

AMENDED IN ASSEMBLY MAY 31, 2016

AMENDED IN ASSEMBLY MAY 9, 2016

AMENDED IN ASSEMBLY APRIL 18, 2016

AMENDED IN ASSEMBLY MARCH 30, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2588**

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**Introduced by Assembly Member Chu**

February 19, 2016

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An act to amend Sections 1722, 1751.5, 14000, 14001, 14020, 14022, 14022.5, 14024, 14025, 14028, 14031, 14032, 14039, 14042, 14080, 14090.1, 14097, and 14099 of, to amend and repeal Sections 14030 and 14037 of, to amend, repeal, and add Sections 14029, 14038, 14040, 14061, 14063, and 14064 of, to add Sections 14025.1 and 14079 to, *to add and repeal Section 14097.5 of*, to repeal Section 14027 of, and to repeal and add Sections 14010, 14021, 14026, 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 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 administrative or clerical duties, or any combination 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 administrative and 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 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 impose a*

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

20 SEC. 2. Section 1751.5 of the Insurance Code is amended to  
21 read:

22 1751.5. The fees required by this chapter and by Chapter 6  
23 (commencing with Section 1760), Chapter 7 (commencing with  
24 Section 1800), and Chapter 8 (commencing with Section 1831) of  
25 this part and by Chapter 1 (commencing with Section 14000) of

1 Division 5 are filing fees, no portion of which shall be refunded  
2 whether or not the application is acted upon or the examination is  
3 taken.

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

6 14000. This chapter may be cited as the Independent Insurance  
7 Adjuster Act.

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

10 14001. As used in this chapter, the following terms have the  
11 following meanings:

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

19 (b) "Commissioner" means the Insurance Commissioner.

20 (c) "Department" means the Department of Insurance.

21 (d) "Fingerprints" means an impression of the lines on the finger  
22 taken for the purposes of identification.

23 (e) "Home state" means the District of Columbia and any state  
24 or territory of the United States in which an independent insurance  
25 adjuster maintains his, her, or its principal place of residence or  
26 business and is licensed to act as a resident independent insurance  
27 adjuster. If the resident state does not license independent insurance  
28 adjusters for the line of authority sought, the independent insurance  
29 adjuster shall designate as his, her, or its home state either  
30 California or any state in which the independent insurance adjuster  
31 is licensed following an examination, provided that the independent  
32 insurance adjuster is licensed and in good standing in that state.

33 (f) "Individual" means a natural person.

34 (g) "Licensee" means a person licensed under this chapter.

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

38 (i) "Nonresident" means a person who is not a resident of  
39 California at the time of the performance of the act referred to in  
40 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) A person employed exclusively and regularly by one  
32 employer in connection with the affairs of that employer only and  
33 where there exists an employer-employee relationship. This  
34 subdivision shall become inoperative on January 1, 2018.

35 (b) An officer or employee of the United States of America, or  
36 of this state or a political subdivision thereof, while that officer or  
37 employee is engaged in the performance of his or her official  
38 duties.

39 (c) A person engaged exclusively in the business of obtaining  
40 and furnishing information as to the financial rating of persons.

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

1 negotiate, or settle claims with policyholders, claimants, or their  
2 legal representative.

3 (o) A licensed health care provider or its employees who provide  
4 managed care if the services do not include the determination of  
5 compensability.

6 (p) A managed care organization or any of its employees who  
7 provide managed care services if the services do not include the  
8 determination of compensability.

9 (q) A person who settles only reinsurance or subrogation claims.

10 (r) A United States manager of the United States branch of an  
11 alien insurer.

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

14 (t) An individual or business entity that investigates, negotiates,  
15 or settles workers' compensation claims.

16 (u) An individual who, in regards to portable electronics  
17 insurance claims, collects claims information from, or furnishes  
18 claims information to, insureds or claimants, and who conducts  
19 data entry, including entering data into an automated claims  
20 adjudication system, provided that the individual is an employee  
21 of a licensed independent insurance adjuster or its affiliate where  
22 no more than 25 of those persons are under the supervision of one  
23 licensed independent insurance adjuster or licensed producer.

24 SEC. 11. Section 14022.5 of the Insurance Code is amended  
25 to read:

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

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

35 (2) Registration with the commissioner is accomplished within  
36 five working days from the date on which the nonlicensed  
37 independent insurance adjuster commences the claims adjusting  
38 activity in connection with the emergency situation.

39 (b) "Registration," within the meaning of this section, means a  
40 written letter to the commissioner, submitted by the supervising

1 licensed independent insurance adjuster or admitted insurer, naming  
2 the nonlicensed independent insurance adjusters, identifying their  
3 independent insurance adjuster licenses held in other jurisdictions,  
4 and stating when their claims adjusting activity commenced.

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

11 SEC. 12. Section 14024 of the Insurance Code is amended to  
12 read:

13 14024. (a) An individual application shall be verified and  
14 shall include all of the following:

15 (1) The full legal name and business, residence, and mailing  
16 addresses of the applicant.

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

18 (3) The applicant’s birth date and social security number.

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

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

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

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

30 (8) A verified statement of his or her experience qualifications,  
31 unless applying for an apprentice independent insurance adjuster  
32 license.

33 (9) Other information, evidence, ~~statement, or document~~  
34 *statements, or documents* as may be required by the commissioner.

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

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

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

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



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

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

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

7 SEC. 13. Section 14025 of the Insurance Code is amended to  
8 read:

9 14025. Before a license is granted, the applicant shall meet all  
10 of the following requirements:

11 (a) Be at least 18 years of age.

12 (b) Not have committed acts or crimes constituting grounds for  
13 denial of licensure under Sections 1668 and 1669.

14 (c) Shall have had either of the following:

15 (1) At least two years of experience in adjusting insurance claims  
16 or the equivalent thereof as determined by the commissioner, unless  
17 applying for an apprentice independent insurance adjuster license.

18 (2) One year as a licensed apprentice independent insurance  
19 adjuster, which is considered the equivalent of two years of  
20 experience in adjusting claims.

21 (d) (1) Completed a 20-hour prelicensing education course of  
22 study.

23 (2) A nonresident applicant currently licensed as a home state  
24 independent insurance adjuster in another state who has met that  
25 state's prelicensing education requirements is exempt from  
26 completing the prelicensing education requirement.

27 (3) A resident applicant currently listed under a licensed  
28 independent insurance adjuster's license as an unlicensed employee  
29 is exempt from completing the prelicensing education requirement.  
30 This exemption shall be in effect only until January 1, 2019.

31 (e) Successfully passed the examination for the independent  
32 insurance adjuster license, unless he or she qualifies for an  
33 exemption in Section 14026.

34 (f) Comply with those other qualifications that the commissioner  
35 may require by regulation.

36 SEC. 14. Section 14025.1 is added to the Insurance Code, to  
37 read:

38 14025.1. (a) The apprentice independent insurance adjuster  
39 license is a license to facilitate the experience, education, and

1 training necessary to ensure reasonable competency in the  
2 responsibilities and duties of an independent insurance adjuster.

3 (b) An individual applying for an apprentice independent  
4 insurance adjuster license shall submit an application in a format  
5 prescribed by the commissioner and shall declare under penalty  
6 of suspension, revocation, or refusal of the license that the  
7 statements made in the application are true, correct, and complete  
8 to the best of the individual's knowledge and belief. Before  
9 approving the application, the commissioner shall determine that  
10 the individual meets all of the following:

- 11 (1) Is at least 18 years of age.
- 12 (2) Is a resident of California or is a resident of another state  
13 and has designated California as his or her home state.
- 14 (3) Has a business or mailing address in California for the  
15 acceptance of service of process.
- 16 (4) Has not committed any act that is a ground for suspension,  
17 revocation, or denial of licensure as set forth in Sections 1668,  
18 1668.1, and 1669.
- 19 (5) Has paid the fees set forth in subdivision (h) of Section  
20 14097.

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

- 23 (1) The applicant shall submit, with the apprentice independent  
24 insurance adjuster application, an attestation from a licensed  
25 independent insurance adjuster certifying that the apprentice will  
26 be subject to training, direction, and control by the licensed  
27 independent insurance adjuster and further certifying that the  
28 licensed independent insurance adjuster assumes responsibility  
29 for the actions of the apprentice in the apprentice's capacity as an  
30 apprentice independent insurance adjuster.
- 31 (2) The apprentice independent insurance adjuster is only  
32 authorized to adjust claims in California.
- 33 (3) The apprentice independent insurance adjuster is restricted  
34 to participation in the investigation, settlement, and negotiation of  
35 claims subject to the review and final determination of the claim  
36 by a supervising licensed independent insurance adjuster.
- 37 (4) The apprentice independent insurance adjuster shall not be  
38 required to take and successfully complete the independent  
39 insurance adjuster examination to adjust claims as an apprentice  
40 independent insurance adjuster. At any time during the

1 apprenticeship, the apprentice independent insurance adjuster may  
2 choose to take the examination. If the individual takes and  
3 successfully completes the independent insurance adjuster exam,  
4 the apprentice independent insurance adjuster license shall  
5 automatically terminate and an independent insurance adjuster  
6 license shall be issued to that individual in its place.

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

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

11 (7) The applicant shall submit two photographs, no more than  
12 six months old, of the applicant, of a type prescribed by the  
13 commissioner, and one classifiable set of his or her fingerprints,  
14 to be sent to a live scan fingerprint provider as directed by the  
15 department, if fingerprints are not submitted in person with a live  
16 scan fingerprinting service provider certified by the Department  
17 of Justice.

18 SEC. 15. Section 14026 of the Insurance Code is repealed.

19 SEC. 16. Section 14026 is added to the Insurance Code, to  
20 read:

21 14026. (a) An applicant for an independent insurance adjuster  
22 license, unless applying for an apprentice independent insurance  
23 adjuster license or crop insurance adjuster license, shall pass a  
24 written examination.

25 (1) The examination shall test the knowledge of the applicant  
26 concerning the duties and responsibilities of an independent  
27 insurance adjuster and this code.

28 (2) An applicant applying for an examination shall remit a  
29 nonrefundable fee as prescribed by the commissioner in Section  
30 14097.

31 (b) An individual who applies for an independent insurance  
32 adjuster license in California who holds a home state license in  
33 another state as an independent insurance adjuster shall not be  
34 required to complete the examination if he or she successfully  
35 passed an examination as a condition of receiving an independent  
36 insurance adjuster license in his or her home state. This exemption  
37 applies to individuals who are currently licensed in their home  
38 state or if the home state license expired and the application is  
39 received by the commissioner within 90 days of expiration.

1 (c) An individual who applies for an apprentice independent  
2 insurance adjuster license pursuant to Section 14025.1, and who  
3 adjusts claims in that capacity, shall not be required to take and  
4 successfully complete the independent insurance adjuster  
5 examination.

6 SEC. 17. Section 14027 of the Insurance Code is repealed.

7 SEC. 18. Section 14028 of the Insurance Code is amended to  
8 read:

9 14028. After a hearing, the commissioner may deny a license  
10 unless the application makes a showing satisfactory to the  
11 commissioner that the applicant, if an individual, has not, or if the  
12 applicant is a person other than an individual, that its manager and  
13 each of its officers and partners have not done any of the following:

14 (a) Been refused a license under this chapter or had a license  
15 revoked.

16 (b) Been an officer, partner, or manager of any person who has  
17 been refused a license under this chapter or whose license has been  
18 revoked.

19 (c) While unlicensed committed, or aided and abetted the  
20 commission of, any act for which a license is required by this  
21 chapter.

22 (d) Committed any act or crime constituting grounds for denial  
23 of licensure under Section 1668.

24 SEC. 19. Section 14029 of the Insurance Code is amended to  
25 read:

26 14029. (a) The business of each licensee shall be operated  
27 under the active direction, control, charge, or management of the  
28 licensee, if the licensee is qualified, or the person who has qualified  
29 to act as the licensee's manager, if the licensee is not qualified.

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

32 (1) Demonstrated his or her qualifications by a written or oral  
33 examination, or a combination of both, if required by the  
34 commissioner.

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

39 (c) If the manager, who has qualified as provided in this section,  
40 ceases for any reason whatsoever to be connected with the licensee

1 to whom the license is issued, the licensee shall notify the  
2 commissioner in writing 30 days from the cessation. If notice is  
3 given, the license shall remain in force for a reasonable length of  
4 time to be determined by the rules of the commissioner pending  
5 the qualifications, as provided in this chapter, of another manager.  
6 If the licensee fails to notify the commissioner within the 30-day  
7 period, his or her license shall be subject to suspension or  
8 revocation and may be reinstated only upon the filing of an  
9 application for reinstatement, payment of the reinstatement fee, if  
10 any is due, and the qualification of a manager as provided herein.

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

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

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

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

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

23 SEC. 21. Section 14030 of the Insurance Code is amended to  
24 read:

25 14030. (a) Whenever the individual on the basis of whose  
26 qualifications a license under this chapter has been obtained ceases  
27 to be connected with the licensee for any reason whatever, the  
28 business may be carried on for a temporary period and under the  
29 terms and conditions as the commissioner shall provide by  
30 regulation.

31 (b) 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. 22. Section 14031 of the Insurance Code is amended to  
35 read:

36 14031. A hearing held under this chapter to determine whether  
37 an application for a license should be granted shall be conducted  
38 in accordance with Chapter 5 (commencing with Section 11501)  
39 of Part 1 of Division 3 of Title 2 of the Government Code, and the  
40 commissioner shall have all of the powers granted therein.

1 SEC. 23. Section 14032 of the Insurance Code is amended to  
2 read:

3 14032. The form and content of the license shall be determined  
4 by the commissioner.

5 SEC. 24. Section 14037 of the Insurance Code is amended to  
6 read:

7 14037. (a) A licensee shall at all times be legally responsible  
8 for the good conduct in the business of each of his or her employees  
9 or agents, including his or her manager.

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

13 SEC. 25. Section 14038 of the Insurance Code is amended to  
14 read:

15 14038. (a) Any licensee or officer, director, partner, or manager  
16 of a licensee may divulge to any law enforcement officer or district  
17 attorney, or to his or her representative, any information he or she  
18 may acquire as to any criminal offense, but he or she shall not  
19 divulge to any other person, except as he or she may be required  
20 by law to do so, any information acquired by him or her except at  
21 the direction of the employer or client for whom the information  
22 was obtained.

23 (b) A licensee or officer, director, partner, manager, or employee  
24 of a licensee shall not knowingly make any false report to his or  
25 her employer or client for whom information was being obtained.

26 (c) A written report shall not be submitted to a client except by  
27 the licensee, qualifying manager, or a person authorized by one  
28 or either of them, and the person submitting the report shall  
29 exercise diligence in ascertaining whether or not the facts and  
30 information in that report are true and correct.

31 (d) A licensee or officer, director, partner, manager, or employee  
32 of a licensee shall not use a badge in connection with the official  
33 activities of the licensee's business.

34 (e) A licensee or officer, director, partner, manager, or employee  
35 of a licensee, shall not use a title, wear a uniform, use an insignia,  
36 or use an identification card, or make any statement with the intent  
37 to give an impression that he or she is connected in any way with  
38 the federal government, a state government, or any political  
39 subdivision of a state government.

1 (f) A licensee or officer, director, partner, manager, or employee  
2 of a licensee, shall not enter any private building or portion thereof  
3 without the consent of the owner or of the person in legal  
4 possession thereof.

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

9 (h) A licensee shall not permit an employee or agent in his or  
10 her own name to advertise, engage clients, furnish reports, or  
11 present bills to clients, or in any manner whatever to conduct  
12 business for which a license is required under this chapter. All  
13 business of the licensee shall be conducted in the name of and  
14 under the control of the licensee.

15 (i) A licensee acting as an independent automobile damage  
16 appraiser or adjuster or as an automobile insurance claims adjuster,  
17 appraiser, or representative shall not receive any financial benefit  
18 from an automobile repair facility. "Financial benefit" means the  
19 receiving of any commission or gratuity, discount on repair costs,  
20 free repairs, employment by a repair facility, or possession of more  
21 than 3 percent direct ownership in an automobile repair facility  
22 located in this state.

23 (j) 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. 26. Section 14038 is added to the Insurance Code, to  
27 read:

28 14038. (a) Any licensee or officer, director, or partner of a  
29 licensee may divulge to any law enforcement officer or district  
30 attorney, or to his or her representative, any information he or she  
31 may acquire as to any criminal offense, but he or she shall not  
32 divulge to any other person, except as he or she may be required  
33 by law to do so, any information acquired by him or her except at  
34 the direction of the employer or client for whom the information  
35 was obtained.

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

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

4 (d) A licensee or officer, director, or partner of a licensee shall  
5 not use a badge in connection with the official activities of the  
6 licensee’s business.

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

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

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

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

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

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

35 SEC. 27. Section 14039 of the Insurance Code is amended to  
36 read:

37 14039. A person licensed as an independent insurance adjuster  
38 shall not do any of the following:



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

4 (b) Use any misrepresentation to solicit a contract or agreement  
5 to adjust a claim.

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

10 SEC. 28. Section 14040 of the Insurance Code is amended to  
11 read:

12 14040. (a) Any badge or cap insignia worn by a person who  
13 is a licensee, officer, director, partner, manager, or employee of a  
14 licensee shall be of a design approved by the commissioner, and  
15 shall bear on its face a distinctive word indicating the name of the  
16 licensee and an employee number by which the person may be  
17 identified by the licensee.

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

21 SEC. 29. Section 14040 is added to the Insurance Code, to  
22 read:

23 14040. (a) Any badge or cap insignia worn by a person who  
24 is a licensee, officer, director, or partner of a licensee shall be of  
25 a design approved by the commissioner, and shall bear on its face  
26 a distinctive word indicating the name of either the licensee or the  
27 adjusting firm the licensee represents.

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

29 SEC. 30. Section 14042 of the Insurance Code is amended to  
30 read:

31 14042. (a) A licensee shall not conduct a business under a  
32 fictitious or other business name unless and until he or she has  
33 obtained the written authorization of the commissioner to do so.

34 (b) The commissioner shall not authorize the use of a fictitious  
35 or other business name that is so similar to that of a public officer  
36 or agency or of that used by another licensee that the public may  
37 be confused or misled thereby.

38 (c) The authorization shall require, as a condition precedent to  
39 the use of any fictitious name, that the licensee comply with Section  
40 1724.5.

1 (d) A licensee desiring to conduct his or her business under  
2 more than one fictitious business name shall obtain the  
3 authorization of the commissioner in the manner prescribed in this  
4 section for the use of that name.

5 (e) The licensee shall pay a fee of ten dollars (\$10) for each  
6 authorization to use an additional fictitious business name and for  
7 each change in the use of a fictitious business name. If the original  
8 license is issued in a nonfictitious name and authorization is  
9 requested to have the license reissued in a fictitious business name,  
10 the licensee shall pay a fee of twelve dollars (\$12) for that  
11 authorization.

12 SEC. 31. Section 14061 of the Insurance Code is amended to  
13 read:

14 14061. (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 he or she determines that the  
17 licensee, or his or her manager, if an individual, or if the licensee  
18 is a person other than an individual, that any of its officers,  
19 directors, partners, or its manager has done any of the following:

20 (1) Made any false statement or given any false information in  
21 connection with an application for a license or a renewal or  
22 reinstatement of a license.

23 (2) Violated any provisions of this chapter.

24 (3) Violated any rule of the commissioner adopted pursuant to  
25 the authority contained in this chapter.

26 (4) Been convicted of any crime substantially related to the  
27 qualifications, functions, and duties of the holder of the registration  
28 or license in question.

29 (5) Impersonated, or permitted or aided and abetted an employee  
30 to impersonate, a law enforcement officer or employee of the  
31 United States, or of any state or political subdivision thereof.

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

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

1 (8) Committed assault, battery, or kidnapping, or used force or  
2 violence on any person, without proper justification.

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

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

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

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

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

16 SEC. 32. Section 14061 is added to the Insurance Code, to  
17 read:

18 14061. (a) The commissioner may suspend or revoke a license  
19 issued under this chapter or may issue a restricted license in  
20 accordance with Section 14026.5 if he or she determines that the  
21 licensee or if the licensee is a person other than an individual, that  
22 any of its officers, directors, partners, or its designated responsible  
23 person has done any of the following:

24 (1) Made any false statement or given any false information in  
25 connection with an application for a license or a renewal or  
26 reinstatement of a license.

27 (2) Violated any provisions of this chapter.

28 (3) Violated any rule of the commissioner adopted pursuant to  
29 the authority contained in this chapter.

30 (4) Been convicted of any crime substantially related to the  
31 qualifications, functions, and duties of the holder of the registration  
32 or license in question.

33 (5) Impersonated, or permitted or aided and abetted an employee  
34 to impersonate, a law enforcement officer or employee of the  
35 United States, or of any state or political subdivision thereof.

36 (6) Committed or permitted any employee to commit any act,  
37 while the license was expired that would be cause for the  
38 suspension or revocation of a license, or grounds for the denial of  
39 an application for a license.

1 (7) Willfully failed or refused to render to a client services or  
2 a report as agreed between the parties and for which compensation  
3 has been paid or tendered in accordance with the agreement of the  
4 parties.

5 (8) Committed assault, battery, or kidnapping, or used force or  
6 violence on any person, without proper justification.

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

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

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

13 (12) Purchased, possessed, or transported any tear gas weapon  
14 except as authorized by law. A violation of this paragraph may be  
15 punished by the suspension of a license for a period to be  
16 determined by the commissioner.

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

18 SEC. 33. Section 14063 of the Insurance Code is amended to  
19 read:

20 14063. (a) The commissioner may suspend or revoke a license  
21 issued under this chapter or may issue a restricted license in  
22 accordance with Section 14026.5 if the commissioner determines  
23 that the licensee, or his or her manager, if an individual, or if the  
24 licensee is a person other than an individual, that any of its officers,  
25 directors, partners, or its manager has done any of the following:

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

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

33 (b) 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. 34. Section 14063 is added to the Insurance Code, to  
37 read:

38 14063. (a) The commissioner may suspend or revoke a license  
39 issued under this chapter or may issue a restricted license in  
40 accordance with Section 14026.5 if the commissioner determines

1 that the licensee, if an individual, or if the licensee is a person other  
2 than an individual, that any of its officers, directors, or partners  
3 has done any of the following:

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

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

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

12 SEC. 35. Section 14064 of the Insurance Code is amended to  
13 read:

14 14064. (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 committed any act in the  
20 course of the licensee's business constituting dishonesty or fraud.

21 (b) "Dishonesty or fraud" as used in this section includes, in  
22 addition to other acts not specifically enumerated herein, all of the  
23 following:

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

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

29 (3) Manufacture of evidence.

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

34 (5) Impersonating, or permitting or aiding and abetting an  
35 employee to impersonate, a law enforcement officer or employee  
36 of the United States, or of any state or political subdivision thereof.

37 (c) 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. 36. Section 14064 is added to the Insurance Code, to  
2 read:

3 14064. (a) The commissioner may suspend or revoke a license  
4 issued under this chapter or may issue a restricted license in  
5 accordance with Section 14026.5 if the commissioner determines  
6 that the licensee, if an individual, or if the licensee is a person other  
7 than an individual, that any of its officers, directors, partners, or  
8 its designated responsible person has committed any act in the  
9 course of the licensee’s business constituting dishonesty or fraud.

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

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

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

18 (3) Manufacture of evidence.

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

23 (5) Impersonating, or permitting or aiding and abetting an  
24 employee to impersonate, a law enforcement officer or employee  
25 of the United States, or of any state or political subdivision thereof.

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

27 SEC. 37. Section 14078 of the Insurance Code is repealed.

28 SEC. 38. Section 14078 is added to the Insurance Code, to  
29 read:

30 14078. (a) Unless refused licensure pursuant to Sections 14060  
31 to 14065, inclusive, a nonresident person shall receive a  
32 nonresident independent insurance adjuster license if all of the  
33 following apply:

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

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

38 (3) The applicant submitted to the commissioner the completed  
39 application for licensure.

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

4 (b) The commissioner may verify the independent insurance  
5 adjuster's licensing status through any appropriate database,  
6 including the Producer Database maintained by the National  
7 Association of Insurance Commissioners, its affiliates or  
8 subsidiaries, or may request certification of good standing.

9 (c) As a condition to the continuation of a nonresident  
10 independent insurance adjuster license, the licensee shall maintain  
11 a resident independent insurance adjuster license in his, her, or its  
12 home state.

13 (1) The nonresident independent insurance adjuster license  
14 issued under this chapter shall terminate and be surrendered  
15 immediately to the commissioner if the resident independent  
16 insurance adjuster license terminates for any reason, unless the  
17 termination is due to the independent insurance adjuster being  
18 issued a new resident independent insurance adjuster license in  
19 his, her, or its new home state.

20 (2) The nonresident independent insurance adjuster license shall  
21 terminate if the person's home state does not issue nonresident  
22 independent insurance adjuster licenses to residents of California  
23 on the same basis.

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

27 (B) The notice is required to be given within 30 days of the  
28 termination date. If the resident independent insurance adjuster  
29 license was terminated for change in resident home state, then the  
30 notice is required to include both the previous and current  
31 addresses.

32 (4) Maintaining a resident independent insurance adjuster license  
33 is required for the nonresident independent insurance adjuster  
34 license to remain valid.

35 SEC. 39. Section 14079 is added to the Insurance Code, to  
36 read:

37 14079. (a) An independent insurance adjuster shall be honest  
38 and fair in all communications with the insured, the insurer, and  
39 the public.

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

4 (c) An independent insurance adjuster shall not give legal advice  
5 and shall not deal directly with any policyholder or claimant who  
6 is represented by legal counsel without the consent of the legal  
7 counsel involved.

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

10 (e) An independent insurance adjuster shall identify himself or  
11 herself as an independent insurance adjuster and, if applicable,  
12 shall identify his or her employer when dealing with any  
13 policyholder or claimant.

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

18 SEC. 40. Section 14080 of the Insurance Code is amended to  
19 read:

20 14080. Any person who knowingly falsifies the fingerprints  
21 or photographs submitted under paragraph (7) of subdivision (a)  
22 of Section 14024 or paragraph (7) of subdivision (c) of Section  
23 14025.1 is guilty of a felony. Any person who violates any of the  
24 other provisions of this chapter is guilty of a misdemeanor  
25 punishable by fine not to exceed five hundred dollars (\$500), or  
26 by imprisonment in the county jail not to exceed one year, or by  
27 both the fine and imprisonment.

28 SEC. 41. Section 14090.1 of the Insurance Code is amended  
29 to read:

30 14090.1. (a) An individual who holds an independent insurance  
31 adjuster license and who is not exempt under subdivision (b) shall  
32 satisfactorily complete a minimum of 24 hours, of which three  
33 hours are to be in ethics, of continuing education courses pertinent  
34 to the duties and responsibilities of an independent insurance  
35 adjuster license and shall report the completion of this coursework  
36 to the insurance commissioner on a biennial basis in conjunction  
37 with his or her license renewal cycle.

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

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



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

4 (3) An individual licensed as an independent insurance adjuster  
5 and as a property or casualty broker-agent, pursuant to Section  
6 1625, who has met the continuing education requirements specified  
7 in Section 1749.3.

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

10 SEC. 42. Section 14097 of the Insurance Code is amended to  
11 read:

12 14097. The amount of fees prescribed by this chapter, unless  
13 otherwise fixed, is that fixed in the following schedule:

14 (a) The application fee for the qualifying examination for an  
15 original license is seventy-two dollars (\$72).

16 (b) The application fee for an original branch office certificate  
17 is forty-seven dollars (\$47).

18 (c) The fee for an original ~~license~~ *license* application is up to  
19 one hundred seventy dollars (\$170). If the license will expire less  
20 than one year after its issuance, then the fee is an amount equal to  
21 50 percent of the renewal fee in effect on the last regular renewal  
22 date before the date on which the license is issued. The  
23 commissioner may, by appropriate regulation, provide for the  
24 waiver or refund of the initial license fee where the license is issued  
25 less than 45 days before the date on which it will expire.

26 (d) The renewal fee shall be fixed by the commissioner as  
27 follows:

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

30 (2) For a branch office certificate, not more than fifty-six dollars  
31 (\$56).

32 (e) The application and license fee for classifications prescribed  
33 by the commissioner, in addition to those provided for in this  
34 chapter, and the application and license fees for a change in the  
35 type of business organization of a licensee, shall be in the amount  
36 prescribed by rule and regulation of the commissioner.

37 (f) The delinquency fee shall be 50 percent of the renewal fee  
38 in effect on the date of expiration.

39 (g) The fee for reexamination of an applicant is twenty-nine  
40 dollars (\$29).

1 (h) The application fee for an apprentice independent insurance  
2 adjuster license shall be up to one hundred seventy dollars (\$170).

3 *SEC. 43. Section 14097.5 is added to the Insurance Code, to*  
4 *read:*

5 *14097.5. (a) On or before March 1, 2019, and for a total of*  
6 *three years thereafter, the department shall report annually to the*  
7 *Legislature all of the following:*

8 *(1) The number of individuals licensed pursuant to this chapter.*

9 *(2) The implementation costs incurred and the revenues received*  
10 *by the department for licensure of independent insurance adjusters.*

11 *(3) The annual projected costs and revenues associated with*  
12 *ongoing licensure and enforcement activities pursuant to this*  
13 *chapter.*

14 *(b) (1) A report submitted pursuant to subdivision (a) shall be*  
15 *submitted in compliance with Section 9795 of the Government*  
16 *Code.*

17 *(2) Pursuant to Section 10231.5 of the Government Code, this*  
18 *section is repealed on March 1, 2023.*

19 ~~SEC. 43.~~

20 *SEC. 44. Section 14099 of the Insurance Code is amended to*  
21 *read:*

22 *14099. Application or license fees shall not be refunded*  
23 *pursuant to Section 1751.5.*

24 ~~SEC. 44.~~

25 *SEC. 45. No reimbursement is required by this act pursuant*  
26 *to Section 6 of Article XIII B of the California Constitution because*  
27 *the only costs that may be incurred by a local agency or school*  
28 *district will be incurred because this act creates a new crime or*  
29 *infraction, eliminates a crime or infraction, or changes the penalty*  
30 *for a crime or infraction, within the meaning of Section 17556 of*  
31 *the Government Code, or changes the definition of a crime within*  
32 *the meaning of Section 6 of Article XIII B of the California*  
33 *Constitution.*