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AMENDED IN SENATE JUNE 13, 2016  
AMENDED IN ASSEMBLY MAY 31, 2016  
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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, *14050*, 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, 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 \$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)~~

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

33 ~~(7)~~

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



1     ~~(8)~~  
2     (7) A verified statement of his or her experience qualifications,  
3 unless applying for an apprentice independent insurance adjuster  
4 license.

5     ~~(9)~~  
6     (8) Other information, evidence, statements, or documents as  
7 may be required by the commissioner.

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

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

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

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

14    ~~(4) A statement as to the general nature of the business in which~~  
15 ~~the applicant intends to engage.~~

16    ~~(5)~~  
17    (4) A statement as to the classifications under which the  
18 applicant desires to be qualified.

19    ~~(6)~~  
20    (5) Other information, evidence, statements, or documents as  
21 may be required by the commissioner.

22    SEC. 13. Section 14025 of the Insurance Code is amended to  
23 read:

24    14025. Before a license is granted, the applicant shall meet all  
25 of the following requirements:

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

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

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

30    (1) At least two years of experience in adjusting insurance claims  
31 *in any state* or the equivalent thereof as determined by the  
32 commissioner, unless applying for an apprentice independent  
33 insurance adjuster license.

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

37    (d) (1) Completed a 20-hour prelicensing education course of  
38 study.

39    (2) A nonresident applicant currently licensed as a home state  
40 independent insurance adjuster in another state who has met that

1 state’s preclicensing education requirements is exempt from  
 2 completing the preclicensing education requirement.

3 (3) A resident applicant currently listed under a licensed  
 4 independent insurance adjuster’s license as an unlicensed employee  
 5 is exempt from completing the preclicensing education requirement.  
 6 This exemption shall be in effect only until January 1, 2019.

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

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

12 SEC. 14. Section 14025.1 is added to the Insurance Code, to  
 13 read:

14 14025.1. (a) The apprentice independent insurance adjuster  
 15 license is a license to facilitate the experience, education, and  
 16 training necessary to ensure reasonable competency in the  
 17 responsibilities and duties of an independent insurance adjuster.

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

- 26 (1) Is at least 18 years of age.
- 27 (2) Is a resident of California or is a resident of another state  
 28 and has designated California as his or her home state.
- 29 (3) Has a business or mailing address in California for the  
 30 acceptance of service of process.
- 31 (4) Has not committed any act that is a ground for suspension,  
 32 revocation, or denial of licensure as set forth in Sections 1668,  
 33 1668.1, and 1669.
- 34 (5) Has paid the fees set forth in subdivision (h) of Section  
 35 14097.

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

- 38 (1) The applicant shall submit, with the apprentice independent  
 39 insurance adjuster application, an attestation from a licensed  
 40 independent insurance adjuster certifying that the apprentice will

1 be subject to training, direction, and control by the licensed  
2 independent insurance adjuster and further certifying that the  
3 licensed independent insurance adjuster assumes responsibility  
4 for the actions of the apprentice in the apprentice's capacity as an  
5 apprentice independent insurance adjuster.

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

8 (3) The apprentice independent insurance adjuster is restricted  
9 to participation in the investigation, settlement, and negotiation of  
10 claims subject to the review and final determination of the claim  
11 by a supervising licensed independent insurance adjuster.

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

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

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

26 (7) The applicant shall submit two photographs, no more than  
27 six months old, of the applicant, of a type prescribed by the  
28 commissioner, and one classifiable set of his or her ~~fingerprints,~~  
29 ~~to be sent to a live scan fingerprint provider as directed by the~~  
30 ~~department, if fingerprints are not submitted in person with a live~~  
31 ~~scan fingerprinting service provider certified by the Department~~  
32 ~~of Justice.~~ *fingerprints submitted in a manner acceptable to the*  
33 *Department of Insurance.*

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

35 SEC. 16. Section 14026 is added to the Insurance Code, to  
36 read:

37 14026. (a) An applicant for an independent insurance adjuster  
38 license, unless applying for an apprentice independent insurance  
39 adjuster license or crop insurance adjuster license, shall pass a  
40 written examination.

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

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

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

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

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

22 SEC. 18. Section 14028 of the Insurance Code is amended to  
23 read:

24 14028. After a hearing, the commissioner may deny a license  
25 unless the application makes a showing satisfactory to the  
26 commissioner that the applicant, if an individual, has not, or if the  
27 applicant is a person other than an individual, that its manager and  
28 each of its officers and partners have not done any of the following:

29 (a) Been refused a license under this chapter or had a license  
30 revoked.

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

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

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

39 SEC. 19. Section 14029 of the Insurance Code is amended to  
40 read:

1 14029. (a) The business of each licensee shall be operated  
2 under the active direction, control, charge, or management of the  
3 licensee, if the licensee is qualified, or the person who has qualified  
4 to act as the licensee’s manager, if the licensee is not qualified.

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

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

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

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

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

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

31 SEC. 20. Section 14029 is added to the Insurance Code, to  
32 read:

33 14029. (a) Each organization licensed under this chapter shall  
34 designate an individual also licensed as an independent insurance  
35 adjuster to be responsible for the organization’s compliance with  
36 state law.

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

38 SEC. 21. Section 14030 of the Insurance Code is amended to  
39 read:

1 14030. (a) Whenever the individual on the basis of whose  
2 qualifications a license under this chapter has been obtained ceases  
3 to be connected with the licensee for any reason whatever, the  
4 business may be carried on for a temporary period and under the  
5 terms and conditions as the commissioner shall provide by  
6 regulation.

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

10 SEC. 22. Section 14031 of the Insurance Code is amended to  
11 read:

12 14031. A hearing held under this chapter to determine whether  
13 an application for a license should be granted shall be conducted  
14 in accordance with Chapter 5 (commencing with Section 11501)  
15 of Part 1 of Division 3 of Title 2 of the Government Code, and the  
16 commissioner shall have all of the powers granted therein.

17 SEC. 23. Section 14032 of the Insurance Code is amended to  
18 read:

19 14032. The form and content of the license shall be determined  
20 by the commissioner.

21 SEC. 24. Section 14037 of the Insurance Code is amended to  
22 read:

23 14037. (a) A licensee shall at all times be legally responsible  
24 for the good conduct in the business of each of his or her employees  
25 or agents, including his or her manager.

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

29 SEC. 25. Section 14038 of the Insurance Code is amended to  
30 read:

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

1 *effectuate or enforce a transaction, except at the direction of the*  
2 *employer or client for whom the information was obtained and*  
3 *only if authorized by the insured.*

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

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

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

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

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

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

29 (h) A licensee shall not permit an employee or agent in his or  
30 her own name to advertise, engage clients, furnish reports, or  
31 present bills to clients, or in any manner whatever to conduct  
32 business for which a license is required under this chapter. All  
33 business of the licensee shall be conducted in *either* the name of  
34 and under the control of the ~~licensee~~ *licensee or the licensee's*  
35 *employer, who is a licensed independent insurance adjuster who*  
36 *meets the bond requirement described in Section 14050.*

37 (i) A licensee acting as an independent automobile damage  
38 appraiser or adjuster or as an automobile insurance claims adjuster,  
39 appraiser, or representative shall not receive any financial benefit  
40 from an automobile repair facility. "Financial benefit" means the

1 receiving of any commission or gratuity, discount on repair costs,  
2 free repairs, employment by a repair facility, or possession of more  
3 than 3 percent direct ownership in an automobile repair facility  
4 located in this state.

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

8 SEC. 26. Section 14038 is added to the Insurance Code, to  
9 read:

10 14038. (a) Any licensee or officer, director, or partner of a  
11 licensee may divulge to any law enforcement officer or district  
12 attorney, or to his or her representative, any information he or she  
13 may acquire as to any criminal offense, ~~but he or she shall not~~  
14 ~~divulge to any other person, except as he or she may be required~~  
15 ~~by law to do so, any information acquired by him or her except at~~  
16 ~~the direction of the employer or client for whom the information~~  
17 ~~was obtained.~~ *offense. However, he or she shall not divulge to any*  
18 *other person any information acquired by him or her, except as*  
19 *he or she may be required by law to do so or as is necessary to*  
20 *effectuate or enforce a transaction, except at the direction of the*  
21 *employer or client for whom the information was obtained and*  
22 *only if authorized by the insured.*

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

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

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

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

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



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

5 (h) A licensee shall not permit an agent in his or her own name  
6 to advertise, engage clients, furnish reports, or present bills to  
7 clients, or in any manner whatever to conduct business for which  
8 a license is required under this chapter. All business of the licensee  
9 shall be conducted in *either* the name of and under the control of  
10 ~~the licensee~~ *licensee or the licensee's employer, who is a licensed*  
11 *independent insurance adjuster who meets the bond requirement*  
12 *described in Section 14050.*

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

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

22 SEC. 27. Section 14039 of the Insurance Code is amended to  
23 read:

24 14039. A person licensed as an independent insurance adjuster  
25 shall not do any of the following:

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

29 (b) Use any misrepresentation to solicit a contract or agreement  
30 to adjust a claim.

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

35 SEC. 28. Section 14040 of the Insurance Code is amended to  
36 read:

37 14040. (a) Any badge or cap insignia worn by a person who  
38 is a licensee, officer, director, partner, manager, or employee of a  
39 licensee shall be of a design approved by the commissioner, and  
40 shall bear on its face a distinctive word indicating the name of the

1 licensee and an employee number by which the person may be  
2 identified by the licensee.

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

6 SEC. 29. Section 14040 is added to the Insurance Code, to  
7 read:

8 14040. (a) Any badge or cap insignia worn by a person who  
9 is a licensee, officer, director, or partner of a licensee shall be of  
10 a design approved by the commissioner, and shall bear on its face  
11 a distinctive word indicating the name of either the licensee or the  
12 adjusting firm the licensee represents.

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

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

16 14042. (a) A licensee shall not conduct a business under a  
17 fictitious or other business name unless and until he or she has  
18 obtained the written authorization of the commissioner to do so.

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

23 (c) The authorization shall require, as a condition precedent to  
24 the use of any fictitious name, that the licensee comply with Section  
25 1724.5.

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

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

37 SEC. 31. Section 14050 of the Insurance Code is amended to  
38 read:

39 14050. ~~No license shall~~ (a) A license shall not be issued under  
40 this chapter unless the applicant files with the commissioner a

1 surety bond executed by a surety company authorized to do  
2 business in the state in the sum of two thousand dollars (\$2,000)  
3 conditioned for the faithful and honest conduct of business by ~~such~~  
4 *that* applicant. ~~Such~~ The bond as to its form, execution, and  
5 sufficiency of the sureties shall be approved by the commissioner.

6 *(b) A surety bond is not required for an individual licensed as*  
7 *an independent insurance adjuster who adjusts only on behalf of*  
8 *his or her employer, who is a licensed independent insurance*  
9 *adjuster who meets the bond requirement.*

10 ~~SEC. 31.~~

11 *SEC. 32.* Section 14061 of the Insurance Code is amended to  
12 read:

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

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

22 (2) Violated any provisions of this chapter.

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

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

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

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

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

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

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

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

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

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

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

14 ~~SEC. 32.~~

15 *SEC. 33.* Section 14061 is added to the Insurance Code, to  
16 read:

17 14061. (a) The commissioner may suspend or revoke a license  
18 issued under this chapter or may issue a restricted license in  
19 accordance with Section 14026.5 if he or she determines that the  
20 licensee or if the licensee is a person other than an individual, that  
21 any of its officers, directors, partners, or its designated responsible  
22 person has done any of the following:

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

26 (2) Violated any provisions of this chapter.

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

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

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

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

39 (7) Willfully failed or refused to render to a client services or  
40 a report as agreed between the parties and for which compensation

1 has been paid or tendered in accordance with the agreement of the  
2 parties.

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

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

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

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

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

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

16 ~~SEC. 33.~~

17 *SEC. 34.* Section 14063 of the Insurance Code is amended to  
18 read:

19 14063. (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 done any of the following:

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

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

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

35 ~~SEC. 34.~~

36 *SEC. 35.* 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.~~

13 *SEC. 36.* Section 14064 of the Insurance Code is amended to  
14 read:

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

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

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

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

30 (3) Manufacture of evidence.

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

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

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

1 ~~SEC. 36.~~

2 *SEC. 37.* Section 14064 is added to the Insurance Code, to  
3 read:

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

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

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

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

19 (3) Manufacture of evidence.

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

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

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

28 ~~SEC. 37.~~

29 *SEC. 38.* Section 14078 of the Insurance Code is repealed.

30 ~~SEC. 38.~~

31 *SEC. 39.* Section 14078 is added to the Insurance Code, to  
32 read:

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

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

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

1 (3) The applicant submitted to the commissioner the completed  
2 application for licensure.

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

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

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

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

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

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

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

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

37 ~~SEC. 39.~~

38 *SEC. 40.* Section 14079 is added to the Insurance Code, to  
39 read:



1 14079. (a) An independent insurance adjuster shall be honest  
2 and fair in all communications with the insured, the insurer, and  
3 the public.

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

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

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

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

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

21 ~~SEC. 40.~~

22 *SEC. 41.* Section 14080 of the Insurance Code is amended to  
23 read:

24 14080. Any person who knowingly falsifies the fingerprints  
25 or photographs submitted under paragraph ~~(7)~~ (6) of subdivision  
26 (a) of Section 14024 or paragraph (7) of subdivision (c) of Section  
27 14025.1 is guilty of a felony. Any person who violates any of the  
28 other provisions of this chapter is guilty of a misdemeanor  
29 punishable by fine not to exceed five hundred dollars (\$500), or  
30 by imprisonment in the county jail not to exceed one year, or by  
31 both the fine and imprisonment.

32 ~~SEC. 41.~~

33 *SEC. 42.* 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.~~

16 *SEC. 43.* Section 14090.3 is added to the Insurance Code, to  
 17 read:

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

32 ~~SEC. 43.~~

33 *SEC. 44.* Section 14097 of the Insurance Code is amended to  
 34 read:

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

37 (a) The application fee for the qualifying examination for an  
 38 original license is fifty dollars (\$50).

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

1 (c) The fee for an original license application is up to one  
2 hundred twenty dollars (\$120). If the license will expire less than  
3 one year after its issuance, then the fee is an amount equal to 50  
4 percent of the renewal fee in effect on the last regular renewal date  
5 before the date on which the license is issued. The commissioner  
6 may, by appropriate regulation, provide for the waiver or refund  
7 of the initial license fee where the license is issued less than 45  
8 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 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 fifty dollars  
23 (\$50).

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

26 ~~SEC. 44.~~

27 *SEC. 45.* Section 14097.5 is added to the Insurance Code, to  
28 read:

29 14097.5. (a) On or before March 1, 2019, and for a total of  
30 three years thereafter, the department shall report annually to the  
31 Legislature all of the following:

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

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

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

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

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

3 ~~SEC. 45.~~

4 *SEC. 46.* Section 14099 of the Insurance Code is amended to  
5 read:

6 14099. Application or license fees shall not be refunded  
7 pursuant to Section 1751.5.

8 ~~SEC. 46.~~

9 *SEC. 47.* No reimbursement is required by this act pursuant to  
10 Section 6 of Article XIII B of the California Constitution because  
11 the only costs that may be incurred by a local agency or school  
12 district will be incurred because this act creates a new crime or  
13 infraction, eliminates a crime or infraction, or changes the penalty  
14 for a crime or infraction, within the meaning of Section 17556 of  
15 the Government Code, or changes the definition of a crime within  
16 the meaning of Section 6 of Article XIII B of the California  
17 Constitution.