverage and can make more informed purchasing decisions.*

7     *(e) The option to have the insurance licensure examination*  
8 *administered in Spanish will decrease potential miscommunication,*  
9 *increase agents' understanding of their duties and obligations,*  
10 *and allow California to keep pace with the needs of its multilingual*  
11 *and multicultural insurance consumers.*

12     *(f) It is essential that all of the state's residents have access to*  
13 *vital health services that can prolong and enhance their lives, and*  
14 *that state government continues to take reasonable and effective*  
15 *actions that will facilitate access to these services.*

16     SEC. 2. Section 1677 of the Insurance Code is amended to  
17 read:

18     1677. (a) Each qualifying examination for a license pursuant  
19 to this chapter shall be in writing and shall be of sufficient scope  
20 to satisfy the commissioner that the applicant has sufficient  
21 knowledge of, and is reasonably familiar with, the insurance laws  
22 of this state and with the provisions, terms, and conditions of the  
23 insurance that may be transacted pursuant to the license sought,  
24 and that the applicant has a general and fair understanding of the  
25 obligations and duties of the holder of that license.

26     (b) On and after January 1, 2018, the examination for a license  
27 as a life agent, life-only agent, and accident and health agent shall  
28 be provided in English and Spanish.

29     (c) The commissioner shall evaluate the qualifying examination  
30 taken in Spanish and submit a report of the results to the Legislature  
31 no later than March 1, 2023. The report shall be submitted in  
32 compliance with Section 9795 of the Government Code and shall  
33 include, but not be limited to, all of the following:

34     (1) The number of people taking the examination.

35     (2) The pass rate, including a comparison between the  
36 comparable licensing examination taken in English.

37     (3) The number of licenseholders that sat for the examination  
38 provided in Spanish and passed the examination that remain  
39 licensed.

1 (4) The number of consumer complaints received and  
2 enforcement actions taken with regard to the licenseholders who  
3 passed the examination in Spanish.

4 (d) This section shall remain in effect only until January 1, 2024,  
5 and as of that date is repealed, unless a later enacted statute, that  
6 is enacted before January 1, 2024, deletes or extends that date.

7 SEC. 3. Section 1677 is added to the Insurance Code, to read:

8 1677. (a) Each qualifying examination for a license pursuant  
9 to this chapter shall be in writing and shall be of sufficient scope  
10 to satisfy the commissioner that the applicant has sufficient  
11 knowledge of, and is reasonably familiar with, the insurance laws  
12 of this state and with the provisions, terms, and conditions of the  
13 insurance that may be transacted pursuant to the license sought,  
14 and that the applicant has a general and fair understanding of the  
15 obligations and duties of the holder of that license.

16 (b) This section shall become operative on January 1, 2024.