

**ASSEMBLY BILL**

**No. 2776**

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**Introduced by Assembly Member Chu**

February 19, 2016

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An act to amend Section 790.034 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2776, as introduced, Chu. Insurance: claims settlement.

Existing law specifies various acts that are defined as unfair methods of competition and deceptive acts or practices in the business of insurance. Existing law, on January 1, 2017, requires that regulations adopted by the Insurance Commissioner, with regard to unfair business practices as it relates to the settlement of claims, take into consideration settlement practices by classes of insurers, and every insurer, upon receiving notice of a claim, is required to immediately, but no more than 15 calendar days after receipt of the claim, provide the insured with a legible reproduction of specified provisions of law along with a written notice containing specified language.

This bill would make technical, nonsubstantive changes to that provision.

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

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

- 1 SECTION 1. Section 790.034 of the Insurance Code, as added
- 2 by Section 7 of Chapter 348 of the Statutes of 2015, is amended
- 3 to read:

1 790.034. (a) Regulations adopted by the commissioner  
2 pursuant to this article that relate to the settlement of claims shall  
3 take into consideration settlement practices by classes of insurers.

4 (b) (1) Upon receiving notice of a claim, ~~every~~ *each* insurer  
5 shall immediately, but ~~no~~ *not* more than 15 calendar days after  
6 receipt of the claim, provide the insured with a legible reproduction  
7 of subdivisions (h) and (i) of Section 790.03 along with a written  
8 notice containing the following language in at least 10-point type:

9  
10 “In addition to Section 790.03 of the Insurance Code, Fair Claims  
11 Settlement Practices Regulations govern how insurance claims  
12 must be processed in this state. These regulations are available at  
13 the Department of Insurance Internet Web site,  
14 [www.insurance.ca.gov](http://www.insurance.ca.gov), or by calling the department’s consumer  
15 information line at 1-800-927-HELP(4357). You may also obtain  
16 a copy of this law and these regulations free of charge from this  
17 insurer.”  
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19 (2) Every insurer shall provide, when requested orally or in  
20 writing by an insured, a legible reproduction of Section 790.03 ~~of~~  
21 ~~the Insurance Code~~ and copies of Sections 2695.5, 2695.7, 2695.8,  
22 and 2695.9 of Subchapter 7.5 of Chapter 5 of Title 10 of the  
23 California Code of Regulations, unless the regulations are  
24 inapplicable to that class of insurer. This law and these regulations  
25 shall be provided to the insured within 15 calendar days of request.

26 (3) The provisions of this subdivision shall apply to all insurers  
27 except for those that are licensed pursuant to Chapter 1  
28 (commencing with Section 12340) of Part 6 of Division 2, with  
29 respect to policies and endorsements described in Section 790.031.

30 (c) This section shall become operative on January 1, 2017.