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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, 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~~. \$80. 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

1 may secure a license of the type held by him or her on his or her
2 entry into military service upon the filing of an application and
3 paying the fee therefor without the necessity of taking any
4 examination or paying any penalty.

5 SEC. 2. Section 1751.5 of the Insurance Code is amended to
6 read:

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

14 SEC. 3. Section 14000 of the Insurance Code is amended to
15 read:

16 14000. This chapter may be cited as the Independent Insurance
17 Adjuster Act.

18 SEC. 4. Section 14001 of the Insurance Code is amended to
19 read:

20 14001. As used in this chapter, the following terms have the
21 following meanings:

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

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

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

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

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

1 is licensed following an examination, provided that the independent
2 insurance adjuster is licensed and in good standing in that state.

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

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

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

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

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

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

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

16 14010. The commissioner shall administer and enforce the
17 provisions of this chapter.

18 SEC. 7. Section 14020 of the Insurance Code is amended to
19 read:

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

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

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

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

28 14021. An independent insurance adjuster, for purposes of this
29 chapter, is ~~all of the following~~: *to meet all of the following*
30 *requirements*:

31 (a) ~~He or she is an~~ individual, a business entity, an
32 independent contractor, or an employee of a contractor, who
33 contracts for compensation with insurers.

34 (b) ~~He or she is a~~ person whose tax treatment by the insurers
35 is consistent with that of an independent contractor rather than an
36 employee, as defined in Section 3121 of Title 26 of the United
37 States Code.

38 (c) ~~He or she is a~~ person who investigates, negotiates, or
39 settles property and casualty claims for insurers.

1 SEC. 10. Section 14022 of the Insurance Code is amended to
2 read:

3 14022. This chapter does not apply to any of the following:

4 (a) A person employed exclusively and regularly by one
5 employer in connection with the affairs of that employer only and
6 where there exists an employer-employee relationship. This
7 subdivision shall become inoperative on January 1, 2018.

8 (b) An officer or employee of the United States of America, or
9 of this state or a political subdivision thereof, while that officer or
10 employee is engaged in the performance of his or her official
11 duties.

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

14 (d) A charitable philanthropic society or association duly
15 incorporated under the laws of this state, which is organized and
16 maintained for the public good and not for private profit.

17 (e) An attorney at law admitted to practice in California, when
18 acting in his or her professional capacity as an attorney.

19 (f) A licensed collection agency or an employee thereof while
20 acting within the scope of his or her employment, while making
21 an investigation incidental to the business of the agency, including
22 an investigation of the location of a debtor or his or her property
23 where the contract with an assignor creditor is for the collection
24 of claims owed or due or asserted to be owed or due or the
25 equivalent thereof.

26 (g) An officer, director, manager, or employee of an authorized
27 insurer, surplus line insurer, a risk retention group, or an
28 attorney-in-fact of a reciprocal insurer.

29 (h) A licensed insurance agent or broker or managing general
30 agent of the insurer to whom claim authority has been granted by
31 the insurer.

32 (i) The legal owner of personal property that has been sold under
33 a conditional sales agreement or a mortgagee under the terms of
34 a chattel mortgage.

35 (j) Any bank subject to the jurisdiction of the Commissioner of
36 Business Oversight under Division 1 (commencing with Section
37 99) of the Financial Code or the Comptroller of the Currency of
38 the United States.

1 (k) A person employed solely to obtain facts surrounding a
2 claim or to furnish technical assistance to a licensed independent
3 insurance adjuster.

4 (l) Any building contractor, engineer, technical expert, or other
5 person who is engaged by an insurer or licensed independent
6 insurance adjuster to provide an expert or professional evaluation
7 of the extent, cause, or origin of damage to the insured property,
8 but who does not otherwise participate in the process of adjusting
9 claims.

10 (m) An individual who is employed to investigate suspected
11 fraudulent insurance claims but who does not adjust losses or
12 determine claims payments.

13 (n) A person who solely performs administrative or clerical
14 duties, or any combination thereof, and who does not investigate,
15 negotiate, or settle claims with policyholders, claimants, or their
16 legal representative.

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

20 (p) A managed care organization or any of its employees who
21 provide managed care services if the services do not include the
22 determination of compensability.

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

24 (r) A United States manager of the United States branch of an
25 alien insurer.

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

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

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

38 SEC. 11. Section 14022.5 of the Insurance Code is amended
39 to read:

1 14022.5. (a) In the event of an emergency situation as declared
 2 by the commissioner, claims arising out of the emergency,
 3 catastrophe, disaster, or other similar occurrence may be adjusted
 4 by a nonlicensed independent insurance adjuster upon registration
 5 with the commissioner if all of the following requirements are met:

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

10 (2) Registration with the commissioner is accomplished within
 11 five working days from the date on which the nonlicensed
 12 independent insurance adjuster commences the claims adjusting
 13 activity in connection with the emergency situation.

14 (b) “Registration,” within the meaning of this section, means a
 15 written letter to the commissioner, submitted by the supervising
 16 licensed independent insurance adjuster or admitted insurer, naming
 17 the nonlicensed independent insurance adjusters, identifying their
 18 independent insurance adjuster licenses held in other jurisdictions,
 19 and stating when their claims adjusting activity commenced.

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

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

28 14024. (a) An individual application shall be verified and shall
 29 include all of the following:

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

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

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

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

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

37 (6) Two photographs, no more than six months old, of the
 38 applicant, of a type prescribed by the commissioner, and one
 39 classifiable set of his or her fingerprints submitted ~~in a manner~~
 40 ~~acceptable to the Department of Insurance.~~ *with a live scan*

1 *fingerprinting service provider certified by the Department of*
2 *Justice.*

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

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 classifications under which the
15 applicant desires to be qualified.

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

18 SEC. 13. Section 14025 of the Insurance Code is amended to
19 read:

20 14025. Before a license is granted, the applicant shall meet all
21 of the following requirements:

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

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

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

26 (1) At least two years of experience in adjusting insurance claims
27 in any state or the equivalent thereof as determined by the
28 commissioner, unless applying for an apprentice independent
29 insurance adjuster license.

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

33 (d) (1) Completed a 20-hour prelicensing education course of
34 study.

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

39 (3) A resident applicant currently listed under a licensed
40 independent insurance adjuster's license as an unlicensed employee

1 is exempt from completing the prelicensing education requirement.
2 This exemption shall be in effect only until January 1, 2019.

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

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

8 SEC. 14. Section 14025.1 is added to the Insurance Code, to
9 read:

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

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

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

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

- 34 (1) The applicant shall submit, with the apprentice independent
35 insurance adjuster application, an attestation from a licensed
36 independent insurance adjuster certifying that the apprentice will
37 be subject to training, direction, and control by the licensed
38 independent insurance adjuster and further certifying that the
39 licensed independent insurance adjuster assumes responsibility

1 for the actions of the apprentice in the apprentice’s capacity as an
2 apprentice independent insurance adjuster.

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

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

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

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

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

23 (7) The applicant shall submit two photographs, no more than
24 six months old, of the applicant, of a type prescribed by the
25 commissioner, and one classifiable set of his or her fingerprints
26 submitted in a manner acceptable to the Department of Insurance.
27 *with a live scan fingerprinting service provider certified by the*
28 *Department of Justice.*

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

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

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

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

1 (2) An applicant applying for an examination shall remit a
2 nonrefundable fee as prescribed by the commissioner in Section
3 14097.

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

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

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

19 SEC. 18. Section 14028 of the Insurance Code is amended to
20 read:

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

26 (a) Been refused a license under this chapter or had a license
27 revoked.

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

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

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

36 SEC. 19. Section 14029 of the Insurance Code is amended to
37 read:

38 14029. (a) The business of each licensee shall be operated
39 under the active direction, control, charge, or management of the

1 licensee, if the licensee is qualified, or the person who has qualified
2 to act as the licensee's manager, if the licensee is not qualified.

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

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

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

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

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

26 (e) 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. 20. Section 14029 is added to the Insurance Code, to
30 read:

31 14029. (a) Each organization licensed under this chapter shall
32 designate an individual also licensed as an independent insurance
33 adjuster to be responsible for the organization's compliance with
34 state law.

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

36 SEC. 21. Section 14030 of the Insurance Code is amended to
37 read:

38 14030. (a) Whenever the individual on the basis of whose
39 qualifications a license under this chapter has been obtained ceases
40 to be connected with the licensee for any reason whatever, the

1 business may be carried on for a temporary period and under the
2 terms and conditions as the commissioner shall provide by
3 regulation.

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

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

14 SEC. 23. Section 14032 of the Insurance Code is amended to
15 read:

16 14032. The form and content of the license shall be determined
17 by the commissioner.

18 SEC. 24. Section 14037 of the Insurance Code is amended to
19 read:

20 14037. (a) A licensee shall at all times be legally responsible
21 for the good conduct in the business of each of his or her employees
22 or agents, including his or her manager.

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. 25. Section 14038 of the Insurance Code is amended to
27 read:

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

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

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

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

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

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

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

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

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

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

6 14038. (a) Any licensee or officer, director, or partner of a
7 licensee may divulge to any law enforcement officer or district
8 attorney, or to his or her representative, any information he or she
9 may acquire as to any criminal offense. However, he or she shall
10 not divulge to any other person any information acquired by him
11 or her, except as he or she may be required by law to do so or as
12 is necessary to effectuate or enforce a transaction, except at the
13 direction of the employer or client for whom the information was
14 obtained and only if authorized by the insured.

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

18 (c) A written report shall not be submitted to a client except by
19 the licensee ~~who~~ or his or her designee. *The licensee* shall exercise
20 diligence in ascertaining whether or not the facts and information
21 in that report are true and correct.

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

25 (e) A licensee or officer, director, or partner of a licensee shall
26 not use a title, wear a uniform, use an insignia, use an identification
27 card, or make any statement with the intent to give an impression
28 that he or she is connected in any way with the federal government,
29 a state government, or any political subdivision of a state
30 government.

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

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

38 (h) A licensee shall not permit an agent in his or her own name
39 to advertise, engage clients, furnish reports, or present bills to
40 clients, or in any manner whatever to conduct business for which

1 a license is required under this chapter. All business of the licensee
2 shall be conducted in either the name of and under the control of
3 the licensee or the licensee's employer, who is a licensed
4 independent insurance adjuster who meets the bond requirement
5 described in Section 14050.

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

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

15 SEC. 27. Section 14039 of the Insurance Code is amended to
16 read:

17 14039. A person licensed as an independent insurance adjuster
18 shall not do any of the following:

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

22 (b) Use any misrepresentation to solicit a contract or agreement
23 to adjust a claim.

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

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

30 14040. (a) Any badge or cap insignia worn by a person who
31 is a licensee, officer, director, partner, manager, or employee of a
32 licensee shall be of a design approved by the commissioner, and
33 shall bear on its face a distinctive word indicating the name of the
34 licensee and an employee number by which the person may be
35 identified by the licensee.

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

39 SEC. 29. Section 14040 is added to the Insurance Code, to
40 read:

1 14040. (a) Any badge or cap insignia worn by a person who
2 is a licensee, officer, director, or partner of a licensee shall be of
3 a design approved by the commissioner, and shall bear on its face
4 a distinctive word indicating the name of either the licensee or the
5 adjusting firm the licensee represents.

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

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

9 14042. (a) A licensee shall not conduct a business under a
10 fictitious or other business name unless and until he or she has
11 obtained the written authorization of the commissioner to do so.

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

16 (c) The authorization shall require, as a condition precedent to
17 the use of any fictitious name, that the licensee comply with Section
18 1724.5.

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

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

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

32 14050. (a) A license shall not be issued under this chapter
33 unless the applicant files with the commissioner a surety bond
34 executed by a surety company authorized to do business in the
35 state in the sum of two thousand dollars (\$2,000) conditioned for
36 the faithful and honest conduct of business by that applicant. The
37 bond as to its form, execution, and sufficiency of the sureties shall
38 be approved by the commissioner.

39 (b) A surety bond is not required for an individual licensed as
40 an independent insurance adjuster who adjusts only on behalf of

1 his or her employer, ~~who is a~~ *provided that the employer is another*
2 licensed independent insurance adjuster who meets the bond
3 requirement.

4 SEC. 32. Section 14061 of the Insurance Code is amended to
5 read:

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

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

15 (2) Violated any provisions of this chapter.

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

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

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

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

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

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

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

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

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

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

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

8 SEC. 33. Section 14061 is added to the Insurance Code, to
9 read:

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

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

19 (2) Violated any provisions of this chapter.

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

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

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

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

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

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

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

- 1 (10) Acted as a runner or capper for any attorney.
- 2 (11) Committed any act that is a ground for denial of an
- 3 application for license under this chapter.
- 4 (12) Purchased, possessed, or transported any tear gas weapon
- 5 except as authorized by law. A violation of this paragraph may be
- 6 punished by the suspension of a license for a period to be
- 7 determined by the commissioner.
- 8 (b) This section shall become operative on January 1, 2018.

9 SEC. 34. Section 14063 of the Insurance Code is amended to
10 read:

11 14063. (a) The commissioner may suspend or revoke a license
12 issued under this chapter or may issue a restricted license in
13 accordance with Section 14026.5 if the commissioner determines
14 that the licensee, or his or her manager, if an individual, or if the
15 licensee is a person other than an individual, that any of its officers,
16 directors, partners, or its manager has done any of the following:

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

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

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

27 SEC. 35. Section 14063 is added to the Insurance Code, to
28 read:

29 14063. (a) The commissioner may suspend or revoke a license
30 issued under this chapter or may issue a restricted license in
31 accordance with Section 14026.5 if the commissioner determines
32 that the licensee, if an individual, or if the licensee is a person other
33 than an individual, that any of its officers, directors, or partners
34 has done any of the following:

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

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

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

5 SEC. 36. Section 14064 of the Insurance Code is amended to
6 read:

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

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

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

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

22 (3) Manufacture of evidence.

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

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

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

33 SEC. 37. Section 14064 is added to the Insurance Code, to
34 read:

35 14064. (a) The commissioner may suspend or revoke a license
36 issued under this chapter or may issue a restricted license in
37 accordance with Section 14026.5 if the commissioner determines
38 that the licensee, if an individual, or if the licensee is a person other
39 than an individual, that any of its officers, directors, partners, or

1 its designated responsible person has committed any act in the
2 course of the licensee’s business constituting dishonesty or fraud.

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

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

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

11 (3) Manufacture of evidence.

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

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

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

20 SEC. 38. Section 14078 of the Insurance Code is repealed.

21 SEC. 39. Section 14078 is added to the Insurance Code, to
22 read:

23 14078. (a) Unless refused licensure pursuant to Sections 14060
24 to 14065, inclusive, a nonresident person shall receive a
25 nonresident independent insurance adjuster license if all of the
26 following apply:

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

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

31 (3) The applicant submitted to the commissioner the completed
32 application for licensure.

33 (4) The applicant’s home state issues nonresident independent
34 insurance adjuster licenses to residents of California on the same
35 basis.

36 (b) The commissioner may verify the independent insurance
37 adjuster’s licensing status through any appropriate database,
38 including the Producer Database maintained by the National
39 Association of Insurance Commissioners, its affiliates or
40 subsidiaries, or may request certification of good standing.

1 (c) As a condition to the continuation of a nonresident
2 independent insurance adjuster license, the licensee shall maintain
3 a resident independent insurance adjuster license in his, her, or its
4 home state.

5 (1) The nonresident independent insurance adjuster license
6 issued under this chapter shall terminate and be surrendered
7 immediately to the commissioner if the resident independent
8 insurance adjuster license terminates for any reason, unless the
9 termination is due to the independent insurance adjuster being
10 issued a new resident independent insurance adjuster license in
11 his, her, or its new home state.

12 (2) The nonresident independent insurance adjuster license shall
13 terminate if the person’s home state does not issue nonresident
14 independent insurance adjuster licenses to residents of California
15 on the same basis.

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

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

24 (4) Maintaining a resident independent insurance adjuster license
25 is required for the nonresident independent insurance adjuster
26 license to remain valid.

27 SEC. 40. Section 14079 is added to the Insurance Code, to
28 read:

29 14079. (a) An independent insurance adjuster shall be honest
30 and fair in all communications with the insured, the insurer, and
31 the public.

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

35 (c) An independent insurance adjuster shall not give legal advice
36 and shall not deal directly with any policyholder or claimant who
37 is represented by legal counsel without the consent of the legal
38 counsel involved.

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

1 (e) An independent insurance adjuster shall identify himself or
2 herself as an independent insurance adjuster and, if applicable,
3 shall identify his or her employer when dealing with any
4 policyholder or claimant.

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

9 SEC. 41. Section 14080 of the Insurance Code is amended to
10 read:

11 14080. Any person who knowingly falsifies the fingerprints
12 or photographs submitted under paragraph (6) of subdivision (a)
13 of Section 14024 or paragraph (7) of subdivision (c) of Section
14 14025.1 is guilty of a felony. Any person who violates any of the
15 other provisions of this chapter is guilty of a misdemeanor
16 punishable by fine not to exceed five hundred dollars (\$500), or
17 by imprisonment in the county jail not to exceed one year, or by
18 both the fine and imprisonment.

19 SEC. 42. Section 14090.1 of the Insurance Code is amended
20 to read:

21 14090.1. (a) An individual who holds an independent insurance
22 adjuster license and who is not exempt under subdivision (b) shall
23 satisfactorily complete a minimum of 24 hours, of which three
24 hours are to be in ethics, of continuing education courses pertinent
25 to the duties and responsibilities of an independent insurance
26 adjuster license and shall report the completion of this coursework
27 to the insurance commissioner on a biennial basis in conjunction
28 with his or her license renewal cycle.

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

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

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

35 (3) An individual licensed as an independent insurance adjuster
36 and as a property or casualty broker-agent, pursuant to Section
37 1625, who has met the continuing education requirements specified
38 in Section 1749.3.

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

1 SEC. 43. Section 14090.3 is added to the Insurance Code, to
2 read:

3 14090.3. A person who fails to meet the requirements imposed
4 by Section 14090.1, and who has not been granted an extension
5 of time by the commissioner within which to comply, shall have
6 his or her license placed on inactive status until he or she
7 demonstrates to the satisfaction of the commissioner that he or she
8 has complied with all of the requirements of this article and all
9 other applicable laws. A licensee placed on inactive status may
10 not perform the activities described in Section 1631. If a person
11 cannot perform the requirements of this article due to a disability
12 or inactivity due to special circumstances, the commissioner shall
13 provide a procedure for the person to place his or her license on
14 inactive status until the person demonstrates to the satisfaction of
15 the commissioner that he or she has complied with all of the
16 requirements of this article for the period of disability or inactivity.

17 SEC. 44. Section 14097 of the Insurance Code is amended to
18 read:

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

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

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

25 (c) The fee for an original license application is up to ~~one~~
26 ~~hundred twenty dollars (\$120)~~; *eighty dollars (\$80)*. If the license
27 will expire less than one year after its issuance, then the fee is an
28 amount equal to 50 percent of the renewal fee in effect on the last
29 regular renewal date before the date on which the license is issued.
30 The commissioner may, by appropriate regulation, provide for the
31 waiver or refund of the initial license fee where the license is issued
32 less than 45 days before the date on which it will expire.

33 (d) The renewal fee shall be fixed by the commissioner as
34 follows:

35 (1) For a license as an independent insurance adjuster, not more
36 than ~~one hundred twenty dollars (\$120)~~; *eighty dollars (\$80)*.

37 (2) For a branch office certificate, not more than fifty-six dollars
38 (\$56).

39 (e) The application and license fee for classifications prescribed
40 by the commissioner, in addition to those provided for in this

1 chapter, and the application and license fees for a change in the
2 type of business organization of a licensee, shall be in the amount
3 prescribed by rule and regulation of the commissioner.

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

6 (g) The fee for reexamination of an applicant is fifty dollars
7 (\$50).

8 (h) The application fee for an apprentice independent insurance
9 adjuster license shall be up to ~~one hundred twenty dollars (\$120).~~
10 *eighty dollars (\$80).*

11 SEC. 45. Section 14097.5 is added to the Insurance Code, to
12 read:

13 14097.5. (a) On or before March 1, 2019, and for a total of
14 three years thereafter, the department shall report annually to the
15 Legislature all of the following:

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

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

19 (3) The annual projected costs and revenues associated with
20 ongoing licensure and enforcement activities pursuant to this
21 chapter.

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

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

27 SEC. 46. Section 14099 of the Insurance Code is amended to
28 read:

29 14099. Application or license fees shall not be refunded
30 pursuant to Section 1751.5.

31 SEC. 47. No reimbursement is required by this act pursuant to
32 Section 6 of Article XIII B of the California Constitution because
33 the only costs that may be incurred by a local agency or school
34 district will be incurred because this act creates a new crime or
35 infraction, eliminates a crime or infraction, or changes the penalty
36 for a crime or infraction, within the meaning of Section 17556 of
37 the Government Code, or changes the definition of a crime within

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

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