

AMENDED IN ASSEMBLY APRIL 18, 2016

AMENDED IN ASSEMBLY MARCH 30, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2588

Introduced by Assembly Member Chu

February 19, 2016

An act to amend *and repeal Sections 14027, 14030, and 14037 of, to amend, repeal, and add Sections 1722, 1751.5, 14000, 14001, 14010, 14020, 14021, 14022, 14022.5, 14024, 14025, 14026, 14028, 14029, 14031, 14032, 14038, 14039, 14040, 14042, 14061, 14063, 14064, 14078, 14080, 14090.1, 14097, and 14099 of, and to add Sections 14025.1 and 14079 to, to repeal Sections 14027, 14030, and 14037 of, and to repeal and add Sections 14010, 14021, 14026, 14029, and 14078 of, the Insurance Code, relating to insurance.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2588, as amended, Chu. Independent insurance adjusters.

Existing law, the Insurance Adjuster Act, sets forth various requirements with respect to operation as an insurance adjuster in this state, including, but not limited to, that the person be licensed, licensing qualifications and application requirements, codes of conduct, disciplinary actions, and nonresident and emergency licenses. The act defines the term, "insurance adjuster," to include a person, other than a private investigator, who, for any consideration whatsoever, engages in business or accepts employment to furnish, or agrees to make, or makes, any investigation for the purpose of obtaining, information in the course of adjusting or otherwise participating in the disposal of, any claim under or in connection with a policy of insurance on behalf of an

insurer or engages in soliciting insurance adjustment business. Any person who knowingly falsifies the fingerprints or photographs submitted as part of the application process is guilty of a felony, and any person who violates any other provision governing insurance adjusters is guilty of a misdemeanor punishable by a fine not to exceed \$500, or by imprisonment in the county jail not to exceed one year, or by both that fine and imprisonment. *Existing law prescribes a schedule for various insurance adjuster application, license, and license renewal fees.*

This bill, beginning January 1, 2018, would revise and recast the above provisions by, among other things, changing the name of the act to the Independent Insurance Adjuster Act and redefining an “independent insurance adjuster” to mean an individual, a business entity, an independent contractor, or an employee of a contractor, who contracts for compensation with insurers, a person whose tax treatment by the insurers is consistent with that of an independent contractor rather than as an employee, and a person who investigates, negotiates, or settles property and casualty claims for insurers. The bill would expand the categories of persons exempt from the act to include, among others, an individual who is employed to investigate suspected fraudulent insurance claims but who does not adjust losses or determine claims payments, and a person who solely performs ~~executive, administrative, managerial, administrative~~ or clerical ~~duties~~ *duties*, or any combination ~~thereof~~ *thereof*, and who does not investigate, negotiate, or settle claims with policyholders, claimants, or their legal representative. The bill would impose additional information and educational requirements on applicants and would impose additional code of conduct requirements on licensees. The bill would revise the provisions relating to nonresident and emergency licenses with regards to qualifying for those licenses. The bill would also create an apprentice independent insurance adjuster license to facilitate the experience, education, and training necessary to ensure reasonable competency in the responsibilities and duties of an independent insurance adjuster and would set forth the various terms and conditions of the license, including an application fee to be fixed ~~by the Insurance Commissioner and reasonably related to the actual cost to the Department Of Insurance in performing its duties.~~ *at up to \$170.* The bill would make an apprentice independent insurance adjuster subject to a felony conviction if he or she knowingly falsifies the fingerprints or photograph submitted as part of his or her application for a license. The bill would also make conforming changes. Because

the bill would create a new crime, it would impose a state-mandated local program. *The bill would also change various independent insurance adjuster application, license, and renewal fees, as prescribed.*

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

1 SECTION 1. Section 1722 of the Insurance Code is amended
2 to read:

3 1722. (a) If a natural person while licensed pursuant to the
4 provisions of this chapter or Chapter 6 (commencing with Section
5 1760), Chapter 7 (commencing with Section 1800), or Chapter 8
6 (commencing with Section 1831) of this part, or Part 5
7 (commencing with Section 12140) of Division ~~2~~, or Chapter ~~1~~
8 (~~commencing with Section 14000~~) of Division ~~5~~ 2 enters the
9 military service of the United States and is in that service at a time
10 prescribed for the filing of a renewal application, the filing of that
11 application is waived, and the license held by that licensee at the
12 time of his or her entry into military service shall remain in force
13 during the period of that military service and until the end of the
14 license year in which he or she is released from that service but
15 not for less than six months after that release. During that period,
16 that person may secure a license of the type held by him or her on
17 his or her entry into military service upon the filing of an
18 application and paying the fee therefor without the necessity of
19 taking any examination or paying any penalty.

20 (b) *This section shall remain in effect only until January 1,*
21 *2018, and as of that date is repealed, unless a later enacted statute,*
22 *that is enacted before January 1, 2018, deletes or extends that*
23 *date.*

24 SEC. 2. Section 1722 is added to the Insurance Code, to read:

25 1722. (a) If a natural person while licensed pursuant to the
26 provisions of this chapter or Chapter 6 (commencing with Section
27 1760), Chapter 7 (commencing with Section 1800), or Chapter 8

1 (commencing with Section 1831) of this part, Part 5 (commencing
 2 with Section 12140) of Division 2, or Chapter 1 (commencing with
 3 Section 14000) of Division 5 enters the military service of the
 4 United States and is in that service at a time prescribed for the
 5 filing of a renewal application, the filing of that application is
 6 waived, and the license held by that licensee at the time of his or
 7 her entry into military service shall remain in force during the
 8 period of that military service and until the end of the license year
 9 in which he or she is released from that service but not for less
 10 than six months after that release. During that period, that person
 11 may secure a license of the type held by him or her on his or her
 12 entry into military service upon the filing of an application and
 13 paying the fee therefor without the necessity of taking any
 14 examination or paying any penalty.

15 (b) This section shall become operative on January 1, 2018.

16 ~~SEC. 2.~~

17 SEC. 3. Section 1751.5 of the Insurance Code is amended to
 18 read:

19 1751.5. (a) The fees required by this chapter and by Chapter
 20 6 (commencing with Section 1760), Chapter 7 (commencing with
 21 Section 1800), and Chapter 8 (commencing with Section 1831) of
 22 this part ~~and by Chapter 1 (commencing with Section 14000) of~~
 23 ~~Division 5~~ are filing fees, no portion of which shall be refunded
 24 whether or not the application is acted upon or the examination is
 25 taken.

26 (b) This section shall remain in effect only until January 1, 2018,
 27 and as of that date is repealed, unless a later enacted statute, that
 28 is enacted before January 1, 2018, deletes or extends that date.

29 SEC. 4. Section 1751.5 is added to the Insurance Code, to
 30 read:

31 1751.5. (a) The fees required by this chapter and by Chapter
 32 6 (commencing with Section 1760), Chapter 7 (commencing with
 33 Section 1800), and Chapter 8 (commencing with Section 1831) of
 34 this part and by Chapter 1 (commencing with Section 14000) of
 35 Division 5 are filing fees, no portion of which shall be refunded
 36 whether or not the application is acted upon or the examination
 37 is taken.

38 (b) This section shall become operative on January 1, 2018.

1 ~~SEC. 3.~~

2 ~~SEC. 5.~~ Section 14000 of the Insurance Code is amended to
3 read:

4 14000. (a) This chapter may be cited as the ~~Independent~~
5 ~~Insurance Adjuster Act.~~

6 (b) *This section shall remain in effect only until January 1, 2018,*
7 *and as of that date is repealed, unless a later enacted statute, that*
8 *is enacted before January 1, 2018, deletes or extends that date.*

9 ~~SEC. 4.~~ Section 14001 of the Insurance Code is amended to
10 read:

11 14001. ~~As used in this chapter, the following terms have the~~
12 ~~following meanings:~~

13 (a) ~~“Catastrophe” means an event that results in a large number~~
14 ~~of deaths or injuries, causes extensive damage or destruction of~~
15 ~~facilities that provide and sustain human needs, produces an~~
16 ~~overwhelming demand on state and local response resources and~~
17 ~~mechanisms, causes a severe long-term effect on general economic~~
18 ~~activity, or severely affects state, local, and private sector~~
19 ~~capabilities to begin and sustain response activities.~~

20 (b) ~~“Commissioner” means the Insurance Commissioner.~~

21 (c) ~~“Department” means the Department of Insurance.~~

22 (d) ~~“Fingerprints” means an impression of the lines on the finger~~
23 ~~taken for the purposes of identification.~~

24 (e) ~~“Home state” means the District of Columbia and any state~~
25 ~~or territory of the United States in which an independent insurance~~
26 ~~adjuster maintains his, her, or its principal place of residence or~~
27 ~~business and is licensed to act as a resident independent insurance~~
28 ~~adjuster. If the resident state does not license independent insurance~~
29 ~~adjusters, the independent insurance adjuster may designate~~
30 ~~California as his, her, or its home state, provided that the~~
31 ~~independent insurance adjuster is licensed and in good standing.~~

32 (f) ~~“Individual” means a natural person.~~

33 (g) ~~“Licensee” means a person licensed under this chapter.~~

34 (h) ~~“Manager” means the individual under whose direction,~~
35 ~~control, charge, or management the business of a licensee is~~
36 ~~operated.~~

37 (i) ~~“Nonresident” means a person who is not a resident of~~
38 ~~California at the time of the performance of the act referred to in~~
39 ~~Section 14071.~~

1 (j) “Person” includes any individual, firm, company, association,
2 organization, partnership, limited liability company, and
3 corporation.

4 SEC. 5. Section 14010 of the Insurance Code is repealed.

5 SEC. 6. Section 14010 is added to the Insurance Code, to read:

6 14010. The commissioner shall administer and enforce the
7 provisions of this chapter.

8 SEC. 7. Section 14020 of the Insurance Code is amended to
9 read:

10 14020. (a) A person shall not engage in a business regulated
11 by this chapter, or act or assume to act as, or represent himself or
12 herself to be, a licensee unless he or she is licensed as an
13 independent insurance adjuster in accordance with this chapter.

14 (b) A person shall not falsely represent that he or she is
15 employed by a licensee.

16 SEC. 8. Section 14021 of the Insurance Code is repealed.

17 SEC. 9. Section 14021 is added to the Insurance Code, to read:

18 14021. An independent insurance adjuster, for purposes of this
19 chapter, is all of the following:

20 (a) An individual, a business entity, an independent contractor,
21 or an employee of a contractor, who contracts for compensation
22 with insurers.

23 (b) A person whose tax treatment by the insurers is consistent
24 with that of an independent contractor rather than an employee,
25 as defined in Section 3121 of Title 26 of the United States Code.

26 (c) A person who investigates, negotiates, or settles property
27 and casualty claims for insurers.

28 SEC. 10. Section 14022 of the Insurance Code is amended to
29 read:

30 14022. This chapter does not apply to any of the following:

31 (a) An officer or employee of the United States of America, or
32 of this state or a political subdivision thereof, while that officer or
33 employee is engaged in the performance of his or her official
34 duties.

35 (b) A person engaged exclusively in the business of obtaining
36 and furnishing information as to the financial rating of persons.

37 (c) A charitable philanthropic society or association duly
38 incorporated under the laws of this state, which is organized and
39 maintained for the public good and not for private profit.

- 1 ~~(d) An attorney at law admitted to practice in California, when~~
2 ~~acting in his or her professional capacity as an attorney.~~
- 3 ~~(e) A licensed collection agency or an employee thereof while~~
4 ~~acting within the scope of his or her employment, while making~~
5 ~~an investigation incidental to the business of the agency, including~~
6 ~~an investigation of the location of a debtor or his or her property~~
7 ~~where the contract with an assignor creditor is for the collection~~
8 ~~of claims owed or due or asserted to be owed or due or the~~
9 ~~equivalent thereof.~~
- 10 ~~(f) An officer, director, manager, or employee of an authorized~~
11 ~~insurer, surplus line insurer, a risk retention group, or an~~
12 ~~attorney-in-fact of a reciprocal insurer.~~
- 13 ~~(g) A licensed insurance agent or broker, attorney-in-fact of a~~
14 ~~reciprocal insurer, or managing general agent of the insurer to~~
15 ~~whom claim authority has been granted by the insurer.~~
- 16 ~~(h) The legal owner of personal property that has been sold~~
17 ~~under a conditional sales agreement or a mortgagee under the terms~~
18 ~~of a chattel mortgage.~~
- 19 ~~(i) Any bank subject to the jurisdiction of the Commissioner of~~
20 ~~Business Oversight under Division 1 (commencing with Section~~
21 ~~99) of the Financial Code or the Comptroller of the Currency of~~
22 ~~the United States.~~
- 23 ~~(j) A person employed solely to obtain facts surrounding a claim~~
24 ~~or to furnish technical assistance to a licensed independent~~
25 ~~insurance adjuster.~~
- 26 ~~(k) Any building contractor, engineer, technical expert, or other~~
27 ~~person who is engaged by an insurer or licensed independent~~
28 ~~insurance adjuster to provide an expert or professional evaluation~~
29 ~~of the extent, cause, or origin of damage to the insured property,~~
30 ~~but who does not otherwise participate in the process of adjusting~~
31 ~~claims.~~
- 32 ~~(l) An individual who is employed to investigate suspected~~
33 ~~fraudulent insurance claims but who does not adjust losses or~~
34 ~~determine claims payments.~~
- 35 ~~(m) A person who solely performs executive, administrative,~~
36 ~~managerial, or clerical duties or any combination thereof and who~~
37 ~~does not investigate, negotiate, or settle claims with policyholders,~~
38 ~~claimants, or their legal representative.~~

1 ~~(n) A licensed health care provider or its employee who provides~~
2 ~~managed care if the services do not include the determination of~~
3 ~~compensability.~~

4 ~~(o) A managed care organization or any of its employees who~~
5 ~~provide managed care services if the services do not include the~~
6 ~~determination of compensability.~~

7 ~~(p) A person who settles only reinsurance or subrogation claims.~~

8 ~~(q) A United States manager of the United States branch of an~~
9 ~~alien insurer.~~

10 ~~(r) A person who investigates, negotiates, or settles life, accident~~
11 ~~and health, annuity, or disability insurance claims.~~

12 ~~(s) An individual employee, under a self-insured arrangement,~~
13 ~~who adjusts claims on behalf of his or her employer.~~

14 ~~SEC. 11. Section 14022.5 of the Insurance Code is amended~~
15 ~~to read:~~

16 ~~14022.5. (a) In the event of an emergency situation as declared~~
17 ~~by the commissioner, claims arising out of the emergency,~~
18 ~~catastrophe, disaster, or other similar occurrence may be adjusted~~
19 ~~by a nonlicensed independent insurance adjuster upon registration~~
20 ~~with the commissioner if all of the following requirements are met:~~

21 ~~(1) The work performed by the nonlicensed independent~~
22 ~~insurance adjuster is under the active direction, control, charge,~~
23 ~~or management of a licensed independent insurance adjuster or an~~
24 ~~insurer authorized to do business in this state.~~

25 ~~(2) Registration with the commissioner is accomplished within~~
26 ~~five working days from the date on which the nonlicensed~~
27 ~~independent insurance adjuster commences the claims adjusting~~
28 ~~activity in connection with the emergency situation.~~

29 ~~(b) "Registration," within the meaning of this section, means a~~
30 ~~written letter to the commissioner, submitted by the supervising~~
31 ~~licensed independent insurance adjuster or admitted insurer, naming~~
32 ~~the nonlicensed independent insurance adjusters, identifying their~~
33 ~~independent insurance adjuster licenses held in other jurisdictions,~~
34 ~~and stating when their claims adjusting activity commenced.~~

35 ~~(c) Registration under this section is valid for a period of 90~~
36 ~~days from the date of the registration letter. Before the lapse of~~
37 ~~that period, the commissioner may grant further 90-day extensions~~
38 ~~as he or she deems appropriate upon written request from the~~
39 ~~supervising licensed independent insurance adjuster or the admitted~~
40 ~~insurer.~~

1 ~~SEC. 12.~~ Section 14024 of the Insurance Code is amended to
2 read:

3 14024. (a) ~~An individual application shall be verified and shall~~
4 ~~include all of the following:~~

5 (1) ~~The full legal name and business, resident, and mailing~~
6 ~~addresses of the applicant.~~

7 (2) ~~The name under which the applicant intends to do business.~~

8 (3) ~~The applicant's birth date and social security number.~~

9 (4) ~~The application fees set forth in Section 14097.~~

10 (5) ~~A statement as to the general nature of the business in which~~
11 ~~the applicant intends to engage.~~

12 (6) ~~A statement as to the classifications under which the~~
13 ~~applicant desires to be qualified.~~

14 (7) ~~Two recent photographs of the applicant, of a type prescribed~~
15 ~~by the commissioner, and one classifiable set of his or her~~
16 ~~fingerprints, to be sent to a live scan fingerprint provider as directed~~
17 ~~by the department, if fingerprints are not submitted in person with~~
18 ~~a live scan fingerprinting service provider certified by the~~
19 ~~Department of Justice.~~

20 (8) ~~A verified statement of his or her experience qualifications;~~
21 ~~unless applying for an apprentice independent insurance adjuster~~
22 ~~license.~~

23 (9) ~~Other information, evidence, statements, or documents as~~
24 ~~may be required by the commissioner.~~

25 (b) ~~A business entity application shall be verified and shall~~
26 ~~include all of the following:~~

27 (1) ~~The full legal name and residence address of each of its~~
28 ~~partners, officers, and directors, and its manager.~~

29 (2) ~~The name under which the applicant intends to do business.~~

30 (3) ~~The name of a licensed independent insurance adjuster who~~
31 ~~is responsible for the business entities compliance with this chapter.~~

32 (4) ~~That the applicant paid the fees set forth in Section 14097.~~

33 (5) ~~A statement as to the general nature of the business in which~~
34 ~~the applicant intends to engage.~~

35 (6) ~~A statement as to the classifications under which the~~
36 ~~applicant desires to be qualified.~~

37 (7) ~~Other information, evidence, statements, or documents as~~
38 ~~may be required by the commissioner.~~

39 ~~SEC. 13.~~ Section 14025 of the Insurance Code is amended to
40 read:

- 1 14025. Before a license is granted, the applicant shall meet all
2 of the following requirements:
- 3 (a) Be at least 18 years of age.
- 4 (b) Not have committed acts or crimes constituting grounds for
5 denial of licensure under Sections 1668 and 1669.
- 6 (c) Shall have had at least two years of experience in adjusting
7 insurance claims or the equivalent thereof as determined by the
8 commissioner, unless applying for an apprentice independent
9 insurance adjuster license.
- 10 (d) If the applicant resides in a state that does not license
11 independent insurance adjusters, he or she is required to be licensed
12 in good standing to designate California as his or her home state.
- 13 (e) (1) Completed a 20-hour preclicensing education course of
14 study.
- 15 (2) A nonresident applicant currently licensed as a home state
16 independent insurance adjuster in another state who has met that
17 state's preclicensing education requirements is exempt from
18 completing the preclicensing education requirement.
- 19 (f) Successfully passed the examination for the independent
20 insurance adjuster license, unless he or she qualifies for an
21 exemption in Section 14026.
- 22 (g) Comply with those other qualifications that the commissioner
23 may require by regulation.
- 24 SEC. 14. Section 14025.1 is added to the Insurance Code, to
25 read:
- 26 14025.1. (a) The apprentice independent insurance adjuster
27 license is a license to facilitate the experience, education, and
28 training necessary to ensure reasonable competency in the
29 responsibilities and duties of an independent insurance adjuster.
- 30 (b) An individual applying for an apprentice independent
31 insurance adjuster license shall submit an application in a format
32 prescribed by the commissioner and shall declare under penalty
33 of suspension, revocation, or refusal of the license that the
34 statements made in the application are true, correct, and complete
35 to the best of the individual's knowledge and belief. Before
36 approving the application, the commissioner shall determine that
37 the individual meets all of the following:
- 38 (1) Is at least 18 years of age.
- 39 (2) Is a resident of California and has designated California as
40 his or her home state.

- 1 ~~(3) Has a business or mailing address in California for the~~
2 ~~acceptance of service of process.~~
- 3 ~~(4) Has not committed any act that is a ground for suspension,~~
4 ~~revocation, or denial of licensure as set forth in Sections 1668,~~
5 ~~1668.1, and 1669.~~
- 6 ~~(5) Is trustworthy, reliable, and of good reputation, evidence of~~
7 ~~which may be determined by the commissioner.~~
- 8 ~~(6) Has paid the fees set forth in subdivision (h) of Section~~
9 ~~14097.~~
- 10 ~~(e) The apprentice independent insurance adjuster license shall~~
11 ~~be subject to the following terms and conditions:~~
- 12 ~~(1) The applicant shall submit, with the apprentice independent~~
13 ~~insurance adjuster application, an attestation from a licensed~~
14 ~~independent insurance adjuster certifying that the apprentice will~~
15 ~~be subject to training, direction, and control by the licensed~~
16 ~~independent insurance adjuster and further certifying that the~~
17 ~~licensed independent insurance adjuster assumes responsibility~~
18 ~~for the actions of the apprentice in the apprentice's capacity as an~~
19 ~~independent insurance adjuster.~~
- 20 ~~(2) The apprentice independent insurance adjuster is only~~
21 ~~authorized to adjust claims in California.~~
- 22 ~~(3) The apprentice independent insurance adjuster is restricted~~
23 ~~to participation in the investigation, settlement, and negotiation of~~
24 ~~claims subject to the review and final determination of the claim~~
25 ~~by a supervising licensed independent insurance adjuster.~~
- 26 ~~(4) Compensation of an apprentice independent insurance~~
27 ~~adjuster shall only be on a salaried or hourly basis.~~
- 28 ~~(5) The apprentice independent insurance adjuster shall not be~~
29 ~~required to take and successfully complete the independent~~
30 ~~insurance adjuster examination to adjust claims as an apprentice~~
31 ~~independent insurance adjuster. At any time during the~~
32 ~~apprenticeship, the apprentice independent insurance adjuster may~~
33 ~~choose to take the examination. If the individual takes and~~
34 ~~successfully completes the independent insurance adjuster exam,~~
35 ~~the apprentice independent insurance adjuster license shall~~
36 ~~automatically terminate and an independent insurance adjuster~~
37 ~~license shall be issued to that individual in its place.~~
- 38 ~~(6) The apprentice independent insurance adjuster license is~~
39 ~~valid for a period not to exceed 12 months and is nonrenewable.~~

1 ~~(7) The licensee shall be subject to suspension, revocation, or~~
2 ~~denial pursuant to Sections 1668, 1668.1, and 1669.~~

3 ~~(8) The applicant shall submit two recent photographs of the~~
4 ~~applicant, of a type prescribed by the commissioner, and one~~
5 ~~classifiable set of his or her fingerprints, to be sent to a live scan~~
6 ~~fingerprint provider as directed by the department, if fingerprints~~
7 ~~are not submitted in person with a live scan fingerprinting service~~
8 ~~provider certified by the Department of Justice.~~

9 ~~SEC. 15. Section 14026 of the Insurance Code is repealed.~~

10 ~~SEC. 16. Section 14026 is added to the Insurance Code, to~~
11 ~~read:~~

12 ~~14026. (a) An applicant for an independent insurance adjuster~~
13 ~~license, unless applying for an apprentice independent insurance~~
14 ~~adjuster license or crop insurance adjuster license, shall pass a~~
15 ~~written examination.~~

16 ~~(1) The examination shall test the knowledge of the applicant~~
17 ~~concerning the duties and responsibilities of an independent~~
18 ~~insurance adjuster and this code.~~

19 ~~(2) An applicant applying for an examination shall remit a~~
20 ~~nonrefundable fee as prescribed by the commissioner in Section~~
21 ~~14097.~~

22 ~~(b) An individual who applies for an independent insurance~~
23 ~~adjuster license in California who holds a home state license in~~
24 ~~another state as an independent insurance adjuster shall not be~~
25 ~~required to complete the examination if he or she successfully~~
26 ~~passed an examination as a condition of receiving an independent~~
27 ~~insurance adjuster license in his or her home state. This exemption~~
28 ~~applies to individuals who are currently licensed in their home~~
29 ~~state or if the home state license expired and the application is~~
30 ~~received by the commissioner within 90 days of expiration.~~

31 ~~(c) An individual who applies for an apprentice independent~~
32 ~~insurance adjuster license pursuant to Section 14025.1, and who~~
33 ~~adjusts claims in that capacity, shall not be required to take and~~
34 ~~successfully complete the independent insurance adjuster~~
35 ~~examination.~~

36 ~~SEC. 17. Section 14027 of the Insurance Code is repealed.~~

37 ~~SEC. 18. Section 14028 of the Insurance Code is amended to~~
38 ~~read:~~

39 ~~14028. After a hearing, the commissioner may deny a license~~
40 ~~unless the application makes a showing satisfactory to the~~

1 commissioner that the applicant, if an individual, has not, or if the
2 applicant is a person other than an individual, that its manager and
3 each of its officers and partners have not done any of the following:

4 ~~(a) Been refused a license under this chapter or had a license
5 revoked.~~

6 ~~(b) Been an officer, partner, or manager of any person who has
7 been refused a license under this chapter or whose license has been
8 revoked.~~

9 ~~(c) While unlicensed committed, or aided and abetted the
10 commission of, any act for which a license is required by this
11 chapter.~~

12 ~~(d) Committed any act or crime constituting grounds for denial
13 of licensure under Section 1668.~~

14 ~~SEC. 19. Section 14029 of the Insurance Code is repealed.~~

15 ~~SEC. 20. Section 14029 is added to the Insurance Code, to
16 read:~~

17 ~~14029. Each organization licensed under this chapter shall
18 designate an individual also licensed as an independent insurance
19 adjuster to be responsible for the organization's compliance with
20 state law.~~

21 ~~SEC. 21. Section 14030 of the Insurance Code is repealed.~~

22 ~~SEC. 22. Section 14031 of the Insurance Code is amended to
23 read:~~

24 ~~14031. A hearing held under this chapter to determine whether
25 an application for a license should be granted shall be conducted
26 in accordance with Chapter 5 (commencing with Section 11501)
27 of Part 1 of Division 3 of Title 2 of the Government Code, and the
28 commissioner shall have all of the powers granted therein.~~

29 ~~SEC. 23. Section 14032 of the Insurance Code is amended to
30 read:~~

31 ~~14032. The form and content of the license shall be determined
32 by the commissioner.~~

33 ~~SEC. 24. Section 14037 of the Insurance Code is repealed.~~

34 ~~SEC. 25. Section 14038 of the Insurance Code is amended to
35 read:~~

36 ~~14038. (a) Any licensee or officer, director, or partner of a
37 licensee may divulge to any law enforcement officer or district
38 attorney, or to his or her representative, any information he or she
39 may acquire as to any criminal offense, but he or she shall not
40 divulge to any other person, except as he or she may be required~~

1 by law to do so, any information acquired by him or her except at
2 the direction of the employer or client for whom the information
3 was obtained.

4 (b) A licensee or officer, director, or partner of a licensee shall
5 not knowingly make any false report to his or her employer or
6 client for whom information was being obtained.

7 (c) A written report shall not be submitted to a client except by
8 the licensee who shall exercise diligence in ascertaining whether
9 or not the facts and information in that report are true and correct.

10 (d) A licensee or officer, director, or partner of a licensee shall
11 not use a badge in connection with the official activities of the
12 licensee's business.

13 (e) A licensee or officer, director, or partner of a licensee shall
14 not use a title, wear a uniform, use an insignia, use an identification
15 card, or make any statement with the intent to give an impression
16 that he or she is connected in any way with the federal government,
17 a state government, or any political subdivision of a state
18 government.

19 (f) A licensee or officer, director, or partner of a licensee, shall
20 not enter any private building or portion thereof without the consent
21 of the owner or of the person in legal possession thereof.

22 (g) A licensee shall not appear as an assignee party in any
23 proceeding involving claim and delivery, replevin, or other
24 possessory action, action to foreclose a chattel mortgage,
25 mechanic's lien, materialman's lien, or any other lien.

26 (h) A licensee shall not permit an agent in his or her own name
27 to advertise, engage clients, furnish reports, or present bills to
28 clients, or in any manner whatever to conduct business for which
29 a license is required under this chapter. All business of the licensee
30 shall be conducted in the name of and under the control of the
31 licensee.

32 (i) A licensee acting as an independent automobile damage
33 appraiser or adjuster or as an automobile insurance claims adjuster,
34 appraiser, or representative shall not receive any financial benefit
35 from an automobile repair facility. "Financial benefit" means the
36 receiving of any commission or gratuity, discount on repair costs,
37 free repairs, employment by a repair facility, or possession of more
38 than 3 percent direct ownership in an automobile repair facility
39 located in this state.

1 ~~SEC. 26.— Section 14039 of the Insurance Code is amended to~~
2 ~~read:~~

3 ~~14039. A person licensed as an independent insurance adjuster~~
4 ~~shall not do any of the following:~~

5 ~~(a) Fail to disclose his or her full financial interest in a contract~~
6 ~~or agreement executed by him or her for the adjustment of a claim~~
7 ~~prior to the execution thereof.~~

8 ~~(b) Use any misrepresentation to solicit a contract or agreement~~
9 ~~to adjust a claim.~~

10 ~~(c) Solicit or accept remuneration from, or have a financial~~
11 ~~interest exceeding 3 percent in, any salvage, repair, or other firm~~
12 ~~that obtains business in connection with any claim that he or she~~
13 ~~has a contract or agreement to adjust.~~

14 ~~SEC. 27.— Section 14040 of the Insurance Code is amended to~~
15 ~~read:~~

16 ~~14040. Any badge or cap insignia worn by a person who is a~~
17 ~~licensee, officer, director, or partner of a licensee shall be of a~~
18 ~~design approved by the commissioner, and shall bear on its face~~
19 ~~a distinctive word indicating the name of the licensee.~~

20 ~~SEC. 28.— Section 14042 of the Insurance Code is amended to~~
21 ~~read:~~

22 ~~14042. (a) A licensee shall not conduct a business under a~~
23 ~~fictitious or other business name unless and until he or she has~~
24 ~~obtained the written authorization of the commissioner to do so.~~

25 ~~(b) The commissioner shall not authorize the use of a fictitious~~
26 ~~or other business name that is so similar to that of a public officer~~
27 ~~or agency or of that used by another licensee that the public may~~
28 ~~be confused or misled thereby.~~

29 ~~(c) The authorization shall require, as a condition precedent to~~
30 ~~the use of any fictitious name, that the licensee comply with Section~~
31 ~~1724.5.~~

32 ~~(d) A licensee desiring to conduct his or her business under~~
33 ~~more than one fictitious business name shall obtain the~~
34 ~~authorization of the commissioner in the manner prescribed in this~~
35 ~~section for the use of that name.~~

36 ~~(e) The licensee shall pay a fee of ten dollars (\$10) for each~~
37 ~~authorization to use an additional fictitious business name and for~~
38 ~~each change in the use of a fictitious business name. If the original~~
39 ~~license is issued in a nonfictitious name and authorization is~~
40 ~~requested to have the license reissued in a fictitious business name,~~

1 the licensee shall pay a fee of twelve dollars (\$12) for that
2 authorization.

3 SEC. 29. Section 14061 of the Insurance Code is amended to
4 read:

5 14061. The commissioner may suspend or revoke a license
6 issued under this chapter or may issue a restricted license in
7 accordance with Section 14026.5 if he or she determines that the
8 licensee or if the licensee is a person other than an individual, that
9 any of its officers, directors, partners, or its designated responsible
10 person has done any of the following:

11 (a) Made any false statement or given any false information in
12 connection with an application for a license or a renewal or
13 reinstatement of a license.

14 (b) Violated any provisions of this chapter.

15 (c) Violated any rule of the commissioner adopted pursuant to
16 the authority contained in this chapter.

17 (d) Been convicted of any crime substantially related to the
18 qualifications, functions, and duties of the holder of the registration
19 or license in question.

20 (e) Impersonated, or permitted or aided and abetted an employee
21 to impersonate, a law enforcement officer or employee of the
22 United States of America, or of any state or political subdivision
23 thereof.

24 (f) Committed or permitted any employee to commit any act,
25 while the license was expired that would be cause for the
26 suspension or revocation of a license, or grounds for the denial of
27 an application for a license.

28 (g) Willfully failed or refused to render to a client services or
29 a report as agreed between the parties and for which compensation
30 has been paid or tendered in accordance with the agreement of the
31 parties.

32 (h) Committed assault, battery, or kidnapping, or used force or
33 violence on any person, without proper justification.

34 (i) Knowingly violated or advised, encouraged, or assisted the
35 violation of any court order or injunction in the course of business
36 as a licensee.

37 (j) Acted as a runner or capper for any attorney.

38 (k) Committed any act that is a ground for denial of an
39 application for license under this chapter.

1 ~~(f) Purchased, possessed, or transported any tear gas weapon~~
2 ~~except as authorized by law. A violation of this subdivision may~~
3 ~~be punished by the suspension of a license for a period to be~~
4 ~~determined by the commissioner.~~

5 SEC. 30. ~~Section 14063 of the Insurance Code is amended to~~
6 ~~read:~~

7 ~~14063. The commissioner may suspend or revoke a license~~
8 ~~issued under this chapter or may issue a restricted license in~~
9 ~~accordance with Section 14026.5 if the commissioner determines~~
10 ~~that the licensee, if an individual, or if the licensee is a person other~~
11 ~~than an individual, that any of its officers, directors, partners, or~~
12 ~~its designated responsible person has done any of the following:~~

13 ~~(a) Used any letterhead, advertisement, or other printed matter,~~
14 ~~or in any matter whatever represented that he or she is an~~
15 ~~instrumentality of the federal government, or of a state or any~~
16 ~~political subdivision thereof.~~

17 ~~(b) Used a name different from that under which he or she is~~
18 ~~currently licensed in any advertisement, solicitation, or contract~~
19 ~~for business.~~

20 SEC. 31. ~~Section 14064 of the Insurance Code is amended to~~
21 ~~read:~~

22 ~~14064. (a) The commissioner may suspend or revoke a license~~
23 ~~issued under this chapter or may issue a restricted license in~~
24 ~~accordance with Section 14026.5 if the commissioner determines~~
25 ~~that the licensee, if an individual, or if the licensee is a person other~~
26 ~~than an individual, that any of its officers, directors, partners, or~~
27 ~~its designated responsible person has committed any act in the~~
28 ~~course of the licensee's business constituting dishonesty or fraud.~~

29 ~~(b) "Dishonesty or fraud" as used in this section includes, in~~
30 ~~addition to other acts not specifically enumerated herein, all of the~~
31 ~~following:~~

32 ~~(1) Knowingly making a false statement relating to evidence or~~
33 ~~information obtained in the course of employment, or knowingly~~
34 ~~publishing a slander or a libel in the course of business.~~

35 ~~(2) Using illegal means in the collection or attempted collection~~
36 ~~of a debt or obligation.~~

37 ~~(3) Manufacture of evidence.~~

38 ~~(4) Acceptance of employment adverse to a client or former~~
39 ~~client relating to a matter with respect to which the licensee has~~

1 obtained confidential information by reason of or in the course of
2 his or her employment by that client or former client.

3 ~~(5) Impersonating, or permitting or aiding and abetting an~~
4 ~~employee to impersonate, a law enforcement officer or employee~~
5 ~~of the United States of America, or of any state or political~~
6 ~~subdivision thereof.~~

7 ~~SEC. 32.— Section 14078 of the Insurance Code is repealed.~~

8 ~~SEC. 33.— Section 14078 is added to the Insurance Code, to~~
9 ~~read:~~

10 ~~14078. (a) Unless refused licensure pursuant to Sections 14060~~
11 ~~to 14065, inclusive, a nonresident person shall receive a~~
12 ~~nonresident independent insurance adjuster license if all of the~~
13 ~~following apply:~~

14 ~~(1) The applicant is currently licensed in good standing as an~~
15 ~~independent insurance adjuster in his, her, or its resident or home~~
16 ~~state.~~

17 ~~(2) The applicant paid the fees required by Section 14097.~~

18 ~~(3) The applicant submitted to the commissioner the completed~~
19 ~~application for licensure.~~

20 ~~(4) The applicant's home state awards nonresident independent~~
21 ~~insurance adjuster licenses to residents of California on the same~~
22 ~~basis.~~

23 ~~(b) The commissioner may verify the independent insurance~~
24 ~~adjuster's licensing status through any appropriate database,~~
25 ~~including the Producer Database maintained by the National~~
26 ~~Association of Insurance Commissioners, its affiliates or~~
27 ~~subsidiaries, or may request certification of good standing.~~

28 ~~(c) As a condition to the continuation of a nonresident~~
29 ~~independent insurance adjuster license, the licensee shall maintain~~
30 ~~a resident independent insurance adjuster license in his, her, or its~~
31 ~~home state.~~

32 ~~(1) The nonresident independent insurance adjuster license~~
33 ~~issued under this chapter shall terminate and be surrendered~~
34 ~~immediately to the commissioner if the resident independent~~
35 ~~insurance adjuster license terminates for any reason, unless the~~
36 ~~termination is due to the independent insurance adjuster being~~
37 ~~issued a new resident independent insurance adjuster license in~~
38 ~~his, her, or its new home state.~~

39 ~~(2) The nonresident independent insurance adjuster license shall~~
40 ~~terminate if the person's home state does not award nonresident~~

1 independent insurance adjuster licenses to residents of California
2 on the same basis.

3 ~~(3) (A) The licensee is required to give notice of resident~~
4 ~~independent insurance adjuster license termination to any state~~
5 ~~that issued a nonresident independent insurance adjuster license.~~

6 ~~(B) The notice is required to be given within 30 days of the~~
7 ~~termination date. If the resident independent insurance adjuster~~
8 ~~license was terminated for change in resident home state, then the~~
9 ~~notice is required to include both the previous and current address.~~

10 ~~(4) Maintaining a resident independent insurance adjuster license~~
11 ~~is required for the nonresident independent insurance adjuster~~
12 ~~license to remain valid.~~

13 ~~SEC. 34. Section 14079 is added to the Insurance Code, to~~
14 ~~read:~~

15 ~~14079. (a) An independent insurance adjuster shall be honest~~
16 ~~and fair in all communications with the insured, the insurer, and~~
17 ~~the public.~~

18 ~~(b) An independent insurance adjuster shall provide~~
19 ~~policyholders and claimants with prompt and knowledgeable~~
20 ~~service and courteous, fair, and objective treatment at all times.~~

21 ~~(c) An independent insurance adjuster shall not give legal advice~~
22 ~~and shall not deal directly with any policyholder or claimant who~~
23 ~~is represented by legal counsel without the consent of the legal~~
24 ~~counsel involved.~~

25 ~~(d) An independent insurance adjuster shall comply with all~~
26 ~~local, state, and federal privacy and information security laws.~~

27 ~~(e) An independent insurance adjuster shall identify himself or~~
28 ~~herself as an independent insurance adjuster and, if applicable,~~
29 ~~shall identify his or her employer when dealing with any~~
30 ~~policyholder or claimant.~~

31 ~~(f) An independent insurance adjuster shall not have any~~
32 ~~financial interest in any adjustment or shall not acquire for himself,~~
33 ~~herself, or any person any interest or title in salvage, without first~~
34 ~~receiving written authority from the principal.~~

35 ~~SEC. 35. Section 14080 of the Insurance Code is amended to~~
36 ~~read:~~

37 ~~14080. Any person who knowingly falsifies the fingerprints~~
38 ~~or photographs submitted under paragraph (7) of subdivision (a)~~
39 ~~of Section 14024 or paragraph (8) of subdivision (c) of Section~~
40 ~~14025.1 is guilty of a felony. Any person who violates any of the~~

1 other provisions of this chapter is guilty of a misdemeanor
2 punishable by fine not to exceed five hundred dollars (\$500), or
3 by imprisonment in the county jail not to exceed one year, or by
4 both the fine and imprisonment.

5 SEC. 36. Section 14090.1 of the Insurance Code is amended
6 to read:

7 14090.1. (a) An individual who holds an independent insurance
8 adjuster license and who is not exempt under subdivision (b) shall
9 satisfactorily complete a minimum of 24 hours, of which three
10 hours are to be in ethics, of continuing education courses pertinent
11 to the duties and responsibilities of an independent insurance
12 adjuster license and shall report the completion of this coursework
13 to the insurance commissioner on a biennial basis in conjunction
14 with his or her license renewal cycle.

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

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

18 (2) A licensee holding a nonresident independent insurance
19 adjuster license who has met the continuing education requirements
20 of his or her designated home state.

21 (3) An individual licensed as an independent insurance adjuster
22 and as a property or casualty broker-agent, pursuant to Section
23 1625, who has met the continuing education requirements specified
24 in Section 1749.3.

25 (4) An individual licensed as an apprentice independent
26 insurance adjuster pursuant to Section 14025.1.

27 SEC. 37. Section 14097 of the Insurance Code is amended to
28 read:

29 14097. The amount of fees prescribed by this chapter, unless
30 otherwise fixed, is that fixed in the following schedule:

31 (a) The application fee for the qualifying examination for an
32 original license is twenty-nine dollars (\$29).

33 (b) The application fee for an original branch office certificate
34 is eighteen dollars (\$18).

35 (c) The fee for an original license application is an amount equal
36 to the renewal fee in effect on the last regular renewal date before
37 the date on which the license is issued, except that, if the license
38 will expire less than one year after its issuance, then the fee is an
39 amount equal to 50 percent of the renewal fee in effect on the last
40 regular renewal date before the date on which the license is issued.

1 The commissioner may, by appropriate regulation, provide for the
2 waiver or refund of the initial license fee where the license is issued
3 less than 45 days before the date on which it will expire.

4 (d) ~~The renewal fee shall be fixed by the commissioner as~~
5 ~~follows:~~

6 (1) ~~For a license as an independent insurance adjuster, not more~~
7 ~~than one hundred eighteen dollars (\$118).~~

8 (2) ~~For a branch office certificate, not more than twenty-four~~
9 ~~dollars (\$24).~~

10 (e) ~~The application and license fee for classifications prescribed~~
11 ~~by the commissioner, in addition to those provided for in this~~
12 ~~chapter, and the application and license fees for a change in the~~
13 ~~type of business organization of a licensee, shall be in the amount~~
14 ~~prescribed by rule and regulation of the commissioner.~~

15 (f) ~~The delinquency fee shall be 50 percent of the renewal fee~~
16 ~~in effect on the date of expiration.~~

17 (g) ~~The fee for reexamination of an applicant is twelve dollars~~
18 ~~(\$12).~~

19 (h) ~~The application fee for an apprentice independent insurance~~
20 ~~adjuster license shall be fixed by the commissioner by regulation~~
21 ~~and shall be reasonably related to the actual cost to the department~~
22 ~~in performing its duties under this chapter.~~

23 ~~SEC. 38. Section 14099 of the Insurance Code is amended to~~
24 ~~read:~~

25 ~~14099. Application or license fees shall not be refunded~~
26 ~~pursuant to Section 1751.5.~~

27 ~~SEC. 39. No reimbursement is required by this act pursuant to~~
28 ~~Section 6 of Article XIII B of the California Constitution because~~
29 ~~the only costs that may be incurred by a local agency or school~~
30 ~~district will be incurred because this act creates a new crime or~~
31 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
32 ~~for a crime or infraction, within the meaning of Section 17556 of~~
33 ~~the Government Code, or changes the definition of a crime within~~
34 ~~the meaning of Section 6 of Article XIII B of the California~~
35 ~~Constitution.~~

36 ~~SEC. 6. Section 14000 is added to the Insurance Code, to read:~~

37 ~~14000. (a) This chapter may be cited as the Independent~~
38 ~~Insurance Adjuster Act.~~

39 ~~(b) This section shall become operative on January 1, 2018.~~

1 SEC. 7. Section 14001 of the Insurance Code is amended to
 2 read:

3 14001. (a) As used in this ~~chapter~~: chapter, the following terms
 4 have the following meanings:

- 5 ~~(a)~~
- 6 (1) “Commissioner” means the Insurance Commissioner.
- 7 ~~(b)~~
- 8 (2) “Department” means the Department of Insurance.
- 9 ~~(c)~~
- 10 (3) “Licensee” means a person licensed under this chapter.
- 11 ~~(d)~~
- 12 (4) “Manager” means the individual under whose direction,
 13 control, charge, or management the business of a licensee is
 14 operated.
- 15 ~~(e)~~
- 16 (5) “Person” includes any individual, firm, company,
 17 association, organization, partnership, limited liability company,
 18 and corporation.

19 (b) This section shall remain in effect only until January 1, 2018,
 20 and as of that date is repealed, unless a later enacted statute, that
 21 is enacted before January 1, 2018, deletes or extends that date.

22 SEC. 8. Section 14001 is added to the Insurance Code, to read:

23 14001. (a) As used in this chapter, the following terms have
 24 the following meanings:

- 25 (1) “Catastrophe” means an event that results in a large number
 26 of deaths or injuries, causes extensive damage or destruction of
 27 facilities that provide and sustain human needs, produces an
 28 overwhelming demand on state and local response resources and
 29 mechanisms, causes a severe long-term effect on general economic
 30 activity, or severely affects state, local, and private sector
 31 capabilities to begin and sustain response activities.
- 32 (2) “Commissioner” means the Insurance Commissioner.
- 33 (3) “Department” means the Department of Insurance.
- 34 (4) “Fingerprints” means an impression of the lines on the
 35 finger taken for the purposes of identification.
- 36 (5) “Home state” means the District of Columbia and any state
 37 or territory of the United States in which an independent insurance
 38 adjuster maintains his, her, or its principal place of residence or
 39 business and is licensed to act as a resident independent insurance
 40 adjuster. If the resident state does not license independent

1 *insurance adjusters for the line of authority sought, the independent*
2 *insurance adjuster shall designate as his, her, or its home state*
3 *either California or any state in which the independent insurance*
4 *adjuster is licensed following an examination, provided that the*
5 *independent insurance adjuster is licensed and in good standing*
6 *in that state.*

7 (6) *“Individual” means a natural person.*

8 (7) *“Licensee” means a person licensed under this chapter.*

9 (8) *“Manager” means the individual under whose direction,*
10 *control, charge, or management the business of a licensee is*
11 *operated.*

12 (9) *“Nonresident” means a person who is not a resident of*
13 *California at the time of the performance of the act referred to in*
14 *Section 14071.*

15 (10) *“Person” includes any individual, firm, company,*
16 *association, organization, partnership, limited liability company,*
17 *and corporation.*

18 (b) *This section shall become operative on January 1, 2018.*

19 SEC. 9. *Section 14010 of the Insurance Code is amended to*
20 *read:*

21 14010. (a) *The department succeeds to and is vested with all*
22 *the duties, powers, purposes, responsibilities, and jurisdiction*
23 *previously vested in the Bureau of Collection and Investigative*
24 *Services with respect to the licensing of insurance adjusters.*

25 *Any reference to prior licensing shall be deemed to licensing*
26 *under the Private Investigator and Adjuster Act.*

27 *The commissioner shall administer and enforce the provisions*
28 *of this chapter.*

29 (b) *This section shall remain in effect only until January 1, 2018,*
30 *and as of that date is repealed, unless a later enacted statute, that*
31 *is enacted before January 1, 2018, deletes or extends that date.*

32 SEC. 10. *Section 14010 is added to the Insurance Code, to*
33 *read:*

34 14010. (a) *The commissioner shall administer and enforce*
35 *the provisions of this chapter.*

36 (b) *This section shall become operative on January 1, 2018.*

37 SEC. 11. *Section 14020 of the Insurance Code is amended to*
38 *read:*

39 14020. ~~No~~(a) *A person shall not engage in a business regulated*
40 *by this chapter, or act or assume to act as, or represent himself or*

1 herself to be, a licensee unless he or she is licensed under this
2 chapter.

3 ~~No~~

4 (b) A person shall *not* falsely represent that he or she is employed
5 by a licensee.

6 (c) *This section shall remain in effect only until January 1, 2018,*
7 *and as of that date is repealed, unless a later enacted statute, that*
8 *is enacted before January 1, 2018, deletes or extends that date.*

9 SEC. 12. *Section 14020 is added to the Insurance Code, to*
10 *read:*

11 14020. (a) *A person shall not engage in a business regulated*
12 *by this chapter, or act or assume to act as, or represent himself*
13 *or herself to be, a licensee unless he or she is licensed as an*
14 *independent insurance adjuster in accordance with this chapter.*

15 (b) *A person shall not falsely represent that he or she is*
16 *employed by a licensee.*

17 (c) *This section shall become operative on January 1, 2018.*

18 SEC. 13. *Section 14021 of the Insurance Code is amended to*
19 *read:*

20 14021. (a) An insurance adjuster within the meaning of this
21 chapter is a person other than a private investigator as defined in
22 Section 7521 of the Business and Professions Code who, for any
23 consideration whatsoever, engages in business or accepts
24 employment to furnish, or agrees to make, or makes, any
25 investigation for the purpose of obtaining, information in the course
26 of adjusting or otherwise participating in the disposal of, any claim
27 under or in connection with a policy of insurance on behalf of an
28 insurer or engages in soliciting insurance adjustment business or
29 aids an insurer in any manner with reference to:

30 Crime or wrongs done or threatened against the United States
31 of America or any state or territory of the United States of America;
32 the identity, habits, conduct, business, occupation, honesty,
33 integrity, credibility, knowledge, trustworthiness, efficiency,
34 loyalty, activity, movement, whereabouts, affiliations, associations,
35 transactions, acts, reputation, or character of any person; the
36 location, disposition, or recovery of lost or stolen property; the
37 cause or responsibility for fires, libels, losses, accidents, or damage
38 or injury to persons or to property; or securing evidence to be used
39 before any court, board, officer, or investigating committee.

40 ~~Notwithstanding~~

1 (b) Notwithstanding any other ~~provision~~ of law, this section is
2 in no way intended to limit the ability of a duly licensed
3 independent insurance adjuster to perform the duties of an
4 independent insurance adjuster for any other entity.

5 (c) This section shall remain in effect only until January 1, 2018,
6 and as of that date is repealed, unless a later enacted statute, that
7 is enacted before January 1, 2018, deletes or extends that date.

8 SEC. 14. Section 14021 is added to the Insurance Code, to
9 read:

10 14021. (a) An independent insurance adjuster, for purposes
11 of this chapter, is all of the following:

12 (1) An individual, a business entity, an independent contractor,
13 or an employee of a contractor, who contracts for compensation
14 with insurers.

15 (2) A person whose tax treatment by the insurers is consistent
16 with that of an independent contractor rather than an employee,
17 as defined in Section 3121 of Title 26 of the United States Code.

18 (3) A person who investigates, negotiates, or settles property
19 and casualty claims for insurers.

20 (b) This section shall become operative on January 1, 2018.

21 SEC. 15. Section 14022 of the Insurance Code is amended to
22 read:

23 14022. (a) This chapter does not apply ~~to~~ to any of the
24 following:

25 ~~(a)~~

26 (1) A person employed exclusively and regularly by one
27 employer in connection with the affairs of ~~such~~ that employer only
28 and where there exists an employer- employee relationship.

29 ~~(b)~~

30 (2) An officer or employee of the United States of America, or
31 of this state or a political subdivision thereof, while ~~such~~ that
32 officer or employee is engaged in the performance of his or her
33 official duties.

34 ~~(c)~~

35 (3) A person engaged exclusively in the business of obtaining
36 and furnishing information as to the financial rating of persons.

37 ~~(d)~~

38 (4) A charitable philanthropic society or association duly
39 incorporated under the laws of this state, which is organized and
40 maintained for the public good and not for private profit.

- 1 ~~(e)~~
- 2 (5) An attorney at law in performing his or her duties as ~~such~~
- 3 ~~attorney at law: an attorney.~~
- 4 ~~(f)~~
- 5 (6) A licensed collection agency or an employee thereof while
- 6 acting within the scope of his or her employment, while making
- 7 an investigation incidental to the business of the agency, including
- 8 an investigation of the location of a debtor or his or her property
- 9 where the contract with an assignor creditor is for the collection
- 10 of claims owed or due or asserted to be owed or due or the
- 11 equivalent thereof.
- 12 ~~(g)~~
- 13 (7) Admitted insurers and agents and insurance brokers licensed
- 14 by the state, performing duties in connection with insurance
- 15 transacted by them.
- 16 ~~(h)~~
- 17 (8) The legal owner of personal property ~~which~~ *that* has been
- 18 sold under a conditional sales agreement or a mortgagee under the
- 19 terms of a chattel mortgage.
- 20 ~~(i)~~
- 21 (9) Any bank subject to the jurisdiction of the Commissioner
- 22 of ~~Financial Institutions of the State of California Business~~
- 23 ~~Oversight~~ under Division 1 (commencing with Section 99) of the
- 24 Financial Code or the Comptroller of the Currency of the United
- 25 States.
- 26 ~~(j)~~
- 27 (10) A person engaged solely in the business of securing
- 28 information about persons or property from public records.
- 29 ~~(k)~~
- 30 (11) Any building contractor, engineer, technical expert, or
- 31 other person who is engaged by an insurer or licensed adjuster to
- 32 provide an expert or professional evaluation of the extent, cause,
- 33 or origin of damage to the insured property, but who does not
- 34 otherwise participate in the process of adjusting claims.
- 35 ***(b) This section shall remain in effect only until January 1, 2018,***
- 36 ***and as of that date is repealed, unless a later enacted statute, that***
- 37 ***is enacted before January 1, 2018, deletes or extends that date.***
- 38 ***SEC. 16. Section 14022 is added to the Insurance Code, to***
- 39 ***read:***
- 40 ***14022. (a) This chapter does not apply to any of the following:***

- 1 (1) *An officer or employee of the United States of America, or*
2 *of this state or a political subdivision thereof, while that officer*
3 *or employee is engaged in the performance of his or her official*
4 *duties.*
- 5 (2) *A person engaged exclusively in the business of obtaining*
6 *and furnishing information as to the financial rating of persons.*
- 7 (3) *A charitable philanthropic society or association duly*
8 *incorporated under the laws of this state, which is organized and*
9 *maintained for the public good and not for private profit.*
- 10 (4) *An attorney at law admitted to practice in California, when*
11 *acting in his or her professional capacity as an attorney.*
- 12 (5) *A licensed collection agency or an employee thereof while*
13 *acting within the scope of his or her employment, while making*
14 *an investigation incidental to the business of the agency, including*
15 *an investigation of the location of a debtor or his or her property*
16 *where the contract with an assignor creditor is for the collection*
17 *of claims owed or due or asserted to be owed or due or the*
18 *equivalent thereof.*
- 19 (6) *An officer, director, manager, or employee of an authorized*
20 *insurer, surplus line insurer, a risk retention group, or an*
21 *attorney-in-fact of a reciprocal insurer.*
- 22 (7) *A licensed insurance agent or broker or managing general*
23 *agent of the insurer to whom claim authority has been granted by*
24 *the insurer.*
- 25 (8) *The legal owner of personal property that has been sold*
26 *under a conditional sales agreement or a mortgagee under the*
27 *terms of a chattel mortgage.*
- 28 (9) *Any bank subject to the jurisdiction of the Commissioner of*
29 *Business Oversight under Division 1 (commencing with Section*
30 *99) of the Financial Code or the Comptroller of the Currency of*
31 *the United States.*
- 32 (10) *A person employed solely to obtain facts surrounding a*
33 *claim or to furnish technical assistance to a licensed independent*
34 *insurance adjuster.*
- 35 (11) *Any building contractor, engineer, technical expert, or*
36 *other person who is engaged by an insurer or licensed independent*
37 *insurance adjuster to provide an expert or professional evaluation*
38 *of the extent, cause, or origin of damage to the insured property,*
39 *but who does not otherwise participate in the process of adjusting*
40 *claims.*

1 (12) An individual who is employed to investigate suspected
2 fraudulent insurance claims but who does not adjust losses or
3 determine claims payments.

4 (13) A person who solely performs administrative or clerical
5 duties, or any combination thereof, and who does not investigate,
6 negotiate, or settle claims with policyholders, claimants, or their
7 legal representative.

8 (14) A licensed health care provider or its employees who
9 provides managed care if the services do not include the
10 determination of compensability.

11 (15) A managed care organization or any of its employees who
12 provide managed care services if the services do not include the
13 determination of compensability.

14 (16) A person who settles only reinsurance or subrogation
15 claims.

16 (17) A United States manager of the United States branch of an
17 alien insurer.

18 (18) An individual employee, under a self-insured arrangement,
19 who adjusts claims on behalf of his or her employer.

20 (19) An individual or business entity that investigates,
21 negotiates, or settles workers' compensation claims.

22 (b) This section shall become operative on January 1, 2018.

23 SEC. 17. Section 14022.5 of the Insurance Code is amended
24 to read:

25 14022.5. (a) In the event of an emergency situation as declared
26 by the commissioner, claims arising out of the emergency,
27 catastrophe, disaster, or other similar occurrence may be adjusted
28 by a nonlicensed adjuster upon registration with the commissioner
29 if all of the following requirements are met:

30 (1) The work performed by the nonlicensed adjuster is under
31 the active direction, control, charge, or management of a licensed
32 adjuster or an insurer authorized to do business in this state.

33 (2) Registration with the commissioner is accomplished within
34 15 working days from the date on which the nonlicensed adjuster
35 commences the claims adjusting activity in connection with the
36 emergency situation.

37 (b) "Registration," within the meaning of this section, ~~shall~~
38 ~~mean~~ means a written letter to the commissioner, submitted by the
39 supervising licensed adjuster or admitted insurer, naming the
40 nonlicensed adjusters, identifying their adjuster licenses held in

1 other jurisdictions, and stating when their claims adjusting activity
2 commenced.

3 (c) Registration under this section is valid for a period of 180
4 days from the date of the registration letter. Before the lapse of
5 that period, the commissioner may grant further 180-day extensions
6 as he or she deems appropriate upon written request from the
7 supervising licensed adjuster or the admitted insurer.

8 (d) *This section shall remain in effect only until January 1, 2018,*
9 *and as of that date is repealed, unless a later enacted statute, that*
10 *is enacted before January 1, 2018, deletes or extends that date.*

11 SEC. 18. *Section 14022.5 is added to the Insurance Code, to*
12 *read:*

13 14022.5. (a) *In the event of an emergency situation as declared*
14 *by the commissioner, claims arising out of the emergency,*
15 *catastrophe, disaster, or other similar occurrence may be adjusted*
16 *by a nonlicensed independent insurance adjuster upon registration*
17 *with the commissioner if all of the following requirements are met:*

18 (1) *The work performed by the nonlicensed independent*
19 *insurance adjuster is under the active direction, control, charge,*
20 *or management of a licensed independent insurance adjuster or*
21 *an insurer authorized to do business in this state.*

22 (2) *Registration with the commissioner is accomplished within*
23 *five working days from the date on which the nonlicensed*
24 *independent insurance adjuster commences the claims adjusting*
25 *activity in connection with the emergency situation.*

26 (b) *“Registration,” within the meaning of this section, means*
27 *a written letter to the commissioner, submitted by the supervising*
28 *licensed independent insurance adjuster or admitted insurer,*
29 *naming the nonlicensed independent insurance adjusters,*
30 *identifying their independent insurance adjuster licenses held in*
31 *other jurisdictions, and stating when their claims adjusting activity*
32 *commenced.*

33 (c) *Registration under this section is valid for a period of 180*
34 *days from the date of the registration letter. Before the lapse of*
35 *that period, the commissioner may grant further 180-day extensions*
36 *as he or she deems appropriate upon written request from the*
37 *supervising licensed independent insurance adjuster or the*
38 *admitted insurer.*

39 (d) *This section shall become operative on January 1, 2018.*

1 *SEC. 19. Section 14024 of the Insurance Code is amended to*
 2 *read:*

3 14024. (a) An application shall be verified and shall ~~include:~~
 4 *include all of the following:*

5 ~~(a)~~
 6 (1) The full name and business address of the applicant.

7 ~~(b)~~
 8 (2) The name under which *the* applicant intends to do business.

9 ~~(c)~~
 10 (3) A statement as to the general nature of the business in which
 11 the applicant intends to engage.

12 ~~(d)~~
 13 (4) A statement as to the ~~classification or~~ classifications under
 14 which the applicant desires to be qualified.

15 ~~(e)~~
 16 (5) If the applicant is a person other than an individual, the full
 17 name and residence address of each of its partners, officers, and
 18 directors, and its manager.

19 ~~(f)~~
 20 (6) Two recent photographs of the applicant, of a type prescribed
 21 by the commissioner, and two classifiable sets of his or her
 22 fingerprints.

23 ~~(g)~~
 24 (7) A verified statement of his or her experience qualifications.

25 ~~(h) Such other~~
 26 (8) *Other* information, evidence, statements, or documents as
 27 may be required by the commissioner.

28 (b) This section shall remain in effect only until January 1, 2018,
 29 and as of that date is repealed, unless a later enacted statute, that
 30 is enacted before January 1, 2018, deletes or extends that date.

31 *SEC. 20. Section 14024 is added to the Insurance Code, to*
 32 *read:*

33 14024. (a) *An individual application shall be verified and*
 34 *shall include all of the following:*

35 (1) *The full legal name and business, residence, and mailing*
 36 *addresses of the applicant.*

37 (2) *The name under which the applicant intends to do business.*

38 (3) *The applicant's birth date and social security number.*

39 (4) *The application fees set forth in Section 14097.*

1 (5) A statement as to the general nature of the business in which
2 the applicant intends to engage.

3 (6) A statement as to the classifications under which the
4 applicant desires to be qualified.

5 (7) Two photographs, no more than six months old, of the
6 applicant, of a type prescribed by the commissioner, and one
7 classifiable set of his or her fingerprints, to be sent to a live scan
8 fingerprint provider as directed by the department, if fingerprints
9 are not submitted in person with a live scan fingerprinting service
10 provider certified by the Department of Justice.

11 (8) A verified statement of his or her experience qualifications,
12 unless applying for an apprentice independent insurance adjuster
13 license.

14 (9) Other information, evidence, statements, or documents as
15 may be required by the commissioner.

16 (b) A business entity application shall be verified and shall
17 include all of the following:

18 (1) The full legal name and residence address of each of its
19 partners, officers, and directors, and its manager.

20 (2) The name under which the applicant intends to do business.

21 (3) That the applicant paid the fees set forth in Section 14097.

22 (4) A statement as to the general nature of the business in which
23 the applicant intends to engage.

24 (5) A statement as to the classifications under which the
25 applicant desires to be qualified.

26 (6) Other information, evidence, statements, or documents as
27 may be required by the commissioner.

28 (c) This section shall become operative on January 1, 2018.

29 SEC. 21. Section 14025 of the Insurance Code is amended to
30 read:

31 14025. (a) Before an application for a license is granted, the
32 applicant, or his or her manager, shall meet all of the following:

33 (a)

34 (1) Be at least 18 years of age.

35 (b)

36 (2) Not have committed acts or crimes constituting grounds for
37 denial of licensure under Section 480 of the Business and
38 Professions Code.

39 (e)

1 (3) Shall have had at least two years of experience in adjusting
2 insurance claims or the equivalent thereof as determined by the
3 commissioner.

4 ~~(d)~~

5 (4) Comply with ~~such~~ those other qualifications as the
6 commissioner may fix by ~~rule~~ regulation.

7 (b) *This section shall remain in effect only until January 1, 2018,*
8 *and as of that date is repealed, unless a later enacted statute, that*
9 *is enacted before January 1, 2018, deletes or extends that date.*

10 SEC. 22. *Section 14025 is added to the Insurance Code, to*
11 *read:*

12 *14025. (a) Before a license is granted, the applicant shall meet*
13 *all of the following requirements:*

14 *(1) Be at least 18 years of age.*

15 *(2) Not have committed acts or crimes constituting grounds for*
16 *denial of licensure under Sections 1668 and 1669.*

17 *(3) Have had either of the following:*

18 *(A) At least two years of experience in adjusting insurance*
19 *claims or the equivalent thereof as determined by the*
20 *commissioner, unless applying for an apprentice independent*
21 *insurance adjuster license.*

22 *(B) One year as a licensed apprentice independent insurance*
23 *adjuster, which is considered the equivalent of two years of*
24 *experience in adjusting claims.*

25 *(4) If the applicant resides in a state that does not license*
26 *independent insurance adjusters, he or she is required to be*
27 *licensed in good standing to designate California as his or her*
28 *home state.*

29 *(5) (A) Completed a 20-hour prelicensing education course of*
30 *study.*

31 *(B) A nonresident applicant currently licensed as a home state*
32 *independent insurance adjuster in another state who has met that*
33 *state's prelicensing education requirements is exempt from*
34 *completing the prelicensing education requirement.*

35 *(C) A resident applicant currently listed under a licensed*
36 *independent insurance adjuster's license as an unlicensed*
37 *employee is exempt from completing the prelicensing education*
38 *requirement. This exemption shall be in effect only until January*
39 *1, 2019.*

1 (6) Successfully passed the examination for the independent
2 insurance adjuster license, unless he or she qualifies for an
3 exemption in Section 14026.

4 (7) Comply with those other qualifications that the commissioner
5 may require by regulation.

6 (b) This section shall become operative on January 1, 2018.

7 SEC. 23. Section 14025.1 is added to the Insurance Code, to
8 read:

9 14025.1. (a) The apprentice independent insurance adjuster
10 license is a license to facilitate the experience, education, and
11 training necessary to ensure reasonable competency in the
12 responsibilities and duties of an independent insurance adjuster.

13 (b) An individual applying for an apprentice independent
14 insurance adjuster license shall submit an application in a format
15 prescribed by the commissioner and shall declare under penalty
16 of suspension, revocation, or refusal of the license that the
17 statements made in the application are true, correct, and complete
18 to the best of the individual's knowledge and belief. Before
19 approving the application, the commissioner shall determine that
20 the individual meets all of the following:

21 (1) Is at least 18 years of age.

22 (2) Is a resident of California or is a resident of another state
23 and has designated California as his or her home state.

24 (3) Has a business or mailing address in California for the
25 acceptance of service of process.

26 (4) Has not committed any act that is a ground for suspension,
27 revocation, or denial of licensure as set forth in Sections 1668,
28 1668.1, and 1669.

29 (5) Has paid the fees set forth in paragraph (8) of subdivision
30 (a) of Section 14097.

31 (c) The apprentice independent insurance adjuster license shall
32 be subject to the following terms and conditions:

33 (1) The applicant shall submit, with the apprentice independent
34 insurance adjuster application, an attestation from a licensed
35 independent insurance adjuster certifying that the apprentice will
36 be subject to training, direction, and control by the licensed
37 independent insurance adjuster and further certifying that the
38 licensed independent insurance adjuster assumes responsibility
39 for the actions of the apprentice in the apprentice's capacity as
40 an apprentice independent insurance adjuster.

1 (2) *The apprentice independent insurance adjuster is only*
2 *authorized to adjust claims in California.*

3 (3) *The apprentice independent insurance adjuster is restricted*
4 *to participation in the investigation, settlement, and negotiation*
5 *of claims subject to the review and final determination of the claim*
6 *by a supervising licensed independent insurance adjuster.*

7 (4) *The apprentice independent insurance adjuster shall not be*
8 *required to take and successfully complete the independent*
9 *insurance adjuster examination to adjust claims as an apprentice*
10 *independent insurance adjuster. At any time during the*
11 *apprenticeship, the apprentice independent insurance adjuster*
12 *may choose to take the examination. If the individual takes and*
13 *successfully completes the independent insurance adjuster exam,*
14 *the apprentice independent insurance adjuster license shall*
15 *automatically terminate and an independent insurance adjuster*
16 *license shall be issued to that individual in its place.*

17 (5) *The apprentice independent insurance adjuster license is*
18 *valid for a period not to exceed 12 months and is nonrenewable.*

19 (6) *The licensee shall be subject to suspension, revocation, or*
20 *denial pursuant to Sections 1668, 1668.1, and 1669.*

21 (7) *The applicant shall submit two photographs, no more than*
22 *six months old, of the applicant, of a type prescribed by the*
23 *commissioner, and one classifiable set of his or her fingerprints,*
24 *to be sent to a live scan fingerprint provider as directed by the*
25 *department, if fingerprints are not submitted in person with a live*
26 *scan fingerprinting service provider certified by the Department*
27 *of Justice.*

28 (d) *This section shall become operative on January 1, 2018.*

29 SEC. 24. *Section 14026 of the Insurance Code is amended to*
30 *read:*

31 14026. (a) *The commissioner may require an applicant, or his*
32 *or her manager, to demonstrate his or her qualifications by a written*
33 *or oral examination, or a combination of both.*

34 (b) *This section shall remain in effect only until January 1, 2018,*
35 *and as of that date is repealed, unless a later enacted statute, that*
36 *is enacted before January 1, 2018, deletes or extends that date.*

37 SEC. 25. *Section 14026 is added to the Insurance Code, to*
38 *read:*

39 14026. (a) *An applicant for an independent insurance adjuster*
40 *license, unless applying for an apprentice independent insurance*

1 *adjuster license or crop insurance adjuster license, shall pass a*
2 *written examination.*

3 *(1) The examination shall test the knowledge of the applicant*
4 *concerning the duties and responsibilities of an independent*
5 *insurance adjuster and this code.*

6 *(2) An applicant applying for an examination shall remit a*
7 *nonrefundable fee as prescribed by the commissioner in Section*
8 *14097.*

9 *(b) An individual who applies for an independent insurance*
10 *adjuster license in California who holds a home state license in*
11 *another state as an independent insurance adjuster shall not be*
12 *required to complete the examination if he or she successfully*
13 *passed an examination as a condition of receiving an independent*
14 *insurance adjuster license in his or her home state. This exemption*
15 *applies to individuals who are currently licensed in their home*
16 *state or if the home state license expired and the application is*
17 *received by the commissioner within 90 days of expiration.*

18 *(c) An individual who applies for an apprentice independent*
19 *insurance adjuster license pursuant to Section 14025.1, and who*
20 *adjusts claims in that capacity, shall not be required to take and*
21 *successfully complete the independent insurance adjuster*
22 *examination.*

23 *(d) This section shall become operative on January 1, 2018.*

24 *SEC. 26. Section 14027 of the Insurance Code is amended to*
25 *read:*

26 *14027. (a) Payment of the application fee prescribed by this*
27 *chapter entitles an applicant, or his or her manager, to one*
28 *examination without further charge. If the person fails to pass the*
29 *examination, he or she shall not be eligible for any subsequent*
30 *examination except upon payment of the reexamination fee*
31 *prescribed by this chapter for each ~~such~~ subsequent examination.*

32 *(b) This section shall remain in effect only until January 1, 2018,*
33 *and as of that date is repealed, unless a later enacted statute, that*
34 *is enacted before January 1, 2018, deletes or extends that date.*

35 *SEC. 27. Section 14028 of the Insurance Code is amended to*
36 *read:*

37 *14028. (a) After a ~~hearing~~ hearing, the commissioner may*
38 *deny a license unless the application makes a showing satisfactory*
39 *to the commissioner that the applicant, if an individual, has not,*
40 *or if the applicant is a person other than an individual, that its*

- 1 manager and each of its officers and partners have ~~not~~ *not done*
 2 *any of the following:*
- 3 ~~(a)~~
 - 4 (1) Committed any acts or crimes constituting grounds for denial
 5 of licensure under Section 480 of the Business and Professions
 6 Code.
 - 7 ~~(b)~~
 - 8 (2) Been refused a license under this chapter or had a license
 9 revoked.
 - 10 ~~(c)~~
 - 11 (3) Been an officer, partner, or manager of any person who has
 12 been refused a license under this chapter or whose license has been
 13 revoked.
 - 14 ~~(d)~~
 - 15 (4) While unlicensed committed, or aided and abetted the
 16 commission of, any act for which a license is required by this
 17 chapter.
 - 18 ~~(e)~~
 - 19 (5) Committed any act or crime constituting grounds for denial
 20 of ~~license~~ *licensure* under Section 1668.
- 21 *(b) This section shall remain in effect only until January 1, 2018,*
 22 *and as of that date is repealed, unless a later enacted statute, that*
 23 *is enacted before January 1, 2018, deletes or extends that date.*
- 24 *SEC. 28. Section 14028 is added to the Insurance Code, to*
 25 *read:*
- 26 *14028. (a) After a hearing, the commissioner may deny a*
 27 *license unless the application makes a showing satisfactory to the*
 28 *commissioner that the applicant, if an individual, has not, or if the*
 29 *applicant is a person other than an individual, that its manager*
 30 *and each of its officers and partners have not done any of the*
 31 *following:*
- 32 *(1) Been refused a license under this chapter or had a license*
 33 *revoked.*
 - 34 *(2) Been an officer, partner, or manager of any person who has*
 35 *been refused a license under this chapter or whose license has*
 36 *been revoked.*
 - 37 *(3) While unlicensed committed, or aided and abetted the*
 38 *commission of, any act for which a license is required by this*
 39 *chapter.*

1 (4) *Committed any act or crime constituting grounds for denial*
2 *of licensure under Section 1668.*

3 (b) *This section shall become operative on January 1, 2018.*

4 SEC. 29. *Section 14029 of the Insurance Code is amended to*
5 *read:*

6 14029. (a) The business of each licensee shall be operated
7 under the active direction, control, charge, or management of the
8 licensee, if the licensee is qualified, or the person who has qualified
9 to act as the licensee's manager, if the licensee is not qualified.

10 (b) No person shall act as a manager of a licensee until he or
11 she has complied with each of the following:

12 (1) Demonstrated his or her qualifications by a written or oral
13 examination, or a combination of both, if required by the
14 commissioner.

15 (2) Made a satisfactory showing to the commissioner that he or
16 she has the qualifications prescribed by Section 14025 and that
17 none of the facts stated in Section 14028 or 14028.5 exist as to
18 him or her.

19 (c) If the manager, who has qualified as provided in this section,
20 ceases for any reason whatsoever to be connected with the licensee
21 to whom the license is issued, the licensee shall notify the
22 commissioner in writing 30 days from the cessation. If notice is
23 given, the license shall remain in force for a reasonable length of
24 time to be determined by the rules of the commissioner pending
25 the qualifications, as provided in this chapter, of another manager.
26 If the licensee fails to notify the commissioner within the 30-day
27 period, his or her license shall be subject to suspension or
28 revocation and may be reinstated only upon the filing of an
29 application for reinstatement, payment of the reinstatement fee, if
30 any is due, and the qualification of a manager as provided herein.

31 (d) Every manager shall renew his or her authority by satisfying
32 the requirements of Article 8 (commencing with Section 14090).

33 (e) *This section shall remain in effect only until January 1, 2018,*
34 *and as of that date is repealed, unless a later enacted statute, that*
35 *is enacted before January 1, 2018, deletes or extends that date.*

36 SEC. 30. *Section 14029 is added to the Insurance Code, to*
37 *read:*

38 14029. (a) *Each organization licensed under this chapter shall*
39 *designate an individual also licensed as an independent insurance*

1 *adjuster to be responsible for the organization's compliance with*
2 *state law.*

3 *(b) This section shall become operative on January 1, 2018.*

4 *SEC. 31. Section 14030 of the Insurance Code is amended to*
5 *read:*

6 14030. *(a) Whenever the individual on the basis of whose*
7 *qualifications a license under this chapter has been obtained ceases*
8 *to be connected with the licensee for any reason whatever, the*
9 *business may be carried on for ~~such~~ a temporary period and under*
10 *~~such~~ the terms and conditions as the commissioner shall provide*
11 *by regulation.*

12 *(b) This section shall remain in effect only until January 1, 2018,*
13 *and as of that date is repealed, unless a later enacted statute, that*
14 *is enacted before January 1, 2018, deletes or extends that date.*

15 *SEC. 32. Section 14031 of the Insurance Code is amended to*
16 *read:*

17 14031. *(a) Whenever a hearing is held under this chapter to*
18 *determine whether an application for a license should be granted*
19 *or to determine the qualifications of a licensee's manager, the*
20 *proceedings shall be conducted in accordance with Chapter 5*
21 *(commencing with Section 11501) of Part 1 of Division 3 of Title*
22 *2 of the Government Code, and the commissioner shall have all*
23 *of the powers granted therein.*

24 *(b) This section shall remain in effect only until January 1, 2018,*
25 *and as of that date is repealed, unless a later enacted statute, that*
26 *is enacted before January 1, 2018, deletes or extends that date.*

27 *SEC. 33. Section 14031 is added to the Insurance Code, to*
28 *read:*

29 14031. *(a) A hearing held under this chapter to determine*
30 *whether an application for a license should be granted shall be*
31 *conducted in accordance with Chapter 5 (commencing with Section*
32 *11501) of Part 1 of Division 3 of Title 2 of the Government Code,*
33 *and the commissioner shall have all of the powers granted therein.*

34 *(b) This section shall be operative on January 1, 2018.*

35 *SEC. 34. Section 14032 of the Insurance Code is amended to*
36 *read:*

37 14032. *(a) The form and content of the license shall be*
38 *determined by the commissioner in accordance with Section 164*
39 *of the Business and Professions Code.*

1 (b) *This section shall remain in effect only until January 1, 2018,*
2 *and as of that date is repealed, unless a later enacted statute, that*
3 *is enacted before January 1, 2018, deletes or extends that date.*

4 SEC. 35. *Section 14032 is added to the Insurance Code, to*
5 *read:*

6 14032. (a) *The form and content of the license shall be*
7 *determined by the commissioner.*

8 (b) *This section shall become operative on January 1, 2018.*

9 SEC. 36. *Section 14037 of the Insurance Code is amended to*
10 *read:*

11 14037. (a) A licensee shall at all times be legally responsible
12 for the good conduct in the business of each of his or her employees
13 or agents, including his or her manager.

14 (b) *This section shall remain in effect only until January 1, 2018,*
15 *and as of that date is repealed, unless a later enacted statute, that*
16 *is enacted before January 1, 2018, deletes or extends that date.*

17 SEC. 37. *Section 14038 of the Insurance Code is amended to*
18 *read:*

19 14038. (a) Any licensee or officer, director, partner, or manager
20 of a licensee may divulge to any law enforcement officer or district
21 attorney, or to his or her representative, any information he or she
22 may acquire as to any criminal offense, but he or she shall not
23 divulge to any other person, except as he or she may be required
24 by law to do so, any information acquired by him or her except at
25 the direction of the employer or client for whom the information
26 was obtained.

27 (b) ~~No~~A licensee or officer, director, partner, manager, or
28 employee of a licensee shall *not* knowingly make any false report
29 to his or her employer or client for whom information was being
30 obtained.

31 (c) ~~No~~A written report shall *not* be submitted to a client except
32 by the licensee, qualifying manager, or a person authorized by one
33 or either of them, and ~~such~~ *the* person submitting the report shall
34 exercise diligence in ascertaining whether or not the facts and
35 information in ~~such~~ *a* ~~that~~ report are true and correct.

36 (d) ~~No licensee,~~A licensee or officer, director, partner, manager,
37 or employee of a licensee shall *not* use a badge in connection with
38 the official activities of the licensee's business.

39 (e) ~~No licensee,~~A licensee or officer, director, partner, manager,
40 or employee of a licensee, shall *not* use a title, ~~or~~ wear a uniform,

1 ~~or~~ use an insignia, or use an identification card, or make any
 2 statement with the intent to give an impression that he or she is
 3 connected in any way with the federal government, a state
 4 government, or any political subdivision of a state government.

5 (f) ~~No licensee,~~ *A licensee* or officer, director, partner, manager,
 6 or employee of a licensee, shall *not* enter any private building or
 7 portion thereof without the consent of the owner or of the person
 8 in legal possession thereof.

9 (g) ~~No~~ *A licensee* shall *not* appear as an assignee party in any
 10 proceeding involving claim and delivery, replevin, or other
 11 possessory action, action to foreclose a chattel mortgage,
 12 mechanic’s lien, materialman’s lien, or any other lien.

13 (h) ~~No~~ *A licensee* shall *not* permit an employee or agent in his
 14 or her own name to advertise, engage clients, furnish reports, or
 15 present bills to clients, or in any manner whatever to conduct
 16 business for which a license is required under this chapter. All
 17 business of the licensee shall be conducted in the name of and
 18 under the control of the licensee.

19 (i) ~~No~~ *A licensee* acting as an independent automobile damage
 20 appraiser or adjuster or as an automobile insurance claims adjuster,
 21 ~~appraiser~~ *appraiser*, or representative shall *not* receive any financial
 22 benefit from an automobile repair facility. “Financial benefit”
 23 means the receiving of any commission or gratuity, discount on
 24 repair costs, free repairs, employment by a repair facility, or
 25 possession of more than 3 percent direct ownership in an
 26 automobile repair facility located in this state.

27 (j) *This section shall remain in effect only until January 1, 2018,*
 28 *and as of that date is repealed, unless a later enacted statute, that*
 29 *is enacted before January 1, 2018, deletes or extends that date.*

30 *SEC. 38. Section 14038 is added to the Insurance Code, to*
 31 *read:*

32 *14038. (a) Any licensee or officer, director, or partner of a*
 33 *licensee may divulge to any law enforcement officer or district*
 34 *attorney, or to his or her representative, any information he or*
 35 *she may acquire as to any criminal offense, but he or she shall not*
 36 *divulge to any other person, except as he or she may be required*
 37 *by law to do so, any information acquired by him or her except at*
 38 *the direction of the employer or client for whom the information*
 39 *was obtained.*

1 (b) A licensee or officer, director, or partner of a licensee shall
2 not knowingly make any false report to his or her employer or
3 client for whom information was being obtained.

4 (c) A written report shall not be submitted to a client except by
5 the licensee who shall exercise diligence in ascertaining whether
6 or not the facts and information in that report are true and correct.

7 (d) A licensee or officer, director, or partner of a licensee shall
8 not use a badge in connection with the official activities of the
9 licensee's business.

10 (e) A licensee or officer, director, or partner of a licensee shall
11 not use a title, wear a uniform, use an insignia, use an
12 identification card, or make any statement with the intent to give
13 an impression that he or she is connected in any way with the
14 federal government, a state government, or any political
15 subdivision of a state government.

16 (f) A licensee or officer, director, or partner of a licensee, shall
17 not enter any private building or portion thereof without the
18 consent of the owner or of the person in legal possession thereof.

19 (g) A licensee shall not appear as an assignee party in any
20 proceeding involving claim and delivery, replevin, or other
21 possessory action, action to foreclose a chattel mortgage,
22 mechanic's lien, materialman's lien, or any other lien.

23 (h) A licensee shall not permit an agent in his or her own name
24 to advertise, engage clients, furnish reports, or present bills to
25 clients, or in any manner whatever to conduct business for which
26 a license is required under this chapter. All business of the licensee
27 shall be conducted in the name of and under the control of the
28 licensee.

29 (i) A licensee acting as an independent automobile damage
30 appraiser or adjuster or as an automobile insurance claims
31 adjuster, appraiser, or representative shall not receive any
32 financial benefit from an automobile repair facility. "Financial
33 benefit" means the receiving of any commission or gratuity,
34 discount on repair costs, free repairs, employment by a repair
35 facility, or possession of more than 3 percent direct ownership in
36 an automobile repair facility located in this state.

37 (j) This section shall become operative on January 1, 2018.

38 SEC. 39. Section 14039 of the Insurance Code is amended to
39 read:

1 14039. ~~No~~(a) A person licensed as an insurance adjuster shall
 2 *not* do any of the following:

3 ~~(a)~~
 4 (1) Fail to disclose his or her full financial interest in a contract
 5 or agreement executed by him or her for the adjustment of a claim
 6 prior to the execution thereof.

7 ~~(b)~~
 8 (2) Use any misrepresentation to solicit a contract or agreement
 9 to adjust a claim.

10 ~~(c)~~
 11 (3) Solicit or accept remuneration from, or have a financial
 12 interest exceeding 3 percent in, any salvage, repair, or other ~~firm,~~
 13 ~~which firm that~~ obtains business in connection with any claim
 14 ~~which that~~ he or she has a contract or agreement to adjust.

15 (b) *This section shall remain in effect only until January 1, 2018,*
 16 *and as of that date is repealed, unless a later enacted statute, that*
 17 *is enacted before January 1, 2018, deletes or extends that date.*

18 SEC. 40. *Section 14039 is added to the Insurance Code, to*
 19 *read:*

20 14039. (a) *A person licensed as an independent insurance*
 21 *adjuster shall not do any of the following:*

22 (1) *Fail to disclose his or her full financial interest in a contract*
 23 *or agreement executed by him or her for the adjustment of a claim*
 24 *prior to the execution thereof.*

25 (2) *Use any misrepresentation to solicit a contract or agreement*
 26 *to adjust a claim.*

27 (3) *Solicit or accept remuneration from, or have a financial*
 28 *interest exceeding 3 percent in, any salvage, repair, or other firm*
 29 *that obtains business in connection with any claim that he or she*
 30 *has a contract or agreement to adjust.*

31 (b) *This section shall become operative on January 1, 2018.*

32 SEC. 41. *Section 14040 of the Insurance Code is amended to*
 33 *read:*

34 14040. (a) *Any badge or cap insignia worn by a person who*
 35 *is a licensee, officer, director, partner, manager, or employee of a*
 36 *licensee shall be of a design approved by the commissioner, and*
 37 *shall bear on its face a distinctive word indicating the name of the*
 38 *licensee and an employee number by which ~~such~~ the person may*
 39 *be identified by the licensee.*

1 (b) *This section shall remain in effect only until January 1, 2018,*
2 *and as of that date is repealed, unless a later enacted statute, that*
3 *is enacted before January 1, 2018, deletes or extends that date.*

4 SEC. 42. *Section 14040 is added to the Insurance Code, to*
5 *read:*

6 14040. (a) *Any badge or cap insignia worn by a person who*
7 *is a licensee, officer, director, or partner of a licensee shall be of*
8 *a design approved by the commissioner, and shall bear on its face*
9 *a distinctive word indicating the name of the licensee.*

10 (b) *This section shall become operative on January 1, 2018.*

11 SEC. 43. *Section 14042 of the Insurance Code is amended to*
12 *read:*

13 14042. ~~No~~(a) *A licensee shall not conduct a business under*
14 *a fictitious or other business name unless and until he or she has*
15 *obtained the written authorization of the commissioner to do so.*

16 ~~The~~

17 (b) *The commissioner shall not authorize the use of a fictitious*
18 *or other business name ~~which~~ that is so similar to that of a public*
19 *officer or agency or of that used by another licensee that the public*
20 *may be confused or misled thereby.*

21 ~~The~~

22 (c) *The authorization shall require, as a condition precedent to*
23 *the use of any fictitious name, that the licensee comply with Section*
24 *1724.5 of this code and Chapter 5 (commencing with Section*
25 *17900) of Part 3 of Division 7 of the Business and Professions*
26 *Code.*

27 ~~A~~

28 (d) *A licensee desiring to conduct his or her business under more*
29 *than one fictitious business name shall obtain the authorization of*
30 *the commissioner in the manner prescribed in this section for the*
31 *use of ~~each such~~ that name.*

32 ~~The~~

33 (e) *The licensee shall pay a fee of ten dollars (\$10) for each*
34 *authorization to use an additional fictitious business name and for*
35 *each change in the use of a fictitious business name. If the original*
36 *license is issued in a nonfictitious name and authorization is*
37 *requested to have the license reissued in a fictitious business name,*
38 *the licensee shall pay a fee of twelve dollars (\$12) for ~~such that~~*
39 *authorization.*

1 (f) *This section shall remain in effect only until January 1, 2018,*
2 *and as of that date is repealed, unless a later enacted statute, that*
3 *is enacted before January 1, 2018, deletes or extends that date.*

4 SEC. 44. *Section 14042 is added to the Insurance Code, to*
5 *read:*

6 14042. (a) *A licensee shall not conduct a business under a*
7 *fictitious or other business name unless and until he or she has*
8 *obtained the written authorization of the commissioner to do so.*

9 (b) *The commissioner shall not authorize the use of a fictitious*
10 *or other business name that is so similar to that of a public officer*
11 *or agency or of that used by another licensee that the public may*
12 *be confused or misled thereby.*

13 (c) *The authorization shall require, as a condition precedent to*
14 *the use of any fictitious name, that the licensee comply with Section*
15 *1724.5.*

16 (d) *A licensee desiring to conduct his or her business under*
17 *more than one fictitious business name shall obtain the*
18 *authorization of the commissioner in the manner prescribed in*
19 *this section for the use of that name.*

20 (e) *The licensee shall pay a fee of ten dollars (\$10) for each*
21 *authorization to use an additional fictitious business name and*
22 *for each change in the use of a fictitious business name. If the*
23 *original license is issued in a nonfictitious name and authorization*
24 *is requested to have the license reissued in a fictitious business*
25 *name, the licensee shall pay a fee of twelve dollars (\$12) for that*
26 *authorization.*

27 (f) *This section shall become operative on January 1, 2018.*

28 SEC. 45. *Section 14061 of the Insurance Code is amended to*
29 *read:*

30 14061. (a) *The commissioner may suspend or revoke a license*
31 *issued under this chapter or may issue a restricted license in*
32 *accordance with Section 14026.5 if he or she determines that the*
33 *licensee, or his or her manager, if an individual, or if the licensee*
34 *is a person other than an individual, that any of its officers,*
35 *directors, partners, or its ~~manager, has:~~ manager has done any of*
36 *the following:*

37 (a)

38 (1) *Made any false statement or given any false information in*
39 *connection with an application for a license or a renewal or*
40 *reinstatement of a license.*

- 1 ~~(b)~~
- 2 (2) Violated any provisions of this chapter.
- 3 ~~(c)~~
- 4 (3) Violated any rule of the commissioner adopted pursuant to
- 5 the authority contained in this chapter.
- 6 ~~(d)~~
- 7 (4) Been convicted of any crime substantially related to the
- 8 qualifications, ~~functions~~ *functions*, and duties of the holder of the
- 9 registration or license in question.
- 10 ~~(e)~~
- 11 (5) Impersonated, or permitted or aided and abetted an employee
- 12 to ~~impersonate~~ *impersonate*, a law enforcement officer or employee
- 13 of the United States of America, or of any state or political
- 14 subdivision thereof.
- 15 ~~(f)~~
- 16 (6) Committed or permitted any employee to commit any act,
- 17 while the license was expired ~~which~~ *that* would be cause for the
- 18 suspension or revocation of a license, or grounds for the denial of
- 19 an application for a license.
- 20 ~~(g)~~
- 21 (7) Willfully failed or refused to render to a client services or
- 22 a report as agreed between the parties and for which compensation
- 23 has been paid or tendered in accordance with the agreement of the
- 24 parties.
- 25 ~~(h)~~
- 26 (8) Committed assault, battery, or kidnapping, or used force or
- 27 violence on any person, without proper justification.
- 28 ~~(i)~~
- 29 (9) Knowingly ~~violated~~, *violated* or advised, encouraged, or
- 30 assisted the violation of any court order or injunction in the course
- 31 of business as a licensee.
- 32 ~~(j)~~
- 33 (10) Acted as a runner or capper for any attorney.
- 34 ~~(k)~~
- 35 (11) Committed any act ~~which~~ *that* is a ground for denial of an
- 36 application for license under this chapter.
- 37 ~~(l) Purchased, possessed, or transported any tear gas weapon~~
- 38 ~~except as authorized by law. A violation of this subdivision may~~
- 39 ~~be punished by the suspension of a license for a period to be~~
- 40 ~~determined by the commissioner.~~

1 (12) *Purchased, possessed, or transported any tear gas weapon*
2 *except as authorized by law. A violation of this paragraph may be*
3 *punished by the suspension of a license for a period to be*
4 *determined by the commissioner.*

5 **(b)** *This section shall remain in effect only until January 1, 2018,*
6 *and as of that date is repealed, unless a later enacted statute, that*
7 *is enacted before January 1, 2018, deletes or extends that date.*

8 **SEC. 46.** *Section 14061 is added to the Insurance Code, to*
9 *read:*

10 **14061.** *(a) The commissioner may suspend or revoke a license*
11 *issued under this chapter or may issue a restricted license in*
12 *accordance with Section 14026.5 if he or she determines that the*
13 *licensee or if the licensee is a person other than an individual, that*
14 *any of its officers, directors, partners, or its designated responsible*
15 *person has done any of the following:*

16 **(1)** *Made any false statement or given any false information in*
17 *connection with an application for a license or a renewal or*
18 *reinstatement of a license.*

19 **(2)** *Violated any provisions of this chapter.*

20 **(3)** *Violated any rule of the commissioner adopted pursuant to*
21 *the authority contained in this chapter.*

22 **(4)** *Been convicted of any crime substantially related to the*
23 *qualifications, functions, and duties of the holder of the registration*
24 *or license in question.*

25 **(5)** *Impersonated, or permitted or aided and abetted an*
26 *employee to impersonate, a law enforcement officer or employee*
27 *of the United States of America, or of any state or political*
28 *subdivision thereof.*

29 **(6)** *Committed or permitted any employee to commit any act,*
30 *while the license was expired that would be cause for the*
31 *suspension or revocation of a license, or grounds for the denial*
32 *of an application for a license.*

33 **(7)** *Willfully failed or refused to render to a client services or*
34 *a report as agreed between the parties and for which compensation*
35 *has been paid or tendered in accordance with the agreement of*
36 *the parties.*

37 **(8)** *Committed assault, battery, or kidnapping, or used force or*
38 *violence on any person, without proper justification.*

1 (9) *Knowingly violated or advised, encouraged, or assisted the*
2 *violation of any court order or injunction in the course of business*
3 *as a licensee.*

4 (10) *Acted as a runner or capper for any attorney.*

5 (11) *Committed any act that is a ground for denial of an*
6 *application for license under this chapter.*

7 (12) *Purchased, possessed, or transported any tear gas weapon*
8 *except as authorized by law. A violation of this paragraph may be*
9 *punished by the suspension of a license for a period to be*
10 *determined by the commissioner.*

11 (b) *This section shall become operative on January 1, 2018.*

12 *SEC. 47. Section 14063 of the Insurance Code is amended to*
13 *read:*

14 14063. (a) *The commissioner may suspend or revoke a license*
15 *issued under this chapter or may issue a restricted license in*
16 *accordance with Section 14026.5 if the commissioner determines*
17 *that the licensee, or his or her manager, if an individual, or if the*
18 *licensee is a person other than an individual, that any of its officers,*
19 *directors, partners, or its ~~manager, has:~~ manager has done any of*
20 *the following:*

21 (a)

22 (1) *Used any letterhead, advertisement, or other printed matter,*
23 *or in any matter whatever represented that he or she is an*
24 *instrumentality of the federal government, or of a state or any*
25 *political subdivision thereof.*

26 (b)

27 (2) *Used a name different from that under which he or she is*
28 *currently licensed in any advertisement, solicitation, or contract*
29 *for business.*

30 (b) *This section shall remain in effect only until January 1, 2018,*
31 *and as of that date is repealed, unless a later enacted statute, that*
32 *is enacted before January 1, 2018, deletes or extends that date.*

33 *SEC. 48. Section 14063 is added to the Insurance Code, to*
34 *read:*

35 14063. (a) *The commissioner may suspend or revoke a license*
36 *issued under this chapter or may issue a restricted license in*
37 *accordance with Section 14026.5 if the commissioner determines*
38 *that the licensee, if an individual, or if the licensee is a person*
39 *other than an individual, that any of its officers, directors, or*
40 *partners has done any of the following:*

1 (1) Used any letterhead, advertisement, or other printed matter,
 2 or in any matter whatever represented that he or she is an
 3 instrumentality of the federal government, or of a state or any
 4 political subdivision thereof.

5 (2) Used a name different from that under which he or she is
 6 currently licensed in any advertisement, solicitation, or contract
 7 for business.

8 (b) The section shall become operative on January 1, 2018.

9 SEC. 49. Section 14064 of the Insurance Code is amended to
 10 read:

11 14064. (a) The commissioner may suspend or revoke a license
 12 issued under this chapter or may issue a restricted license in
 13 accordance with Section 14026.5 if the commissioner determines
 14 that the licensee, or his or her manager, if an individual, or if the
 15 licensee is a person other than an individual, that any of its officers,
 16 directors, partners, or its manager, has committed any act in the
 17 course of the licensee’s business constituting dishonesty or fraud.

18 ~~“Dishonesty~~

19 (b) “Dishonesty or fraud” as used in this section includes, in
 20 addition to other acts not specifically enumerated herein, all of the
 21 following:

22 ~~(a)~~

23 (1) Knowingly making a false statement relating to evidence or
 24 information obtained in the course of employment, or knowingly
 25 publishing a slander or a libel in the course of business.

26 ~~(b)~~

27 (2) Using illegal means in the collection or attempted collection
 28 of a debt or obligation.

29 ~~(c)~~

30 (3) Manufacture of evidence.

31 ~~(d)~~

32 (4) Acceptance of employment adverse to a client or former
 33 client relating to a matter with respect to which the licensee has
 34 obtained confidential information by reason of or in the course of
 35 his or her employment by ~~such~~ that client or former client.

36 ~~(e)~~

37 (5) Impersonating, or permitting or aiding and abetting an
 38 employee to ~~impersonate~~ impersonate, a law enforcement officer
 39 or employee of the United States of America, or of any state or
 40 political subdivision thereof.

1 (c) *This section shall remain in effect only until January 1, 2018,*
2 *and as of that date is repealed, unless a later enacted statute, that*
3 *is enacted before January 1, 2018, deletes or extends that date.*

4 SEC. 50. *Section 14064 is added to the Insurance Code, to*
5 *read:*

6 14064. (a) *The commissioner may suspend or revoke a license*
7 *issued under this chapter or may issue a restricted license in*
8 *accordance with Section 14026.5 if the commissioner determines*
9 *that the licensee, if an individual, or if the licensee is a person*
10 *other than an individual, that any of its officers, directors, partners,*
11 *or its designated responsible person has committed any act in the*
12 *course of the licensee's business constituting dishonesty or fraud.*

13 (b) *"Dishonesty or fraud" as used in this section includes, in*
14 *addition to other acts not specifically enumerated herein, all of*
15 *the following:*

16 (1) *Knowingly making a false statement relating to evidence or*
17 *information obtained in the course of employment, or knowingly*
18 *publishing a slander or a libel in the course of business.*

19 (2) *Using illegal means in the collection or attempted collection*
20 *of a debt or obligation.*

21 (3) *Manufacture of evidence.*

22 (4) *Acceptance of employment adverse to a client or former*
23 *client relating to a matter with respect to which the licensee has*
24 *obtained confidential information by reason of or in the course of*
25 *his or her employment by that client or former client.*

26 (5) *Impersonating, or permitting or aiding and abetting an*
27 *employee to impersonate, a law enforcement officer or employee*
28 *of the United States of America, or of any state or political*
29 *subdivision thereof.*

30 (c) *This section shall become operative on January 1, 2018.*

31 SEC. 51. *Section 14078 of the Insurance Code is amended to*
32 *read:*

33 14078. (a) *As used in this article, "nonresident" means a*
34 *person who is not a resident of this state at the time of the*
35 *performance of the act referred to in Section 14071.*

36 (b) *This section shall remain in effect only until January 1, 2018,*
37 *and as of that date is repealed, unless a later enacted statute, that*
38 *is enacted before January 1, 2018, deletes or extends that date.*

39 SEC. 52. *Section 14078 is added to the Insurance Code, to*
40 *read:*

1 14078. (a) Unless refused licensure pursuant to Sections 14060
2 to 14065, inclusive, a nonresident person shall receive a
3 nonresident independent insurance adjuster license if all of the
4 following apply:

5 (1) The applicant is currently licensed in good standing as an
6 independent insurance adjuster in his, her, or its resident or home
7 state.

8 (2) The applicant paid the fees required by Section 14097.

9 (3) The applicant submitted to the commissioner the completed
10 application for licensure.

11 (4) The applicant's home state issues nonresident independent
12 insurance adjuster licenses to residents of California on the same
13 basis.

14 (b) The commissioner may verify the independent insurance
15 adjuster's licensing status through any appropriate database,
16 including the Producer Database maintained by the National
17 Association of Insurance Commissioners, its affiliates or
18 subsidiaries, or may request certification of good standing.

19 (c) As a condition to the continuation of a nonresident
20 independent insurance adjuster license, the licensee shall maintain
21 a resident independent insurance adjuster license in his, her, or
22 its home state.

23 (1) The nonresident independent insurance adjuster license
24 issued under this chapter shall terminate and be surrendered
25 immediately to the commissioner if the resident independent
26 insurance adjuster license terminates for any reason, unless the
27 termination is due to the independent insurance adjuster being
28 issued a new resident independent insurance adjuster license in
29 his, her, or its new home state.

30 (2) The nonresident independent insurance adjuster license
31 shall terminate if the person's home state does not issue
32 nonresident independent insurance adjuster licenses to residents
33 of California on the same basis.

34 (3) (A) The licensee is required to give notice of resident
35 independent insurance adjuster license termination to any state
36 that issued a nonresident independent insurance adjuster license.

37 (B) The notice is required to be given within 30 days of the
38 termination date. If the resident independent insurance adjuster
39 license was terminated for change in resident home state, then the
40 notice is required to include both the previous and current address.

1 (4) Maintaining a resident independent insurance adjuster
2 license is required for the nonresident independent insurance
3 adjuster license to remain valid.

4 (d) This section shall become operative on January 1, 2018.

5 SEC. 53. Section 14079 is added to the Insurance Code, to
6 read:

7 14079. (a) An independent insurance adjuster shall be honest
8 and fair in all communications with the insured, the insurer, and
9 the public.

10 (b) An independent insurance adjuster shall provide
11 policyholders and claimants with prompt and knowledgeable
12 service and courteous, fair, and objective treatment at all times.

13 (c) An independent insurance adjuster shall not give legal advice
14 and shall not deal directly with any policyholder or claimant who
15 is represented by legal counsel without the consent of the legal
16 counsel involved.

17 (d) An independent insurance adjuster shall comply with all
18 local, state, and federal privacy and information security laws.

19 (e) An independent insurance adjuster shall identify himself or
20 herself as an independent insurance adjuster and, if applicable,
21 shall identify his or her employer when dealing with any
22 policyholder or claimant.

23 (f) An independent insurance adjuster shall not have any
24 financial interest in any adjustment or shall not acquire for himself,
25 herself, or any person any interest or title in salvage, without first
26 receiving written authority from the principal.

27 (g) This section shall become operative on January 1, 2018.

28 SEC. 54. Section 14080 of the Insurance Code is amended to
29 read:

30 14080. (a) Any person who knowingly falsifies the fingerprints
31 or photographs submitted under *paragraph (6) of subdivision-(f)*
32 (a) of Section 14024 is guilty of a felony. Any person who violates
33 any of the other provisions of this chapter is guilty of a
34 misdemeanor punishable by fine not to exceed five hundred dollars
35 (\$500), or by imprisonment in the county jail not to exceed one
36 year, or by both ~~such~~ the fine and imprisonment.

37 (b) This section shall remain in effect only until January 1, 2018,
38 and as of that date is repealed, unless a later enacted statute, that
39 is enacted before January 1, 2018, deletes or extends that date.

1 *SEC. 55. Section 14080 is added to the Insurance Code, to*
2 *read:*

3 *14080. (a) Any person who knowingly falsifies the fingerprints*
4 *or photographs submitted under paragraph (7) of subdivision (a)*
5 *of Section 14024 or paragraph (7) of subdivision (c) of Section*
6 *14025.1 is guilty of a felony. Any person who violates any of the*
7 *other provisions of this chapter is guilty of a misdemeanor*
8 *punishable by fine not to exceed five hundred dollars (\$500), or*
9 *by imprisonment in the county jail not to exceed one year, or by*
10 *both the fine and imprisonment.*

11 *(b) This section shall become operative on January 1, 2018.*

12 *SEC. 56. Section 14090.1 of the Insurance Code is amended*
13 *to read:*

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

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

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

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

27 *(3) An individual licensed as an insurance adjuster and as a*
28 *property or casualty broker-agent, pursuant to Section 1625, who*
29 *has met the continuing education requirements specified in Section*
30 *1749.3.*

31 *(c) This section shall remain in effect only until January 1, 2018,*
32 *and as of that date is repealed, unless a later enacted statute, that*
33 *is enacted before January 1, 2018, deletes or extends that date.*

34 *SEC. 57. Section 14090.1 is added to the Insurance Code, to*
35 *read:*

36 *14090.1. (a) An individual who holds an independent insurance*
37 *adjuster license and who is not exempt under subdivision (b) shall*
38 *satisfactorily complete a minimum of 24 hours, of which three*
39 *hours are to be in ethics, of continuing education courses pertinent*
40 *to the duties and responsibilities of an independent insurance*

1 *adjuster license and shall report the completion of this coursework*
2 *to the insurance commissioner on a biennial basis in conjunction*
3 *with his or her license renewal cycle.*

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

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

7 *(2) A licensee holding a nonresident independent insurance*
8 *adjuster license who has met the continuing education requirements*
9 *of his or her designated home state.*

10 *(3) An individual licensed as an independent insurance adjuster*
11 *and as a property or casualty broker-agent, pursuant to Section*
12 *1625, who has met the continuing education requirements specified*
13 *in Section 1749.3.*

14 *(4) An individual licensed as an apprentice independent*
15 *insurance adjuster pursuant to Section 14025.1.*

16 *(c) This section shall become operative on January 1, 2018.*

17 *SEC. 58. Section 14097 of the Insurance Code is amended to*
18 *read:*

19 *14097. (a) The amount of fees prescribed by this chapter,*
20 *unless otherwise fixed, is that fixed in the following schedule:*

21 ~~(a)~~

22 *(1) The application fee for an original license is twenty-nine*
23 *dollars (\$29).*

24 ~~(b)~~

25 *(2) The application fee for an original branch office certificate*
26 *is eighteen dollars (\$18).*

27 ~~(c)~~

28 *(3) The fee for an original license is an amount equal to the*
29 *renewal fee in effect on the last regular renewal date before the*
30 *date on which the license is issued, except that, if the license will*
31 *expire less than one year after its issuance, then the fee is an*
32 *amount equal to 50 percent of the renewal fee in effect on the last*
33 *regular renewal date before the date on which the license is issued.*
34 *The commissioner may, by appropriate regulation, provide for the*
35 *waiver or refund of the initial license fee where the license is issued*
36 *less than 45 days before the date on which it will expire.*

37 ~~(d)~~

38 *(4) The renewal fee shall be fixed by the commissioner as*
39 *follows:*

40 ~~(1)~~

1 (A) For a license as an insurance adjuster, not more than one
2 hundred eighteen dollars (\$118).

3 ~~(2)~~

4 (B) For a branch office certificate, not more than twenty-four
5 dollars (\$24).

6 ~~(e)~~

7 (5) The application and license fee for classifications prescribed
8 by the commissioner, in addition to those provided for in this
9 chapter, and the application and license fees for a change in the
10 type of business organization of a licensee, shall be in the amount
11 prescribed by rule and regulation of the commissioner.

12 ~~(f)~~

13 (6) The delinquency fee shall be 50 percent of the renewal fee
14 in effect on the date of expiration, but not more than twenty-nine
15 dollars (\$29).

16 ~~(g)~~

17 (7) The fee for reexamination of an applicant or his manager is
18 twelve dollars (\$12).

19 (b) *This section shall remain in effect only until January 1, 2018,*
20 *and as of that date is repealed, unless a later enacted statute, that*
21 *is enacted before January 1, 2018, deletes or extends that date.*

22 *SEC. 59. Section 14097 is added to the Insurance Code, to*
23 *read:*

24 *14097. (a) The amount of fees prescribed by this chapter,*
25 *unless otherwise fixed, is that fixed in the following schedule:*

26 *(1) The application fee for the qualifying examination for an*
27 *original license is seventy-two dollars (\$72).*

28 *(2) The application fee for an original branch office certificate*
29 *is forty-seven dollars (\$47).*

30 *(3) The fee for an original license application is up to one*
31 *hundred seventy dollars (\$170). If the license will expire less than*
32 *one year after its issuance, then the fee is an amount equal to 50*
33 *percent of the renewal fee in effect on the last regular renewal*
34 *date before the date on which the license is issued. The*
35 *commissioner may, by appropriate regulation, provide for the*
36 *waiver or refund of the initial license fee where the license is issued*
37 *less than 45 days before the date on which it will expire.*

38 *(4) The renewal fee shall be fixed by the commissioner as*
39 *follows:*

1 (A) For a license as an independent insurance adjuster, not
2 more than one hundred seventy dollars (\$170).

3 (B) For a branch office certificate, not more than fifty-six dollars
4 (\$56).

5 (5) The application and license fee for classifications prescribed
6 by the commissioner, in addition to those provided for in this
7 chapter, and the application and license fees for a change in the
8 type of business organization of a licensee, shall be in the amount
9 prescribed by rule and regulation of the commissioner.

10 (6) The delinquency fee shall be 50 percent of the renewal fee
11 in effect on the date of expiration.

12 (7) The fee for reexamination of an applicant is twenty-nine
13 dollars (\$29).

14 (8) The application fee for an apprentice independent insurance
15 adjuster license shall be fixed at up to one hundred seventy dollars
16 (\$170).

17 (b) This section shall become operative on January 1, 2018.

18 SEC. 60. Section 14099 of the Insurance Code is amended to
19 read:

20 14099. (a) Application or license fee fees shall not be refunded
21 except in accordance with Section 158 of the Business and
22 Professions Code.

23 (b) This section shall remain in effect only until January 1, 2018,
24 and as of that date is repealed, unless a later enacted statute, that
25 is enacted before January 1, 2018, deletes or extends that date.

26 SEC. 61. Section 14099 is added to the Insurance Code, to
27 read:

28 14099. (a) Application or license fees shall not be refunded
29 pursuant to Section 1751.5.

30 (b) This section shall become operative on January 1, 2018.

31 SEC. 62. No reimbursement is required by this act pursuant
32 to Section 6 of Article XIII B of the California Constitution because
33 the only costs that may be incurred by a local agency or school
34 district will be incurred because this act creates a new crime or
35 infraction, eliminates a crime or infraction, or changes the penalty
36 for a crime or infraction, within the meaning of Section 17556 of
37 the Government Code, or changes the definition of a crime within

- 1 *the meaning of Section 6 of Article XIII B of the California*
- 2 *Constitution.*

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