

AMENDED IN SENATE JUNE 13, 2016
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

Introduced by Assembly Member Chu

February 19, 2016

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~~ *14025.1, 14079, and 14090.3* 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, *continuing education and reporting 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 require a person who fails to meet continuing education and reporting requirements, and who has not been granted an extension of time by the commissioner to comply, to have his or her license placed on inactive status, as specified, and would prohibit a licensee on inactive status from performing specified activities.* 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~~. *\$120*. 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

1 paying the fee therefor without the necessity of taking any
2 examination or paying any penalty.

3 SEC. 2. Section 1751.5 of the Insurance Code is amended to
4 read:

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

12 SEC. 3. Section 14000 of the Insurance Code is amended to
13 read:

14 14000. This chapter may be cited as the Independent Insurance
15 Adjuster Act.

16 SEC. 4. Section 14001 of the Insurance Code is amended to
17 read:

18 14001. As used in this chapter, the following terms have the
19 following meanings:

20 (a) "Catastrophe" means an event that results in a large number
21 of deaths or injuries, causes extensive damage or destruction of
22 facilities that provide and sustain human needs, produces an
23 overwhelming demand on state and local response resources and
24 mechanisms, causes a severe long-term effect on general economic
25 activity, or severely affects state, local, and private sector
26 capabilities to begin and sustain response activities.

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

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

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

31 (e) "Home state" means the District of Columbia and any state
32 or territory of the United States in which an independent insurance
33 adjuster maintains his, her, or its principal place of residence or
34 business and is licensed to act as a resident independent insurance
35 adjuster. If the resident state does not license independent insurance
36 adjusters for the line of authority sought, the independent insurance
37 adjuster shall designate as his, her, or its home state either
38 California or any state in which the independent insurance adjuster
39 is licensed following an examination, provided that the independent
40 insurance adjuster is licensed and in good standing in that state.

1 (f) “Individual” means a natural person.

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

3 (h) “Manager” means the individual under whose direction,
4 control, charge, or management the business of a licensee is
5 operated.

6 (i) “Nonresident” means a person who is not a resident of
7 California at the time of the performance of the act referred to in
8 Section 14071.

9 (j) “Person” includes any individual, firm, company, association,
10 organization, partnership, limited liability company, and
11 corporation.

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

13 SEC. 6. Section 14010 is added to the Insurance Code, to read:
14 14010. The commissioner shall administer and enforce the
15 provisions of this chapter.

16 SEC. 7. Section 14020 of the Insurance Code is amended to
17 read:

18 14020. (a) A person shall not engage in a business regulated
19 by this chapter, or act or assume to act as, or represent himself or
20 herself to be, a licensee unless he or she is licensed as an
21 independent insurance adjuster in accordance with this chapter.

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

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

25 SEC. 9. Section 14021 is added to the Insurance Code, to read:
26 14021. An independent insurance adjuster, for purposes of this
27 chapter, is all of the following:

28 (a) An individual, a business entity, an independent contractor,
29 or an employee of a contractor, who contracts for compensation
30 with insurers.

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

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

36 SEC. 10. Section 14022 of the Insurance Code is amended to
37 read:

38 14022. This chapter does not apply to any of the following:

39 (a) A person employed exclusively and regularly by one
40 employer in connection with the affairs of that employer only and

- 1 where there exists an employer-employee relationship. This
2 subdivision shall become inoperative on January 1, 2018.
- 3 (b) An officer or employee of the United States of America, or
4 of this state or a political subdivision thereof, while that officer or
5 employee is engaged in the performance of his or her official
6 duties.
- 7 (c) A person engaged exclusively in the business of obtaining
8 and furnishing information as to the financial rating of persons.
- 9 (d) A charitable philanthropic society or association duly
10 incorporated under the laws of this state, which is organized and
11 maintained for the public good and not for private profit.
- 12 (e) An attorney at law admitted to practice in California, when
13 acting in his or her professional capacity as an attorney.
- 14 (f) A licensed collection agency or an employee thereof while
15 acting within the scope of his or her employment, while making
16 an investigation incidental to the business of the agency, including
17 an investigation of the location of a debtor or his or her property
18 where the contract with an assignor creditor is for the collection
19 of claims owed or due or asserted to be owed or due or the
20 equivalent thereof.
- 21 (g) An officer, director, manager, or employee of an authorized
22 insurer, surplus line insurer, a risk retention group, or an
23 attorney-in-fact of a reciprocal insurer.
- 24 (h) A licensed insurance agent or broker or managing general
25 agent of the insurer to whom claim authority has been granted by
26 the insurer.
- 27 (i) The legal owner of personal property that has been sold under
28 a conditional sales agreement or a mortgagee under the terms of
29 a chattel mortgage.
- 30 (j) Any bank subject to the jurisdiction of the Commissioner of
31 Business Oversight under Division 1 (commencing with Section
32 99) of the Financial Code or the Comptroller of the Currency of
33 the United States.
- 34 (k) A person employed solely to obtain facts surrounding a
35 claim or to furnish technical assistance to a licensed independent
36 insurance adjuster.
- 37 (l) Any building contractor, engineer, technical expert, or other
38 person who is engaged by an insurer or licensed independent
39 insurance adjuster to provide an expert or professional evaluation
40 of the extent, cause, or origin of damage to the insured property,

1 but who does not otherwise participate in the process of adjusting
2 claims.

3 (m) An individual who is employed to investigate suspected
4 fraudulent insurance claims but who does not adjust losses or
5 determine claims payments.

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

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

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

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

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

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

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

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

31 SEC. 11. Section 14022.5 of the Insurance Code is amended
32 to read:

33 14022.5. (a) In the event of an emergency situation as declared
34 by the commissioner, claims arising out of the emergency,
35 catastrophe, disaster, or other similar occurrence may be adjusted
36 by a nonlicensed independent insurance adjuster upon registration
37 with the commissioner if all of the following requirements are met:

38 (1) The work performed by the nonlicensed independent
39 insurance adjuster is under the active direction, control, charge,

1 or management of a licensed independent insurance adjuster or an
2 insurer authorized to do business in this state.

3 (2) Registration with the commissioner is accomplished within
4 five working days from the date on which the nonlicensed
5 independent insurance adjuster commences the claims adjusting
6 activity in connection with the emergency situation.

7 (b) "Registration," within the meaning of this section, means a
8 written letter to the commissioner, submitted by the supervising
9 licensed independent insurance adjuster or admitted insurer, naming
10 the nonlicensed independent insurance adjusters, identifying their
11 independent insurance adjuster licenses held in other jurisdictions,
12 and stating when their claims adjusting activity commenced.

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

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

21 14024. (a) An individual application shall be verified and
22 shall include all of the following:

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

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

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

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

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

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

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

38 (8) A verified statement of his or her experience qualifications,
39 unless applying for an apprentice independent insurance adjuster
40 license.

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

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

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

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

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

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

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

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

15 SEC. 13. Section 14025 of the Insurance Code is amended to
16 read:

17 14025. Before a license is granted, the applicant shall meet all
18 of the following requirements:

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

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

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

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

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

29 (d) (1) Completed a 20-hour prelicensing education course of
30 study.

31 (2) 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 (3) A resident applicant currently listed under a licensed
36 independent insurance adjuster's license as an unlicensed employee
37 is exempt from completing the prelicensing education requirement.

38 This exemption shall be in effect only until January 1, 2019.

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

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

6 SEC. 14. Section 14025.1 is added to the Insurance Code, to
7 read:

8 14025.1. (a) The apprentice independent insurance adjuster
9 license is a license to facilitate the experience, education, and
10 training necessary to ensure reasonable competency in the
11 responsibilities and duties of an independent insurance adjuster.

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

- 20 (1) Is at least 18 years of age.
- 21 (2) Is a resident of California or is a resident of another state
22 and has designated California as his or her home state.
- 23 (3) Has a business or mailing address in California for the
24 acceptance of service of process.
- 25 (4) Has not committed any act that is a ground for suspension,
26 revocation, or denial of licensure as set forth in Sections 1668,
27 1668.1, and 1669.
- 28 (5) Has paid the fees set forth in subdivision (h) of Section
29 14097.

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

- 32 (1) The applicant shall submit, with the apprentice independent
33 insurance adjuster application, an attestation from a licensed
34 independent insurance adjuster certifying that the apprentice will
35 be subject to training, direction, and control by the licensed
36 independent insurance adjuster and further certifying that the
37 licensed independent insurance adjuster assumes responsibility
38 for the actions of the apprentice in the apprentice’s capacity as an
39 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 of
5 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 may
12 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 SEC. 15. Section 14026 of the Insurance Code is repealed.

29 SEC. 16. Section 14026 is added to the Insurance Code, to
30 read:

31 14026. (a) An applicant for an independent insurance adjuster
32 license, unless applying for an apprentice independent insurance
33 adjuster license or crop insurance adjuster license, shall pass a
34 written examination.

35 (1) The examination shall test the knowledge of the applicant
36 concerning the duties and responsibilities of an independent
37 insurance adjuster and this code.

38 (2) An applicant applying for an examination shall remit a
39 nonrefundable fee as prescribed by the commissioner in Section
40 14097.

1 (b) An individual who applies for an independent insurance
 2 adjuster license in California who holds a home state license in
 3 another state as an independent insurance adjuster shall not be
 4 required to complete the examination if he or she successfully
 5 passed an examination as a condition of receiving an independent
 6 insurance adjuster license in his or her home state. This exemption
 7 applies to individuals who are currently licensed in their home
 8 state or if the home state license expired and the application is
 9 received by the commissioner within 90 days of expiration.

10 (c) An individual who applies for an apprentice independent
 11 insurance adjuster license pursuant to Section 14025.1, and who
 12 adjusts claims in that capacity, shall not be required to take and
 13 successfully complete the independent insurance adjuster
 14 examination.

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

16 SEC. 18. Section 14028 of the Insurance Code is amended to
 17 read:

18 14028. After a hearing, the commissioner may deny a license
 19 unless the application makes a showing satisfactory to the
 20 commissioner that the applicant, if an individual, has not, or if the
 21 applicant is a person other than an individual, that its manager and
 22 each of its officers and partners have not done any of the following:

23 (a) Been refused a license under this chapter or had a license
 24 revoked.

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

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

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

33 SEC. 19. Section 14029 of the Insurance Code is amended to
 34 read:

35 14029. (a) The business of each licensee shall be operated
 36 under the active direction, control, charge, or management of the
 37 licensee, if the licensee is qualified, or the person who has qualified
 38 to act as the licensee’s manager, if the licensee is not qualified.

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

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

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

8 (c) If the manager, who has qualified as provided in this section,
9 ceases for any reason whatsoever to be connected with the licensee
10 to whom the license is issued, the licensee shall notify the
11 commissioner in writing 30 days from the cessation. If notice is
12 given, the license shall remain in force for a reasonable length of
13 time to be determined by the rules of the commissioner pending
14 the qualifications, as provided in this chapter, of another manager.
15 If the licensee fails to notify the commissioner within the 30-day
16 period, his or her license shall be subject to suspension or
17 revocation and may be reinstated only upon the filing of an
18 application for reinstatement, payment of the reinstatement fee, if
19 any is due, and the qualification of a manager as provided herein.

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

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

25 SEC. 20. Section 14029 is added to the Insurance Code, to
26 read:

27 14029. (a) Each organization licensed under this chapter shall
28 designate an individual also licensed as an independent insurance
29 adjuster to be responsible for the organization's compliance with
30 state law.

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

32 SEC. 21. Section 14030 of the Insurance Code is amended to
33 read:

34 14030. (a) Whenever the individual on the basis of whose
35 qualifications a license under this chapter has been obtained ceases
36 to be connected with the licensee for any reason whatever, the
37 business may be carried on for a temporary period and under the
38 terms and conditions as the commissioner shall provide by
39 regulation.

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. 22. Section 14031 of the Insurance Code is amended to
5 read:

6 14031. A hearing held under this chapter to determine whether
7 an application for a license should be granted shall be conducted
8 in accordance with Chapter 5 (commencing with Section 11501)
9 of Part 1 of Division 3 of Title 2 of the Government Code, and the
10 commissioner shall have all of the powers granted therein.

11 SEC. 23. Section 14032 of the Insurance Code is amended to
12 read:

13 14032. The form and content of the license shall be determined
14 by the commissioner.

15 SEC. 24. Section 14037 of the Insurance Code is amended to
16 read:

17 14037. (a) A licensee shall at all times be legally responsible
18 for the good conduct in the business of each of his or her employees
19 or agents, including his or her manager.

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

23 SEC. 25. Section 14038 of the Insurance Code is amended to
24 read:

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

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

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

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

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

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

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

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

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

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

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

1 divulge to any other person, except as he or she may be required
2 by law to do so, any information acquired by him or her except at
3 the direction of the employer or client for whom the information
4 was obtained.

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

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

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

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

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

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

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

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

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

2 SEC. 27. Section 14039 of the Insurance Code is amended to
3 read:

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

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

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

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

15 SEC. 28. Section 14040 of the Insurance Code is amended to
16 read:

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

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. 29. Section 14040 is added to the Insurance Code, to
27 read:

28 14040. (a) Any badge or cap insignia worn by a person who
29 is a licensee, officer, director, or partner of a licensee shall be of
30 a design approved by the commissioner, and shall bear on its face
31 a distinctive word indicating the name of either the licensee or the
32 adjusting firm the licensee represents.

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

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

36 14042. (a) A licensee shall not conduct a business under a
37 fictitious or other business name unless and until he or she has
38 obtained the written authorization of the commissioner to do so.

39 (b) The commissioner shall not authorize the use of a fictitious
40 or other business name that is so similar to that of a public officer

1 or agency or of that used by another licensee that the public may
2 be confused or misled thereby.

3 (c) The authorization shall require, as a condition precedent to
4 the use of any fictitious name, that the licensee comply with Section
5 1724.5.

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

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

17 SEC. 31. Section 14061 of the Insurance Code is amended to
18 read:

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

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

28 (2) Violated any provisions of this chapter.

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

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

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

37 (6) Committed or permitted any employee to commit any act,
38 while the license was expired that would be cause for the
39 suspension or revocation of a license, or grounds for the denial of
40 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 remain in effect only until January 1, 2018,
18 and as of that date is repealed, unless a later enacted statute, that
19 is enacted before January 1, 2018, deletes or extends that date.

20 SEC. 32. Section 14061 is added to the Insurance Code, to
21 read:

22 14061. (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 he or she determines that the
25 licensee or if the licensee is a person other than an individual, that
26 any of its officers, directors, partners, or its designated responsible
27 person has done any of the following:

28 (1) Made any false statement or given any false information in
29 connection with an application for a license or a renewal or
30 reinstatement of a license.

31 (2) Violated any provisions of this chapter.

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

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

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

1 (6) Committed or permitted any employee to commit any act,
 2 while the license was expired that would be cause for the
 3 suspension or revocation of a license, or grounds for the denial of
 4 an application for a license.

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

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

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

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

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

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

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

22 SEC. 33. Section 14063 of the Insurance Code is amended to
 23 read:

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

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

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

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. 34. Section 14063 is added to the Insurance Code, to
2 read:

3 14063. (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, or partners
8 has done any of the following:

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

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

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

17 SEC. 35. Section 14064 of the Insurance Code is amended to
18 read:

19 14064. (a) The commissioner may suspend or revoke a license
20 issued under this chapter or may issue a restricted license in
21 accordance with Section 14026.5 if the commissioner determines
22 that the licensee, or his or her manager, if an individual, or if the
23 licensee is a person other than an individual, that any of its officers,
24 directors, partners, or its manager, has committed any act in the
25 course of the licensee's business constituting dishonesty or fraud.

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

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

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

34 (3) Manufacture of evidence.

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

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

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

7 SEC. 36. Section 14064 is added to the Insurance Code, to
8 read:

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

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

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

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

24 (3) Manufacture of evidence.

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

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

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

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

34 SEC. 38. Section 14078 is added to the Insurance Code, to
35 read:

36 14078. (a) Unless refused licensure pursuant to Sections 14060
37 to 14065, inclusive, a nonresident person shall receive a
38 nonresident independent insurance adjuster license if all of the
39 following apply:

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

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

5 (3) The applicant submitted to the commissioner the completed
6 application for licensure.

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

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

15 (c) As a condition to the continuation of a nonresident
16 independent insurance adjuster license, the licensee shall maintain
17 a resident independent insurance adjuster license in his, her, or its
18 home state.

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

26 (2) The nonresident independent insurance adjuster license shall
27 terminate if the person's home state does not issue nonresident
28 independent insurance adjuster licenses to residents of California
29 on the same basis.

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

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

38 (4) Maintaining a resident independent insurance adjuster license
39 is required for the nonresident independent insurance adjuster
40 license to remain valid.

1 SEC. 39. Section 14079 is added to the Insurance Code, to
2 read:

3 14079. (a) An independent insurance adjuster shall be honest
4 and fair in all communications with the insured, the insurer, and
5 the public.

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

9 (c) An independent insurance adjuster shall not give legal advice
10 and shall not deal directly with any policyholder or claimant who
11 is represented by legal counsel without the consent of the legal
12 counsel involved.

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

15 (e) An independent insurance adjuster shall identify himself or
16 herself as an independent insurance adjuster and, if applicable,
17 shall identify his or her employer when dealing with any
18 policyholder or claimant.

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

23 SEC. 40. Section 14080 of the Insurance Code is amended to
24 read:

25 14080. Any person who knowingly falsifies the fingerprints
26 or photographs submitted under paragraph (7) of subdivision (a)
27 of Section 14024 or paragraph (7) of subdivision (c) of Section
28 14025.1 is guilty of a felony. Any person who violates any of the
29 other provisions of this chapter is guilty of a misdemeanor
30 punishable by fine not to exceed five hundred dollars (\$500), or
31 by imprisonment in the county jail not to exceed one year, or by
32 both the fine and imprisonment.

33 SEC. 41. Section 14090.1 of the Insurance Code is amended
34 to read:

35 14090.1. (a) An individual who holds an independent insurance
36 adjuster license and who is not exempt under subdivision (b) shall
37 satisfactorily complete a minimum of 24 hours, of which three
38 hours are to be in ethics, of continuing education courses pertinent
39 to the duties and responsibilities of an independent insurance
40 adjuster license and shall report the completion of this coursework

1 to the insurance commissioner on a biennial basis in conjunction
2 with his or her license renewal cycle.

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

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

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

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

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

15 *SEC. 42. Section 14090.3 is added to the Insurance Code, to*
16 *read:*

17 *14090.3. A person who fails to meet the requirements imposed*
18 *by Section 14090.1, and who has not been granted an extension*
19 *of time by the commissioner within which to comply, shall have*
20 *his or her license placed on inactive status until he or she*
21 *demonstrates to the satisfaction of the commissioner that he or*
22 *she has complied with all of the requirements of this article and*
23 *all other applicable laws. A licensee placed on inactive status may*
24 *not perform the activities described in Section 1631. If a person*
25 *cannot perform the requirements of this article due to a disability*
26 *or inactivity due to special circumstances, the commissioner shall*
27 *provide a procedure for the person to place his or her license on*
28 *inactive status until the person demonstrates to the satisfaction of*
29 *the commissioner that he or she has complied with all of the*
30 *requirements of this article for the period of disability or inactivity.*

31 ~~SEC. 42.~~

32 *SEC. 43. Section 14097 of the Insurance Code is amended to*
33 *read:*

34 *14097. The amount of fees prescribed by this chapter, unless*
35 *otherwise fixed, is that fixed in the following schedule:*

36 (a) The application fee for the qualifying examination for an
37 original license is ~~seventy-two dollars (\$72).~~ *fifty dollars (\$50).*

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

1 (c) The fee for an original license application is up to one
 2 hundred ~~seventy dollars (\$170)~~; *twenty dollars (\$120)*. If the license
 3 will expire less than one year after its issuance, then the fee is an
 4 amount equal to 50 percent of the renewal fee in effect on the last
 5 regular renewal date before the date on which the license is issued.
 6 The commissioner may, by appropriate regulation, provide for the
 7 waiver or refund of the initial license fee where the license is issued
 8 less than 45 days before the date on which it will expire.

9 (d) The renewal fee shall be fixed by the commissioner as
 10 follows:

11 (1) For a license as an independent insurance adjuster, not more
 12 than one hundred ~~seventy dollars (\$170)~~; *twenty dollars (\$120)*.

13 (2) For a branch office certificate, not more than fifty-six dollars
 14 (\$56).

15 (e) The application and license fee for classifications prescribed
 16 by the commissioner, in addition to those provided for in this
 17 chapter, and the application and license fees for a change in the
 18 type of business organization of a licensee, shall be in the amount
 19 prescribed by rule and regulation of the commissioner.

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

22 (g) The fee for reexamination of an applicant is ~~twenty-nine~~
 23 ~~dollars (\$29)~~; *fifty dollars (\$50)*.

24 (h) The application fee for an apprentice independent insurance
 25 adjuster license shall be up to one hundred ~~seventy dollars (\$170)~~;
 26 *twenty dollars (\$120)*.

27 ~~SEC. 43.~~

28 *SEC. 44.* Section 14097.5 is added to the Insurance Code, to
 29 read:

30 14097.5. (a) On or before March 1, 2019, and for a total of
 31 three years thereafter, the department shall report annually to the
 32 Legislature all of the following:

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

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

36 (3) The annual projected costs and revenues associated with
 37 ongoing licensure and enforcement activities pursuant to this
 38 chapter.

1 (b) (1) A report submitted pursuant to subdivision (a) shall be
2 submitted in compliance with Section 9795 of the Government
3 Code.

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

6 ~~SEC. 44.~~

7 *SEC. 45.* Section 14099 of the Insurance Code is amended to
8 read:

9 14099. Application or license fees shall not be refunded
10 pursuant to Section 1751.5.

11 ~~SEC. 45.~~

12 *SEC. 46.* No reimbursement is required by this act pursuant to
13 Section 6 of Article XIII B of the California Constitution because
14 the only costs that may be incurred by a local agency or school
15 district will be incurred because this act creates a new crime or
16 infraction, eliminates a crime or infraction, or changes the penalty
17 for a crime or infraction, within the meaning of Section 17556 of
18 the Government Code, or changes the definition of a crime within
19 the meaning of Section 6 of Article XIII B of the California
20 Constitution.