

AMENDED IN SENATE JANUARY 4, 2016

**SENATE BILL**

**No. 488**

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**Introduced by Senator Block**

February 26, 2015

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An act to amend Sections 1722, 1751.5, ~~14000, 14001, 14020, 14022, 14022.5, 14024, 14025, 14028, 14031, 14032, 14038, 14039, 14040, 14042, 14061, 14063, 14064, 14080, 14090.1, 14097, 14099, 15001, 15008, 15010, 15011, 15013, 15017, 15020, 15027, 15027.1, 15028, 15031, 15036, 15053, 15056, 15060, and 15062~~ of, to add ~~Sections 14025.1, 14079, and Section 15009.1~~ to, to repeal ~~Sections 14027, 14030, 14037, and Section 15015~~ of, and to repeal and add Sections 14010, 14021, 14026, 14029, 14078, ~~15007, 15007~~ and 15016 of, the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 488, as amended, Block. ~~Independent insurance adjusters: public~~ *Public* insurance adjusters.

(1) ~~Existing law, the Insurance Adjuster Act, sets forth various requirements with respect to operation as an insurance adjuster in this state, including, but not limited to, that the person be licensed, licensing qualifications and application requirements, codes of conduct, disciplinary actions, and nonresident and emergency licenses. The act defines the term, "insurance adjuster," to include a person, other than a private investigator, who, for any consideration whatsoever, engages in business or accepts employment to furnish, or agrees to make, or makes, any investigation for the purpose of obtaining, information in the course of adjusting or otherwise participating in the disposal of, any claim under or in connection with a policy of insurance on behalf of an insurer or engages in soliciting insurance adjustment business. Any~~

~~person who knowingly falsifies the fingerprints or photographs submitted as part of the application process is guilty of a felony, and any person who violates any other provision governing insurance adjusters is guilty of a misdemeanor punishable by a fine not to exceed \$500, or by imprisonment in the county jail not to exceed one year, or by both that fine and imprisonment.~~

~~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 or self-insurers, a person whose tax treatment by the insurers or self-insurers is consistent with that of an independent contractor rather than as an employee, and a person that investigates, negotiates, or settles property, casualty, or workers’ compensation claims for insurers or for self-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 executive, administrative, managerial, 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 code of conduct requirements on licensees. The bill would revise the provisions relating to nonresident and emergency licenses with regards to qualifying for those licenses. The bill would also create an apprentice independent insurance adjuster license to facilitate the experience, education, and training necessary to ensure reasonable competency in the responsibilities and duties of an independent insurance adjuster and would set forth the various terms and conditions of the license, including an application fee to be fixed by the commissioner and reasonably related to the actual cost to the department in performing its duties. 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 also make conforming changes. Because the bill would create a new crime, it would impose a state-mandated local program.~~

~~(2) Existing~~

*Existing law*, the Public Insurance Adjusters Act, sets forth various requirements with respect to operation as a public insurance adjuster in this state, including, but not limited to, that the person be licensed and licensing qualifications and application requirements for public insurance adjusters, nonresident public insurance adjusters, and interim public insurance adjusters. The act defines the term “public insurance adjuster” to mean a person who, for compensation, acts on behalf of, or aids in any manner, an insured in negotiating for or effecting the settlement of a claim or claims for loss or damage under any policy of insurance covering real or personal property or any person who advertises, solicits business, or holds himself or herself out to the public as an adjuster of those claims and any person who, for compensation, investigates, settles, adjusts, advises, or assists an insured with reference to claims for those losses on behalf of any public insurance adjuster. 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 public insurance adjusters is guilty of a misdemeanor punishable by a fine not to exceed \$500 or by imprisonment in ~~the~~ a county jail not to exceed one year, or by both that fine and imprisonment.

This bill would revise and recast the above provisions by, among other things, redefining a “public insurance adjuster” to include any person who, for compensation or any other thing of value on behalf of an insured, acts or aids, solely in relation to first party claims arising under insurance contracts that insure the real or personal property of the insured, on behalf of an insured in negotiating for, or effecting the settlement of, a claim for loss or damage coverage by an insurance contract, or advertises for employment as a public adjuster of insurance claims or solicits business or represents himself or herself to the public as a public adjuster of first party insurance claims for losses or damages arising out of policies of insurance that insure real or personal property. The bill would expand the categories of persons exempt from the act to include, among others, a person who negotiates or settles claims arising under a life or health insurance policy or an annuity contract and a person who settles subrogation claims between insurers. *The bill would make certain categories of persons who are exempt from the existing act, subject to the act, thereby requiring those persons to seek licensure in order to practice as a licensee under the act.* The bill would place additional eligibility requirements on applicants for a nonresident license. The bill would also repeal the provisions relating to an interim

license, and would instead create an apprentice public insurance adjuster license to facilitate the training necessary to ensure reasonable competency in the responsibilities and duties of a public insurance adjuster, and would set forth the various terms and conditions of the license. The bill would make an apprentice public insurance adjuster subject to a felony conviction if he or she knowingly falsifies the fingerprints or ~~photograph~~ *photographs* submitted as part of his or her application for a license. Because the bill would create ~~a new crime,~~ *new crimes*, it would impose a state-mandated local program.

(3) 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), 7 (commencing with Section 1800), or 8 (commencing with  
 6 Section 1831) of this part, Part 5 (commencing with Section 12140)  
 7 of Division 2, or Chapter ~~1 (commencing with Section 14000) or~~  
 8 2 (commencing with Section 15000) of Division 5 enters the  
 9 military service of the United States and is in that service at a time  
 10 prescribed for the filing of a renewal application, the filing of that  
 11 application is waived, and the license held by that licensee at the  
 12 time of his or her entry into military service shall remain in force  
 13 during the period of that military service and until the end of the  
 14 license year in which he or she is released from that service but  
 15 not for less than six months after that release. During that ~~period,~~  
 16 *that period* the person may secure a license of the type held by  
 17 him or her on his or her entry into military service upon the filing  
 18 of an application and paying the fee therefor without the necessity  
 19 of taking ~~any~~ *an* examination or paying ~~any~~ *a* penalty.  
 20 SEC. 2. Section 1751.5 of the Insurance Code is amended to  
 21 read:

1 1751.5. The fees required by this chapter and by Chapter 6  
2 (commencing with Section 1760), Chapter 7 (commencing with  
3 Section 1800), and Chapter 8 (commencing with Section 1831) of  
4 this part and by Chapter 1 (commencing with Section 14000) and  
5 Chapter 2 (commencing with Section 15000) of Division 5 are  
6 filing fees, no portion of which shall be refunded whether or not  
7 the application is acted upon or the examination is taken.

8 ~~SEC. 3. Section 14000 of the Insurance Code is amended to~~  
9 ~~read:~~

10 ~~14000. This chapter may be cited as the Independent Insurance~~  
11 ~~Adjuster Act.~~

12 ~~SEC. 4. Section 14001 of the Insurance Code is amended to~~  
13 ~~read:~~

14 ~~14001. As used in this chapter, the following terms have the~~  
15 ~~following meanings:~~

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

23 (b) ~~“Commissioner” means the Insurance Commissioner.~~

24 (c) ~~“Department” means the Department of Insurance.~~

25 (d) ~~“Fingerprints” means an impression of the lines on the finger~~  
26 ~~taken for the purposes of identification.~~

27 (e) ~~“Home state” means the District of Columbia and any state~~  
28 ~~or territory of the United States in which an independent insurance~~  
29 ~~adjuster maintains his, her, or its principal place of residence or~~  
30 ~~business and is licensed to act as a resident independent insurance~~  
31 ~~adjuster. If the resident state does not license independent insurance~~  
32 ~~adjusters, the independent insurance adjuster may designate~~  
33 ~~California as his, her, or its home state, provided that the~~  
34 ~~independent insurance adjuster is licensed and in good standing.~~

35 (f) ~~“Individual” means a natural person.~~

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

37 (h) ~~“Manager” means the individual under whose direction,~~  
38 ~~control, charge, or management the business of a licensee is~~  
39 ~~operated.~~

1 (i) ~~“Nonresident” means a person who is not a resident of~~  
2 ~~California at the time of the performance of the act referred to in~~  
3 ~~Section 14071.~~

4 (j) ~~“Person” includes any individual, firm, company, association,~~  
5 ~~organization, partnership, limited liability company, and~~  
6 ~~corporation.~~

7 ~~SEC. 5. Section 14010 of the Insurance Code is repealed.~~

8 ~~SEC. 6. Section 14010 is added to the Insurance Code, to read:~~  
9 ~~14010. The commissioner shall administer and enforce the~~  
10 ~~provisions of this chapter.~~

11 ~~SEC. 7. Section 14020 of the Insurance Code is amended to~~  
12 ~~read:~~

13 ~~14020. (a) A person shall not engage in a business regulated~~  
14 ~~by this chapter, or act or assume to act as, or represent himself or~~  
15 ~~herself to be, a licensee unless he or she is licensed as an~~  
16 ~~independent insurance adjuster in accordance with this chapter.~~

17 ~~(b) A person shall not falsely represent that he or she is~~  
18 ~~employed by a licensee.~~

19 ~~SEC. 8. Section 14021 of the Insurance Code is repealed.~~

20 ~~SEC. 9. Section 14021 is added to the Insurance Code, to read:~~  
21 ~~14021. An independent insurance adjuster, for purposes of this~~  
22 ~~chapter, is all of the following:~~

23 ~~(a) An individual, a business entity, an independent contractor,~~  
24 ~~or an employee of a contractor, who contracts for compensation~~  
25 ~~with insurers or self-insurers.~~

26 ~~(b) A person whose tax treatment by the insurers or self-insurers~~  
27 ~~is consistent with that of an independent contractor rather than an~~  
28 ~~employee, as defined in Section 3121 of Title 26 of the United~~  
29 ~~States Code.~~

30 ~~(c) A person who investigates, negotiates, or settles property,~~  
31 ~~casualty, or workers’ compensation claims for insurers or for~~  
32 ~~self-insurers.~~

33 ~~SEC. 10. Section 14022 of the Insurance Code is amended to~~  
34 ~~read:~~

35 ~~14022. This chapter does not apply to any of the following:~~

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

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

1 ~~(m) A person who solely performs executive, administrative,~~  
2 ~~managerial, or clerical duties or any combination thereof and who~~  
3 ~~does not investigate, negotiate, or settle claims with policyholders,~~  
4 ~~claimants, or their legal representative.~~

5 ~~(n) A licensed health care provider or its employee who provides~~  
6 ~~managed care if the services do not include the determination of~~  
7 ~~compensability.~~

8 ~~(o) A managed care organization or any of its employees who~~  
9 ~~provide managed care services if the services do not include the~~  
10 ~~determination of compensability.~~

11 ~~(p) A person who settles only reinsurance or subrogation claims.~~

12 ~~(q) A United States manager of the United States branch of an~~  
13 ~~alien insurer.~~

14 ~~(r) A person who investigates, negotiates, or settles life, accident~~  
15 ~~and health, annuity, or disability insurance claims.~~

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

18 ~~SEC. 11. Section 14022.5 of the Insurance Code is amended~~  
19 ~~to read:~~

20 ~~14022.5. (a) In the event of an emergency situation as declared~~  
21 ~~by the commissioner, claims arising out of the emergency,~~  
22 ~~catastrophe, disaster, or other similar occurrence may be adjusted~~  
23 ~~by a nonlicensed independent insurance adjuster upon registration~~  
24 ~~with the commissioner if all of the following requirements are met:~~

25 ~~(1) The work performed by the nonlicensed independent~~  
26 ~~insurance adjuster is under the active direction, control, charge,~~  
27 ~~or management of a licensed independent insurance adjuster or an~~  
28 ~~insurer authorized to do business in this state.~~

29 ~~(2) Registration with the commissioner is accomplished within~~  
30 ~~five working days from the date on which the nonlicensed~~  
31 ~~independent insurance adjuster commences the claims adjusting~~  
32 ~~activity in connection with the emergency situation.~~

33 ~~(b) "Registration," within the meaning of this section, means a~~  
34 ~~written letter to the commissioner, submitted by the supervising~~  
35 ~~licensed independent insurance adjuster or admitted insurer, naming~~  
36 ~~the nonlicensed independent insurance adjusters, identifying their~~  
37 ~~independent insurance adjuster licenses held in other jurisdictions,~~  
38 ~~and stating when their claims adjusting activity commenced.~~

39 ~~(c) Registration under this section is valid for a period of 90~~  
40 ~~days from the date of the registration letter. Before the lapse of~~

1 that period, the commissioner may grant further 90-day extensions  
2 as he or she deems appropriate upon written request from the  
3 supervising licensed independent insurance adjuster or the admitted  
4 insurer.

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

7 14024. (a) ~~An individual application shall be verified and shall~~  
8 ~~include all of the following:~~

9 (1) ~~The full legal name and business, resident, and mailing~~  
10 ~~addresses of the applicant.~~

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

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

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

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

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

18 (7) ~~Two recent photographs of the applicant, of a type prescribed~~  
19 ~~by the commissioner, and one classifiable set of his or her~~  
20 ~~fingerprints, to be sent to a live scan fingerprint provider as directed~~  
21 ~~by the department, if fingerprints are not submitted in person with~~  
22 ~~a live scan fingerprinting service provider certified by the~~  
23 ~~Department of Justice.~~

24 (8) ~~A verified statement of his or her experience qualifications,~~  
25 ~~unless applying for an apprentice independent insurance adjuster~~  
26 ~~license.~~

27 (9) ~~Other information, evidence, statements, or documents as~~  
28 ~~may be required by the commissioner.~~

29 (b) ~~A business entity application shall be verified and shall~~  
30 ~~include all of the following:~~

31 (1) ~~The full legal name and residence address of each of its~~  
32 ~~partners, officers, and directors, and its manager.~~

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

34 (3) ~~The name of a licensed independent insurance adjuster who~~  
35 ~~is responsible for the business entities compliance with this chapter.~~

36 (4) ~~That the applicant paid the fees set forth in Section 14097.~~

37 (5) ~~A statement as to the general nature of the business in which~~  
38 ~~the applicant intends to engage.~~

39 (6) ~~A statement as to the classifications under which the~~  
40 ~~applicant desires to be qualified.~~

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

3 ~~SEC. 13. Section 14025 of the Insurance Code is amended to~~  
4 ~~read:~~

5 ~~14025. Before a license is granted, the applicant shall meet all~~  
6 ~~of the following requirements:~~

7 ~~(a) Be at least 18 years of age.~~

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

10 ~~(c) Shall have had at least two years of experience in adjusting~~  
11 ~~insurance claims or the equivalent thereof as determined by the~~  
12 ~~commissioner, unless applying for an apprentice independent~~  
13 ~~insurance adjuster license.~~

14 ~~(d) If the applicant resides in a state that does not license~~  
15 ~~independent insurance adjusters, he or she is required to be licensed~~  
16 ~~in good standing to designate California as his or her home state.~~

17 ~~(e) (1) Completed a 20-hour prelicensing education course of~~  
18 ~~study.~~

19 ~~(2) A nonresident applicant currently licensed as a home state~~  
20 ~~independent insurance adjuster in another state who has met that~~  
21 ~~state's prelicensing education requirements is exempt from~~  
22 ~~completing the prelicensing education requirement.~~

23 ~~(f) Successfully passed the examination for the independent~~  
24 ~~insurance adjuster license, unless he or she qualifies for an~~  
25 ~~exemption in Section 14026.~~

26 ~~(g) Comply with those other qualifications that the commissioner~~  
27 ~~may require by regulation.~~

28 ~~SEC. 14. Section 14025.1 is added to the Insurance Code, to~~  
29 ~~read:~~

30 ~~14025.1. (a) The apprentice independent insurance adjuster~~  
31 ~~license is a license to facilitate the experience, education, and~~  
32 ~~training necessary to ensure reasonable competency in the~~  
33 ~~responsibilities and duties of an independent insurance adjuster.~~

34 ~~(b) An individual applying for an apprentice independent~~  
35 ~~insurance adjuster license shall submit an application in a format~~  
36 ~~prescribed by the commissioner and shall declare under penalty~~  
37 ~~of suspension, revocation, or refusal of the license that the~~  
38 ~~statements made in the application are true, correct, and complete~~  
39 ~~to the best of the individual's knowledge and belief. Before~~

1 approving the application, the commissioner shall determine that  
2 the individual meets all of the following:

- 3 (1) ~~Is at least 18 years of age.~~
- 4 (2) ~~Is a resident of California and has designated California as~~  
5 ~~his or her home state.~~
- 6 (3) ~~Has a business or mailing address in California for the~~  
7 ~~acceptance of service of process.~~
- 8 (4) ~~Has not committed any act that is a ground for suspension,~~  
9 ~~revocation, or denial of licensure as set forth in Sections 1668,~~  
10 ~~1668.1, and 1669.~~
- 11 (5) ~~Is trustworthy, reliable, and of good reputation, evidence of~~  
12 ~~which may be determined by the commissioner.~~
- 13 (6) ~~Has paid the fees set forth in subdivision (h) of Section~~  
14 ~~14097.~~

15 (e) ~~The apprentice independent insurance adjuster license shall~~  
16 ~~be subject to the following terms and conditions:~~

- 17 (1) ~~The applicant shall submit, with the apprentice independent~~  
18 ~~insurance adjuster application, an attestation from a licensed~~  
19 ~~independent insurance adjuster certifying that the apprentice will~~  
20 ~~be subject to training, direction, and control by the licensed~~  
21 ~~independent insurance adjuster and further certifying that the~~  
22 ~~licensed independent insurance adjuster assumes responsibility~~  
23 ~~for the actions of the apprentice in the apprentice's capacity as an~~  
24 ~~independent insurance adjuster.~~
- 25 (2) ~~The apprentice independent insurance adjuster is only~~  
26 ~~authorized to adjust claims in California.~~
- 27 (3) ~~The apprentice independent insurance adjuster is restricted~~  
28 ~~to participation in the investigation, settlement, and negotiation of~~  
29 ~~claims subject to the review and final determination of the claim~~  
30 ~~by a supervising licensed independent insurance adjuster.~~
- 31 (4) ~~Compensation of an apprentice independent insurance~~  
32 ~~adjuster shall only be on a salaried or hourly basis.~~
- 33 (5) ~~The apprentice independent insurance adjuster shall not be~~  
34 ~~required to take and successfully complete the independent~~  
35 ~~insurance adjuster examination to adjust claims as an apprentice~~  
36 ~~independent insurance adjuster. At any time during the~~  
37 ~~apprenticeship, the apprentice independent insurance adjuster may~~  
38 ~~choose to take the examination. If the individual takes and~~  
39 ~~successfully completes the independent insurance adjuster exam,~~  
40 ~~the apprentice independent insurance adjuster license shall~~

1 automatically terminate and an independent insurance adjuster  
2 license shall be issued to that individual in its place.

3 (6) The apprentice independent insurance adjuster license is  
4 valid for a period not to exceed 12 months and is nonrenewable.

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

7 (8) The applicant shall submit two recent photographs of the  
8 applicant, of a type prescribed by the commissioner, and one  
9 classifiable set of his or her fingerprints, to be sent to a live scan  
10 fingerprint provider as directed by the department, if fingerprints  
11 are not submitted in person with a live scan fingerprinting service  
12 provider certified by the Department of Justice.

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

14 SEC. 16. Section 14026 is added to the Insurance Code, to  
15 read:

16 14026. (a) An applicant for an independent insurance adjuster  
17 license, unless applying for an apprentice independent insurance  
18 adjuster license or crop insurance adjuster license, shall pass a  
19 written examination.

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

23 (2) An applicant applying for an examination shall remit a  
24 nonrefundable fee as prescribed by the commissioner in Section  
25 14097.

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

35 (c) An individual who applies for an apprentice independent  
36 insurance adjuster license pursuant to Section 14025.1, and who  
37 adjusts claims in that capacity, shall not be required to take and  
38 successfully complete the independent insurance adjuster  
39 examination.

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

1 ~~SEC. 18.— Section 14028 of the Insurance Code is amended to~~  
2 ~~read:~~

3 ~~14028.— After a hearing, the commissioner may deny a license~~  
4 ~~unless the application makes a showing satisfactory to the~~  
5 ~~commissioner that the applicant, if an individual, has not, or if the~~  
6 ~~applicant is a person other than an individual, that its manager and~~  
7 ~~each of its officers and partners have not done any of the following:~~

8 ~~(a) Been refused a license under this chapter or had a license~~  
9 ~~revoked.~~

10 ~~(b) Been an officer, partner, or manager of any person who has~~  
11 ~~been refused a license under this chapter or whose license has been~~  
12 ~~revoked.~~

13 ~~(c) While unlicensed committed, or aided and abetted the~~  
14 ~~commission of, any act for which a license is required by this~~  
15 ~~chapter.~~

16 ~~(d) Committed any act or crime constituting grounds for denial~~  
17 ~~of licensure under Section 1668.~~

18 ~~SEC. 19.— Section 14029 of the Insurance Code is repealed.~~

19 ~~SEC. 20.— Section 14029 is added to the Insurance Code, to~~  
20 ~~read:~~

21 ~~14029.— Each organization licensed under this chapter shall~~  
22 ~~designate an individual also licensed as an independent insurance~~  
23 ~~adjuster to be responsible for the organization's compliance with~~  
24 ~~state law.~~

25 ~~SEC. 21.— Section 14030 of the Insurance Code is repealed.~~

26 ~~SEC. 22.— Section 14031 of the Insurance Code is amended to~~  
27 ~~read:~~

28 ~~14031.— A hearing held under this chapter to determine whether~~  
29 ~~an application for a license should be granted shall be conducted~~  
30 ~~in accordance with Chapter 5 (commencing with Section 11501)~~  
31 ~~of Part 1 of Division 3 of Title 2 of the Government Code, and the~~  
32 ~~commissioner shall have all of the powers granted therein.~~

33 ~~SEC. 23.— Section 14032 of the Insurance Code is amended to~~  
34 ~~read:~~

35 ~~14032.— The form and content of the license shall be determined~~  
36 ~~by the commissioner.~~

37 ~~SEC. 24.— Section 14037 of the Insurance Code is repealed.~~

38 ~~SEC. 25.— Section 14038 of the Insurance Code is amended to~~  
39 ~~read:~~

1 14038. ~~(a) Any licensee or officer, director, or partner of a~~  
2 ~~licensee may divulge to any law enforcement officer or district~~  
3 ~~attorney, or to his or her representative, any information he or she~~  
4 ~~may acquire as to any criminal offense, but he or she shall not~~  
5 ~~divulge to any other person, except as he or she may be required~~  
6 ~~by law to do so, any information acquired by him or her except at~~  
7 ~~the direction of the employer or client for whom the information~~  
8 ~~was obtained.~~

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

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

15 ~~(d) A licensee or officer, director, or partner of a licensee shall~~  
16 ~~not use a badge in connection with the official activities of the~~  
17 ~~licensee's business.~~

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

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

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

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

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 SEC. 26. Section 14039 of the Insurance Code is amended to  
6 read:

7 14039. A person licensed as an independent insurance adjuster  
8 shall not do any of the following:

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

12 (b) Use any misrepresentation to solicit a contract or agreement  
13 to adjust a claim.

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

18 SEC. 27. Section 14040 of the Insurance Code is amended to  
19 read:

20 14040. Any badge or cap insignia worn by a person who is a  
21 licensee, officer, director, or partner of a licensee shall be of a  
22 design approved by the commissioner, and shall bear on its face  
23 a distinctive word indicating the name of the licensee.

24 SEC. 28. Section 14042 of the Insurance Code is amended to  
25 read:

26 14042. (a) A licensee shall not conduct a business under a  
27 fictitious or other business name unless and until he or she has  
28 obtained the written authorization of the commissioner to do so.

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

33 (c) The authorization shall require, as a condition precedent to  
34 the use of any fictitious name, that the licensee comply with Section  
35 1724.5.

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

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

8 SEC. 29.— Section 14061 of the Insurance Code is amended to  
9 read:

10 ~~14061. 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 ~~(a) 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 ~~(b) Violated any provisions of this chapter.~~

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

22 ~~(d) 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 ~~(e) Impersonated, or permitted or aided and abetted an employee~~  
26 ~~to impersonate, a law enforcement officer or employee of the~~  
27 ~~United States of America, or of any state or political subdivision~~  
28 ~~thereof.~~

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

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

37 ~~(h) Committed assault, battery, or kidnapping, or used force or~~  
38 ~~violence on any person, without proper justification.~~

1 (i) ~~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 (j) ~~Acted as a runner or capper for any attorney.~~

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

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

11 SEC. 30. ~~Section 14063 of the Insurance Code is amended to~~  
12 ~~read:~~

13 14063. ~~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 the commissioner determines~~  
16 ~~that the licensee, if an individual, or if the licensee is a person other~~  
17 ~~than an individual, that any of its officers, directors, partners, or~~  
18 ~~its designated responsible person has done any of the following:~~

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

23 (b) ~~Used a name different from that under which he or she is~~  
24 ~~currently licensed in any advertisement, solicitation, or contract~~  
25 ~~for business.~~

26 SEC. 31. ~~Section 14064 of the Insurance Code is amended to~~  
27 ~~read:~~

28 14064. (a) ~~The commissioner may suspend or revoke a license~~  
29 ~~issued under this chapter or may issue a restricted license in~~  
30 ~~accordance with Section 14026.5 if the commissioner determines~~  
31 ~~that the licensee, if an individual, or if the licensee is a person other~~  
32 ~~than an individual, that any of its officers, directors, partners, or~~  
33 ~~its designated responsible person has committed any act in the~~  
34 ~~course of the licensee's business constituting dishonesty or fraud.~~

35 (b) ~~"Dishonesty or fraud" as used in this section includes, in~~  
36 ~~addition to other acts not specifically enumerated herein, all of the~~  
37 ~~following:~~

38 (1) ~~Knowingly making a false statement relating to evidence or~~  
39 ~~information obtained in the course of employment, or knowingly~~  
40 ~~publishing a slander or a libel in the course of business.~~

- 1     ~~(2) Using illegal means in the collection or attempted collection~~  
2     ~~of a debt or obligation.~~
- 3     ~~(3) Manufacture of evidence.~~
- 4     ~~(4) Acceptance of employment adverse to a client or former~~  
5     ~~client relating to a matter with respect to which the licensee has~~  
6     ~~obtained confidential information by reason of or in the course of~~  
7     ~~his or her employment by that client or former client.~~
- 8     ~~(5) Impersonating, or permitting or aiding and abetting an~~  
9     ~~employee to impersonate, a law enforcement officer or employee~~  
10    ~~of the United States of America, or of any state or political~~  
11    ~~subdivision thereof.~~
- 12    ~~SEC. 32. Section 14078 of the Insurance Code is repealed.~~
- 13    ~~SEC. 33. Section 14078 is added to the Insurance Code, to~~  
14    ~~read:~~
- 15    ~~14078. (a) Unless refused licensure pursuant to Sections 14060~~  
16    ~~to 14065, inclusive, a nonresident person shall receive a~~  
17    ~~nonresident independent insurance adjuster license if all of the~~  
18    ~~following apply:~~
- 19    ~~(1) The applicant is currently licensed in good standing as an~~  
20    ~~independent insurance adjuster in his, her, or its resident or home~~  
21    ~~state.~~
- 22    ~~(2) The applicant paid the fees required by Section 14097.~~
- 23    ~~(3) The applicant submitted to the commissioner the completed~~  
24    ~~application for licensure.~~
- 25    ~~(4) The applicant's home state awards nonresident independent~~  
26    ~~insurance adjuster licenses to residents of California on the same~~  
27    ~~basis.~~
- 28    ~~(b) The commissioner may verify the independent insurance~~  
29    ~~adjuster's licensing status through any appropriate database,~~  
30    ~~including the Producer Database maintained by the National~~  
31    ~~Association of Insurance Commissioners, its affiliates or~~  
32    ~~subsidiaries, or may request certification of good standing.~~
- 33    ~~(c) As a condition to the continuation of a nonresident~~  
34    ~~independent insurance adjuster license, the licensee shall maintain~~  
35    ~~a resident independent insurance adjuster license in his, her, or its~~  
36    ~~home state.~~
- 37    ~~(1) The nonresident independent insurance adjuster license~~  
38    ~~issued under this chapter shall terminate and be surrendered~~  
39    ~~immediately to the commissioner if the resident independent~~  
40    ~~insurance adjuster license terminates for any reason, unless the~~

1 ~~termination is due to the independent insurance adjuster being~~  
2 ~~issued a new resident independent insurance adjuster license in~~  
3 ~~his, her, or its new home state.~~

4 ~~(2) The nonresident independent insurance adjuster license shall~~  
5 ~~terminate if the person's home state does not award nonresident~~  
6 ~~independent insurance adjuster licenses to residents of California~~  
7 ~~on the same basis.~~

8 ~~(3) (A) The licensee is required to give notice of resident~~  
9 ~~independent insurance adjuster license termination to any state~~  
10 ~~that issued a nonresident independent insurance adjuster license.~~

11 ~~(B) The notice is required to be given within 30 days of the~~  
12 ~~termination date. If the resident independent insurance adjuster~~  
13 ~~license was terminated for change in resident home state, then the~~  
14 ~~notice is required to include both the previous and current address.~~

15 ~~(4) Maintaining a resident independent insurance adjuster license~~  
16 ~~is required for the nonresident independent insurance adjuster~~  
17 ~~license to remain valid.~~

18 ~~SEC. 34. Section 14079 is added to the Insurance Code, to~~  
19 ~~read:~~

20 ~~14079. (a) An independent insurance adjuster shall be honest~~  
21 ~~and fair in all communications with the insured, the insurer, and~~  
22 ~~the public.~~

23 ~~(b) An independent insurance adjuster shall provide~~  
24 ~~policyholders and claimants with prompt and knowledgeable~~  
25 ~~service and courteous, fair, and objective treatment at all times.~~

26 ~~(c) An independent insurance adjuster shall not give legal advice~~  
27 ~~and shall not deal directly with any policyholder or claimant who~~  
28 ~~is represented by legal counsel without the consent of the legal~~  
29 ~~counsel involved.~~

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

32 ~~(e) An independent insurance adjuster shall identify himself or~~  
33 ~~herself as an independent insurance adjuster and, if applicable,~~  
34 ~~shall identify his or her employer when dealing with any~~  
35 ~~policyholder or claimant.~~

36 ~~(f) An independent insurance adjuster shall not have any~~  
37 ~~financial interest in any adjustment or shall not acquire for himself,~~  
38 ~~herself, or any person any interest or title in salvage, without first~~  
39 ~~receiving written authority from the principal.~~

1     ~~SEC. 35. Section 14080 of the Insurance Code is amended to~~  
2     ~~read:~~

3     ~~14080. Any person who knowingly falsifies the fingerprints~~  
4     ~~or photographs submitted under paragraph (7) of subdivision (a)~~  
5     ~~of Section 14024 or paragraph (8) of subdivision (c) of Section~~  
6     ~~14025.1 is guilty of a felony. Any person who violates any of the~~  
7     ~~other provisions of this chapter is guilty of a misdemeanor~~  
8     ~~punishable by fine not to exceed five hundred dollars (\$500), or~~  
9     ~~by imprisonment in the county jail not to exceed one year, or by~~  
10    ~~both the fine and imprisonment.~~

11    ~~SEC. 36. Section 14090.1 of the Insurance Code is amended~~  
12    ~~to read:~~

13    ~~14090.1. (a) An individual who holds an independent insurance~~  
14    ~~adjuster license and who is not exempt under subdivision (b) shall~~  
15    ~~satisfactorily complete a minimum of 24 hours, of which three~~  
16    ~~hours are to be in ethics, of continuing education courses pertinent~~  
17    ~~to the duties and responsibilities of an independent insurance~~  
18    ~~adjuster license and shall report the completion of this coursework~~  
19    ~~to the insurance commissioner on a biennial basis in conjunction~~  
20    ~~with his or her license renewal cycle.~~

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

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

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

27    ~~(3) An individual licensed as an independent insurance adjuster~~  
28    ~~and as a property or casualty broker-agent, pursuant to Section~~  
29    ~~1625, who has met the continuing education requirements specified~~  
30    ~~in Section 1749.3.~~

31    ~~(4) An individual licensed as an apprentice independent~~  
32    ~~insurance adjuster pursuant to Section 14025.1.~~

33    ~~SEC. 37. 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 twenty-nine dollars (\$29).~~

39    ~~(b) The application fee for an original branch office certificate~~  
40    ~~is eighteen dollars (\$18).~~

1 (e) ~~The fee for an original license application is an amount equal~~  
2 ~~to the renewal fee in effect on the last regular renewal date before~~  
3 ~~the date on which the license is issued, except that, if the license~~  
4 ~~will expire less than one year after its issuance, then the fee is an~~  
5 ~~amount equal to 50 percent of the renewal fee in effect on the last~~  
6 ~~regular renewal date before the date on which the license is issued.~~  
7 ~~The commissioner may, by appropriate regulation, provide for the~~  
8 ~~waiver or refund of the initial license fee where the license is issued~~  
9 ~~less than 45 days before the date on which it will expire.~~

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

12 (1) ~~For a license as an independent insurance adjuster, not more~~  
13 ~~than one hundred eighteen dollars (\$118).~~

14 (2) ~~For a branch office certificate, not more than twenty-four~~  
15 ~~dollars (\$24).~~

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

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

23 (g) ~~The fee for reexamination of an applicant is twelve dollars~~  
24 ~~(\$12).~~

25 (h) ~~The application fee for an apprentice independent insurance~~  
26 ~~adjuster license shall be fixed by the commissioner by regulation~~  
27 ~~and shall be reasonably related to the actual cost to the department~~  
28 ~~in performing its duties under this chapter.~~

29 ~~SEC. 38. Section 14099 of the Insurance Code is amended to~~  
30 ~~read:~~

31 ~~14099. Application or license fees shall not be refunded~~  
32 ~~pursuant to Section 1751.5.~~

33 ~~SEC. 39.~~

34 ~~SEC. 3. Section 15001 of the Insurance Code is amended to~~  
35 ~~read:~~

36 ~~15001. As used in this chapter the following terms have the~~  
37 ~~following meanings:~~

38 (a) *“Apprentice public insurance adjuster” means a person*  
39 *who is qualified in all respects as a public adjuster, except as to*  
40 *experience, education, or training.*

1 (b) “Business entity” means a corporation, association,  
2 partnership, limited liability company, limited liability partnership,  
3 or other legal entity.

4 (c) “Catastrophic disaster” means an event that results in large  
5 numbers of deaths and injuries; causes extensive damage or  
6 destruction of facilities that provide and sustain human needs;  
7 produces an overwhelming demand on state and local response  
8 resources and mechanisms; causes a severe long-term effect on  
9 general economic activity; and severely affects state, local, and  
10 private sector capabilities to begin and sustain response activities.  
11 A catastrophic disaster shall be declared by the President of the  
12 United States or the Governor of the state or district in which the  
13 disaster occurred.

14 (a)

15 (d) “Commissioner” means the Insurance Commissioner.

16 (b)

17 (e) “Department” means the Department of Insurance.

18 (c)

19 (f) “Fingerprints” means an impression of the lines on the finger  
20 taken for the purposes of identification.

21 (d)

22 (g) “Home state” means the District of Columbia and any state  
23 or territory of the United States in which the public insurance  
24 adjuster’s principal place of residence or principal place of business  
25 is located. If neither the state in which the public insurance adjuster  
26 maintains the principal place of residence nor the state in which  
27 the public insurance adjuster maintains the principal place of  
28 business has a substantially similar law governing public insurance  
29 adjusters, the public insurance adjuster may declare another state  
30 in which it becomes licensed and acts as a public insurance adjuster  
31 to be the “home state.”

32 (e)

33 (h) “Licensee” means a person licensed under this chapter.

34 (f)

35 (i) “Person” includes any individual, firm, company, association,  
36 organization, partnership, limited liability company, and  
37 corporation.

38 ~~SEC. 40.~~

39 ~~SEC. 4.~~ Section 15007 of the Insurance Code is repealed.

1     ~~SEC. 41.~~

2     SEC. 5. Section 15007 is added to the Insurance Code, to read:

3     15007. (a) “Public insurance adjuster,” for purposes of this  
4 chapter, means any person who, for compensation or any other  
5 thing of value on behalf of an insured, does any of the following:

6     ~~(a)~~

7     (1) Acts or aids, solely in relation to first party claims arising  
8 under insurance contracts that insure the real or personal property  
9 of the insured, on behalf of an insured in negotiating for, or  
10 effecting the settlement of, a claim for loss or damage coverage  
11 by an insurance contract.

12     ~~(b)~~

13     (2) Advertises for employment as a public adjuster of insurance  
14 claims or solicits business or represents himself or herself to the  
15 public as a public insurance adjuster of first party insurance claims  
16 for losses or damages arising out of policies of insurance that insure  
17 real or personal property.

18     ~~(c)~~

19     (3) Directly or indirectly solicits business, investigates, or adjusts  
20 losses, or advises an insured about first party claims for losses or  
21 damages arising out of policies of insurance that insure real or  
22 personal property for another person engaged in the business of  
23 adjusting losses or damages covered by an insurance policy, for  
24 the insured.

25     **(b) Paragraph (1) of subdivision (a) does not prohibit a public**  
26 **insurance adjuster from handling third-party claims if liability is**  
27 **not in dispute.**

28     ~~SEC. 42.~~

29     SEC. 6. Section 15008 of the Insurance Code is amended to  
30 read:

31     15008. This chapter does not apply to any of the following:

32     ~~(a) An officer or employee of the United States of America, or~~  
33 ~~of the state or of a political subdivision thereof while the officer~~  
34 ~~or employee is engaged in the performance of his or her official~~  
35 ~~duties.~~

36     ~~(b) A charitable philanthropic society duly incorporated under~~  
37 ~~the laws of this state that is organized and maintained for the public~~  
38 ~~good and not for private profit.~~

39     ~~(c)~~

- 1 (a) An attorney at law ~~in~~ *admitted to practice in this state, when*  
 2 performing his or her duties as an attorney at law.
- 3 ~~(d) Admitted insurers, agents, and insurance brokers licensed~~  
 4 ~~by the state performing duties in connection with insurance~~  
 5 ~~transactions by them.~~
- 6 ~~(e) The legal owner of personal property that has been sold~~  
 7 ~~under a conditional sales agreement or a mortgagee under the terms~~  
 8 ~~of a chattel mortgage.~~
- 9 ~~(f) Any salaried office employee who performs exclusively~~  
 10 ~~clerical and administrative duties attendant to the disposition of~~  
 11 ~~the business regulated by this chapter.~~
- 12 ~~(g)~~
- 13 (b) Photographers, estimators, appraisers, engineers, and  
 14 arbitrators, who are employed exclusively by a public insurance  
 15 adjuster for the purpose of furnishing technical assistance to a  
 16 licensed public insurance adjuster.
- 17 ~~(h) A private investigator licensed pursuant to Chapter 11.3~~  
 18 ~~(commencing with Section 7512) of Division 3 of the Business~~  
 19 ~~and Professions Code while acting within the scope of that license.~~
- 20 (i)
- 21 (c) A person who negotiates or settles claims arising under a  
 22 life or health insurance policy or an annuity contract.
- 23 (j)
- 24 (d) A licensed health care provider, or employee of a licensed  
 25 health care provider, who prepares or files a health claim form on  
 26 behalf of a patient.
- 27 ~~(k)~~
- 28 (e) A person who settles subrogation claims between insurers.  
 29 ~~SEC. 43.~~
- 30 *SEC. 7.* Section 15009.1 is added to the Insurance Code, to  
 31 read:
- 32 15009.1. (a) The applicant shall complete a 20-hour  
 33 prelicensing course of study for the lines of authority for a public  
 34 insurance adjuster license.
- 35 (b) An applicant who resides in another state that does not  
 36 license public insurance adjusters is eligible to designate California  
 37 as his or her home state. He or she is required to complete the  
 38 prelicensing education, pass the public insurance adjuster  
 39 examination, and meet the license application requirements before  
 40 a license can be issued.

1 (c) An applicant licensed as a public insurance adjuster in  
2 another state is exempt from completing a prelicensing education  
3 course to apply for a California public insurance adjuster license  
4 if, at the time of application, the applicant’s out-of-state license is  
5 current or was canceled within 90 calendar days. The applicant is  
6 required to be a licensee in good standing in his or her home state.

7 ~~SEC. 44.~~

8 *SEC. 8.* Section 15010 of the Insurance Code is amended to  
9 read:

10 15010. An application shall be verified and shall include all  
11 of the following:

- 12 (a) The full name and business address of the applicant.
- 13 (b) The name under which the applicant intends to do business.
- 14 (c) A statement as to the general nature of the business in which  
15 the applicant intends to engage.
- 16 ~~(d) A statement as to the classifications under which the~~  
17 ~~applicant desires to be qualified.~~
- 18 ~~(e)~~
- 19 (d) If the applicant is a person other than an individual, the full  
20 name and resident address of each of its partners, officers, and  
21 directors.
- 22 ~~(f)~~
- 23 (e) ~~Two recent photographs~~ *photographs, not older than six*  
24 *months*, of the applicant, of a type prescribed by the commissioner,  
25 and one classifiable set of his or her fingerprints, to be sent to a  
26 live scan fingerprint provider as directed by the department, if  
27 fingerprints are not submitted in person with a live scan  
28 fingerprinting service provider certified by the Department of  
29 Justice.
- 30 ~~(g)~~
- 31 (f) A verified statement of his or her experience qualifications.
- 32 ~~(h)~~
- 33 (g) Other information, evidence, statements, or documents as  
34 may be required by the commissioner.

35 ~~SEC. 45.~~

36 *SEC. 9.* Section 15011 of the Insurance Code is amended to  
37 read:

38 15011. Before an application for a license is granted, the  
39 applicant shall meet all of the following requirements:

- 40 (a) Be at least 18 years of age.

- 1     ~~(b) Be a bona fide resident of the State of California.~~  
2     ~~(c)~~  
3     (b) Be of good character and shall not have committed acts or  
4 crimes constituting grounds for denial of licensure under Section  
5 1668 or 1669.  
6     ~~(d)~~  
7     ~~(c) Shall have had sufficient experience, or special education~~  
8 ~~or training, or both, at least two years experience~~ in the handling  
9 of loss claims under insurance contracts as determined by  
10 regulations adopted by the commissioner, and be competent to  
11 transact business and discharge the responsibilities of a public  
12 insurance adjuster in a manner as to safeguard the interests of the  
13 public. *A person who has been licensed as an apprentice public*  
14 *insurance adjuster, as set forth in Section 15016, for 12 full months,*  
15 *shall be considered to have met the two-year experience*  
16 *requirement.*  
17     ~~(e)~~  
18     (d) Maintain an office in the State of California with public  
19 access during regular business hours.  
20     ~~(f)~~  
21     (e) Pass an exam given by the commissioner in regard to  
22 property loss adjusting.  
23     ~~(g)~~  
24     (f) Post a surety bond executed by a surety company authorized  
25 to do business in this state in the sum of twenty thousand dollars  
26 (\$20,000).  
27     ~~(h)~~  
28     (g) For an organization applicant, designate a licensed individual  
29 public insurance adjuster to be responsible for the organization's  
30 compliance with the insurance laws, rules, and regulations of this  
31 state.  
32     ~~(i)~~  
33     (h) For an organization applicant, authorize only licensed  
34 individual public insurance adjusters to exercise authority under  
35 the organization's license.  
36     ~~(j)~~  
37     (i) Comply with any other qualifications as required by the  
38 commissioner.

1 ~~SEC. 46.~~

2 *SEC. 10.* Section 15013 of the Insurance Code is amended to  
3 read:

4 15013. Each applicant for a license as a public insurance  
5 adjuster shall, prior to issuance of the license, personally take and  
6 pass, to the satisfaction of the commissioner, an examination given  
7 by the department as follows:

8 (a) The examination shall be prescribed by the commissioner  
9 and shall be of sufficient scope to reasonably test the applicant's  
10 knowledge, among other things, of basic insurance theory, essential  
11 elements of contracts, technical competence in the handling of the  
12 various lines for which the applicant is being tested, claims ethics  
13 and knowledge of the Unfair Practices Act, and the duties and  
14 responsibilities of public insurance adjusters under the law.

15 (b) The examination shall be given to applicants under the  
16 supervision of the department or the department's examination  
17 contractor and shall be in written form.

18 (c) The commissioner shall, within a reasonable period of time,  
19 not to exceed 30 days, transmit the results of the examination and  
20 action taken on the application to the applicant.

21 (d) In the event an applicant who is otherwise qualified fails the  
22 examination, the commissioner may administer a ~~reexamination~~  
23 ~~after a waiting period not to exceed six months.~~ *reexamination.*

24 (e) The examination shall be given at those times and places  
25 within the state as the commissioner deems reasonably necessary  
26 to serve the convenience of the department and applicants.

27 ~~SEC. 47.~~

28 *SEC. 11.* Section 15015 of the Insurance Code is repealed.

29 ~~SEC. 48.~~

30 *SEC. 12.* Section 15016 of the Insurance Code is repealed.

31 ~~SEC. 49.~~

32 *SEC. 13.* Section 15016 is added to the Insurance Code, to  
33 read:

34 15016. (a) The apprentice public insurance adjuster license is  
35 a license to facilitate the training necessary to ensure reasonable  
36 competency to fulfill the responsibilities of a public insurance  
37 adjuster as defined in Section 15007.

38 (b) The apprentice public insurance adjuster license is subject  
39 to the following terms and conditions:

1 (1) The applicant shall submit, with an application for an initial  
2 apprentice public insurance adjuster license, an attestation or  
3 certification from a licensed public insurance adjuster assuming  
4 responsibility for all actions of that applicant.

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

7 (3) The applicant is required to qualify under the applicable  
8 provisions of Section 15011.

9 (4) The applicant is required to pay a license fee of one hundred  
10 dollars (\$100).

11 (5) The applicant is required to comply with any other  
12 qualifications required by the commissioner.

13 (6) The apprentice public insurance adjuster shall not be required  
14 to take and successfully complete the prescribed public insurance  
15 adjuster examination.

16 (7) The licensee shall at all times be an employee of a public  
17 insurance adjuster and be subject to training, direction, and control  
18 by a licensed public insurance adjuster.

19 (8) The apprentice public insurance adjuster license is for a  
20 period not to exceed 12 months, and the license shall not be  
21 renewed.

22 (9) The licensee is restricted to participation in factual  
23 investigation, tentative closing, and solicitation of losses subject  
24 to the review and final determination of a licensed public insurance  
25 adjuster.

26 (10) Compensation of an apprentice public insurance adjuster  
27 shall only be on a salaried or hourly basis.

28 (11) The licensee shall be subject to suspension, revocation, or  
29 conditions in accordance with Section 1668.

30 (12) The applicant shall submit two—~~recent~~—~~photographs~~  
31 *photographs, not older than six months*, of the applicant, of a type  
32 prescribed by the commissioner, and one classifiable set of his or  
33 her fingerprints, to be sent to a live scan fingerprint provider as  
34 directed by the department, if fingerprints are not submitted in  
35 person with a live scan fingerprinting service provider certified  
36 by the Department of Justice.

37 ~~SEC. 50.~~

38 *SEC. 14.* Section 15017 of the Insurance Code is amended to  
39 read:

1 15017. (a) A nonresident license shall be issued by the  
2 commissioner to qualified persons who meet the requirements of  
3 this chapter as set forth in subdivisions (a), (c), (d), (e), (f), (g),  
4 and (j) of Section 15011, and who have appointed the  
5 commissioner as an agent for service of process in this state.

6 (b) Unless denied licensure pursuant to Sections 15018, 15018.5,  
7 and 15019, a nonresident person shall receive a nonresident public  
8 insurance adjuster license if all of the following apply:

9 (1) The person is currently licensed in good standing as a public  
10 insurance adjuster in his or her home state.

11 (2) The person has paid the fees required by Section 15060.

12 (3) The person has provided proof of financial responsibility as  
13 required by Section 15033.

14 (4) The individual has submitted to the commissioner the  
15 completed application for licensure.

16 (5) The person's home state awards nonresident public insurance  
17 adjuster licenses to residents of California on the same basis.

18 ~~SEC. 51.~~

19 *SEC. 15.* Section 15020 of the Insurance Code is amended to  
20 read:

21 15020. The form and content of the license shall be determined  
22 by the commissioner.

23 ~~SEC. 52.~~

24 *SEC. 16.* Section 15027 of the Insurance Code is amended to  
25 read:

26 15027. (a) A licensee shall not, directly or indirectly, act within  
27 this state as a public insurance adjuster without having first entered  
28 into a contract, in writing, on a form approved by the insurance  
29 commissioner and executed in duplicate by the public adjuster and  
30 the insured or a duly authorized representative. One original  
31 contract shall be kept on file by the licensee, available at all times  
32 for inspection, without notice, by the commissioner or his or her  
33 duly authorized representative, and one original contract shall be  
34 given to the insured.

35 (b) The written contract between the licensee and the insured  
36 shall contain each of the following:

37 (1) Title of "Public Adjuster Contract."

38 (2) The name, business name, license number, telephone  
39 number, and address of the licensee.

40 (3) The name and address of the insured.

- 1 (4) A description of the loss and its location, if applicable.
- 2 (5) The name of the insurer and the policy number, if known.
- 3 (6) The full salary, fee, commission, or other consideration the  
4 licensee is to receive for services under the contract.
- 5 ~~(7) The following statement: “No public adjuster shall charge~~  
6 ~~a fee, commission, or other valuable consideration based, in whole~~  
7 ~~or in part, on any amount paid to the insured by the insurer prior~~  
8 ~~to the date of the written contract between the insured and the~~  
9 ~~public adjuster.”~~
- 10 (7) *A public adjuster’s fee, commission, or other valuable*  
11 *consideration shall not cause the insured to receive less than any*  
12 *amount paid to the insured by the insurer prior to the date of the*  
13 *written contract between the insured and the public adjuster.*
- 14 (8) A description of the services to be provided to the insured.
- 15 (9) Signatures of the licensee and the insured.
- 16 (10) The date the contract was signed by the licensee and the  
17 date the contract was signed by the insured.
- 18 (11) The following statement: “As a public adjuster, I am  
19 required by the California Insurance Code to post a surety bond  
20 in the sum of \$20,000 to cover certain kinds of claims made by  
21 you, the insured. If you have any questions concerning the surety  
22 bond, you may contact the California Department of Insurance  
23 ~~Producer Licensing Call Center~~ *Hotline* at 1-800-967-9331 or  
24 [www.insurance.ca.gov](http://www.insurance.ca.gov).”
- 25 (12) A statement of the compensation to the licensee, including  
26 the percentage and base to which the percentage applies.
- 27 (13) A statement that the insured has the right to ~~revoke~~ *cancel*  
28 *the contract within seven calendar three business days of signing*  
29 *it: it and being provided the signed contract.*
- 30 (c) A contract covered by this section shall not contain a contract  
31 term that does any of the following:
  - 32 (1) Allows the licensee’s fee to be collected when money is due  
33 from an insurer, but not paid, or allows a licensee to collect the  
34 entire fee from the first payment issued by an insurer, rather than  
35 as a percentage of each payment issued by an insurer.
  - 36 (2) Requires the insured to authorize an insurer to issue a  
37 payment only in the name of the licensee.
  - 38 (3) Imposes late fees or collection costs on the insured.
- 39 (d) A licensee shall not solicit or attempt to solicit a client for  
40 employment during a loss-producing occurrence. A loss-producing

1 occurrence continues to exist ~~under~~ *when* any of the following  
2 ~~conditions:~~ *conditions exist at the property that is subject to*  
3 *solicitation:*

4 (1) Any of the circumstances that caused the loss are ~~present.~~  
5 *present at the property where the solicitation would otherwise take*  
6 *place.*

7 (2) Emergency responders are ~~present.~~ *present at the property*  
8 *where the solicitation would otherwise take place.*

9 (3) An evacuation order is still in ~~effect.~~ *effect at the property*  
10 *where the solicitation would otherwise take place.*

11 (e) A licensee or any other person or entity offering, for a fee,  
12 service regulated by this chapter shall not solicit a policyholder  
13 for employment or initiate any contact with a policyholder between  
14 the hours of 6 p.m. and 8 ~~a.m.~~ *a.m., unless requested by the*  
15 *policyholder.*

16 (f) A licensee shall not use any form of contract other than that  
17 approved by the commissioner and that contains each of the  
18 following:

19 (1) A provision allowing the client to ~~revoke~~ *cancel* the contract  
20 by written notice sent or delivered by certified mail, return receipt  
21 requested, or other form of mailing that provides proof of mailing,  
22 to the licensee by midnight of the ~~seventh calendar~~ *third business*  
23 *day after the day on which the client signs a contract that complies*  
24 *with this ~~section.~~ section and is provided a copy of that signed*  
25 *contract.* Each copy of the contract shall contain a completed form,  
26 captioned “Notice of Cancellation,” that shall be placed at the end  
27 of the contract and be separated from the remainder of the contract  
28 by a printed line. Nothing shall be printed on the reverse side of  
29 the notice form. The notice form shall be completed by the licensee,  
30 and shall contain in type of at least 10-point the following statement  
31 written in the same language, e.g., Spanish, as used in the contract:  
32

33 Notice of Cancellation

34  
35 \_\_\_\_\_  
36 (Date of Contract)  
37

38 You may cancel this contract within ~~seven calendar~~ *three*  
39 *business days from the above date that you signed the contract*  
40 *and you were provided with a copy of that signed contract, except*

1 *that, as it pertains to a disaster as defined in Section 15001, your*  
 2 *right to cancel is five calendar days* without any penalty or  
 3 obligation to pay your public adjuster, other than for reimbursement  
 4 of moneys paid by your public adjuster for out-of-pocket  
 5 emergency expenses for you or on your behalf. If your public  
 6 adjuster seeks reimbursement from you for out-of-pocket  
 7 emergency expenses, your public adjuster shall provide you with  
 8 an itemized statement of those emergency expenses advanced to  
 9 you or on your behalf if the cancellation is made within the first  
 10 ~~seven calendar~~ *three business* days after the contract was ~~initiated.~~  
 11 *signed by you and you were provided a copy of the signed contract.*  
 12 Nothing in this contract permits your public adjuster to recover  
 13 any costs, except for out-of-pocket emergency expenses advanced  
 14 to you.

15 If you cancel, any money or other consideration paid by you will  
 16 be returned within five business days following the receipt of your  
 17 cancellation notice, and any security interest arising out of the  
 18 transaction will be canceled.

19 To cancel this contract, mail or deliver by certified mail, return  
 20 receipt requested, or other form of mailing that provides proof of  
 21 mailing, a signed and dated copy of this cancellation notice, or  
 22 any other written notice, or send a telegram to:

23 \_\_\_\_\_  
 24 \_\_\_\_\_  
 25 (name of public adjuster)

26 at  
 27 \_\_\_\_\_  
 28 (address of public adjuster's place of business)

29 \_\_\_\_\_  
 30 \_\_\_\_\_  
 31 not later than midnight of \_\_\_\_\_  
 32 (Date)

33 I hereby cancel this contract \_\_\_\_\_  
 34 (Date)  
 35 \_\_\_\_\_  
 36 (Client's signature)

37 \_\_\_\_\_  
 38 (2) The statement "WE REPRESENT THE INSURED ONLY"  
 39 prominently displayed in at least 10-point type.

1 (3) A provision disclosing the percentage of the insured's claim,  
2 or other fee, that the licensee will charge for his or her services.  
3 The licensee shall obtain the initials of the insured next to this  
4 provision.

5 (4) A conspicuous statement in at least 10-point type in  
6 immediate proximity to the space reserved for the client's signature,  
7 as follows: "You may cancel this contract at any time before  
8 midnight of the ~~seventh calendar~~ *third business* day after the date  
9 of this contract. See the notice of cancellation form at the end of  
10 this contract for an explanation of this right."

11 (g) A licensee shall not knowingly make any false report to his  
12 or her employer or divulge to any other person, except as he or  
13 she may be required by law to do so, any information acquired by  
14 him or her except at the direction of the employer or a client for  
15 whom the information is obtained.

16 (h) A licensee shall not use a badge in connection with the  
17 official activities of the licensee's business.

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

22 (j) Pursuant to subdivisions (a) and (c) of Section 15006, the  
23 commissioner shall have the authority to enforce the provisions  
24 of this chapter and prosecute violations thereunder committed by  
25 unlicensed persons or entities that hold themselves out or act as  
26 public insurance adjusters.

27 (k) For purposes of this section, "business day" shall have the  
28 same meaning given to that term in subdivision (e) of Section  
29 1689.5 of the Civil Code, as in effect on the operative date of this  
30 statute.

31 (l) The contract and the notice of cancellation set forth in  
32 paragraph (1) of subdivision (f) shall be written in the same  
33 language, e.g., Spanish, as principally used in the negotiation of  
34 the contract.

35 (m) Within five business days after a contract has been canceled,  
36 the licensee shall tender to the client any payments made by the  
37 client and any note or other evidence of indebtedness, including  
38 an itemized statement of all amounts tendered to the client.

39 (n) The licensee is not entitled to compensation for services  
40 performed prior to cancellation, other than for reimbursement of

1 moneys paid by the licensee for out-of-pocket emergency expenses  
2 for the client or on behalf of the client. If the licensee seeks  
3 reimbursement from the client for out-of-pocket emergency  
4 expenses, and if the cancellation is made within the first ~~seven~~  
5 ~~calendar~~ *three business* days after the contract was initiated, the  
6 licensee shall provide the client with an itemized statement of those  
7 emergency expenses advanced to the client or on behalf of the  
8 client by the licensee. Nothing in this subdivision shall permit the  
9 licensee to recover any costs, except for out-of-pocket emergency  
10 expenses advanced to the client. Any security interest shall be  
11 canceled upon cancellation of the contract.

12 (o) Notice of cancellation given by the client need not take the  
13 particular form specified in paragraph (1) of subdivision (f). Notice  
14 of cancellation, however expressed, is effective if it indicates the  
15 intention of the client not to be bound by the contract.

16 (p) Cancellation occurs when the client gives written notice of  
17 cancellation by certified mail, return receipt requested, or other  
18 form of mailing that provides proof of mailing, to the licensee at  
19 the address specified in the contract.

20 (q) Notice of cancellation, if given by mail, is effective when  
21 sent by certified mail, return receipt requested, or other form of  
22 mailing that provides proof of mailing, properly addressed with  
23 postage prepaid.

24 (r) Until the licensee has complied with this section, the client  
25 may cancel the contract.

26 (s) The contracts shall be executed in duplicate. The licensee  
27 shall retain one original contract, and shall provide the insured  
28 with an original contract.

29 (t) The licensee shall provide the client with an original contract  
30 and notice of cancellation at the time the client signs the contract.

31 (u) Any confession of judgment or waiver of the provisions of  
32 this chapter shall be deemed contrary to public policy and shall be  
33 void and unenforceable.

34 (v) Prior to the signing of the contract, the licensee shall provide  
35 the insured with a separate printed disclosure document in the  
36 following form that bears the name and license number of the  
37 licensee:

“DISCLOSURE

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There are three types of insurance adjusters that could be involved in the processing of your insurance claim. The definitions of the three types are as follows:

(1) Public adjusters means the insurance adjusters who do not work for your insurance company. They work for you, the insured, to assist in the preparation, presentation, and settlement of your claim. You hire them by signing a contract and agreeing to pay them a fee or commission based on a percentage of the settlement, or other method of compensation. Public adjusters are required to be licensed, bonded, and tested by the State of California to represent your interest only.

(2) Company adjusters means the insurance adjusters who are employees of your insurance company. They represent your insurance company and are paid by your insurance company. They will not charge you a fee and are not individually licensed or tested by the State of California.

(3) Independent adjusters means the insurance adjusters who are hired on a contract basis by your insurance company to represent the company in the settlement of the claim. They are paid by your insurance company. They will not charge you a fee.

You have the right, but are not required, to use the services of a public adjuster in the preparation and handling of your insurance claim.

Public adjusters cannot solicit your business while the loss is underway, or between the hours of 6 p.m. and 8 a.m.

Your “Public Adjuster Contract,” with a public adjuster representing you, should clearly indicate the amount of the fee you will be paying to your public adjuster. Your contract, with this fee percentage, should be acknowledged by your initials on the “Public Adjuster Contract.” The salary, fee, commission, or other consideration is to be paid by you (the insured), not the insurance company (insurer).

You have the right to cancel the contract with your public adjuster, without any penalty or obligation, ~~within seven calendar~~ *three business days* from the date the contract is signed. *If the contract was established from a catastrophic disaster as defined in subdivision (c) of Section 15001, the insured has the right to cancel within five calendar days.*

1 If you cancel the contract with your public adjuster, any money  
 2 or other consideration paid by you will be returned within five  
 3 business days following the receipt of your cancellation notice,  
 4 and any security interest arising out of the transaction will be  
 5 canceled.

6 To cancel the contract with your public adjuster, mail or deliver  
 7 by certified mail, return receipt requested, or other form of mailing  
 8 that provides proof of mailing, a signed and dated copy of the  
 9 cancellation notice, or any other written notice, or send a telegram  
 10 to the public adjuster at the address in the contract.

11 You have the right to, and may, communicate with your  
 12 insurance company at any time if you feel the need during the  
 13 claims process.

14 If you have any concerns or questions, the officers at the  
 15 California Department of Insurance Consumer Hotline are there  
 16 to help you. Please ~~call~~ *contact* them at 1-800-927-HELP-(4357),  
 17 (4357) or [www.insurance.ca.gov](http://www.insurance.ca.gov).”

18 (w) No later than ~~seven calendar~~ *three business* days after the  
 19 cancellation has expired, the public adjuster shall notify the insurer,  
 20 its adjuster, or its attorney, that he or she has entered into a written  
 21 contract with the insured.

22 (x) If the licensee misrepresents or conceals a material fact from  
 23 the insured prior to execution of the contract, the insured is entitled  
 24 to rescind the contract without time limit.

25 (y) *Notwithstanding any other provision of this section, if a*  
 26 *property loss is included in an area that is subject to a catastrophic*  
 27 *disaster, as defined in Section 15001, the insured shall have the*  
 28 *right to cancel a contract with a public adjuster within five*  
 29 *calendar days of signing it and being provided a copy of the signed*  
 30 *contract.*

31 ~~SEC. 53.~~

32 *SEC. 17.* Section 15027.1 of the Insurance Code is amended  
 33 to read:

34 15027.1. (a) In addition to the restrictions in subdivision (e)  
 35 of Section 15027, a licensee shall not solicit a contract of  
 36 engagement for residential properties under this chapter *that are*  
 37 *included in an area subject to a catastrophic disaster* until seven  
 38 calendar days have elapsed from the conclusion of a loss-producing  
 39 occurrence as defined in subdivision (d) of Section 15027.

1 (b) Subdivision (a) shall not apply if the licensee is contacted  
2 directly by the insured or the insured's representative.

3 (c) *Nothing in subdivision (a) shall prohibit a licensee from*  
4 *providing a policyholder, without making personal contact with*  
5 *the policyholder; with accurate written materials explaining*  
6 *services provided by public insurance adjusters.*

7 SEC. 18. Section 15028 of the Insurance Code is amended to  
8 read:

9 15028. No person licensed as a public insurance adjuster shall  
10 do any of the following:

11 (a) Use any misrepresentation to solicit a contract or agreement  
12 to adjust a claim.

13 (b) Solicit or accept remuneration from, or have a financial  
14 interest in, any salvage, repair or other firm which obtains business  
15 in connection with any claim he or she has a contract or agreement  
16 to adjust.

17 (c) Advance moneys to any potential client or insured in order  
18 to obtain business.

19 (d) Offer to pay a fee, commission, or other valuable  
20 consideration, exceeding one hundred dollars (\$100), to a person  
21 for referring a loss unless he or she employs that person to so act  
22 for him or her and that person is licensed to act as an adjuster under  
23 the provisions of this chapter.

24 (e) *Permit an employee or agent, in his or her own name, to*  
25 *advertise, engage clients, furnish reports, present bills to clients,*  
26 *or in any manner conduct business for which a license is required*  
27 *pursuant to this chapter.*

28 ~~SEC. 54.~~

29 SEC. 19. Section 15031 of the Insurance Code is amended to  
30 read:

31 15031. (a) A licensee shall not conduct a business under a  
32 fictitious or other business name unless and until he or she has  
33 obtained the written authorization of the commissioner to do so.

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

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

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

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

12 ~~SEC. 55. Section 15036 of the Insurance Code is amended to~~  
13 ~~read:~~

14 ~~15036. In lieu of the surety bond required by this chapter there~~  
15 ~~may be deposited with the State of California the sum of twenty~~  
16 ~~thousand dollars (\$20,000) in cash, or evidence of deposit of the~~  
17 ~~sum of twenty thousand dollars (\$20,000) in banks authorized to~~  
18 ~~do business in this state and insured by the Federal Deposit~~  
19 ~~Insurance Corporation, or investment certificates or share accounts~~  
20 ~~in the amount of twenty thousand dollars (\$20,000) issued by a~~  
21 ~~savings association doing business in this state and insured by the~~  
22 ~~Federal Deposit Insurance Corporation, or evidence of a certificate~~  
23 ~~of funds or share account of the sum of twenty thousand dollars~~  
24 ~~(\$20,000) in a credit union as defined in Section 14002 of the~~  
25 ~~Financial Code whose share deposits are guaranteed by the~~  
26 ~~National Credit Union Administration or guaranteed by any other~~  
27 ~~agency approved by the Department of Business Oversight.~~

28 ~~SEC. 20. Section 15036 of the Insurance Code is amended to~~  
29 ~~read:~~

30 15036. In lieu of the surety bond required by this chapter there  
31 may be deposited with the State of California the sum of twenty  
32 thousand dollars (\$20,000) in cash, or evidence of deposit of the  
33 sum of twenty thousand dollars (\$20,000) in banks authorized to  
34 do business in this state and insured by the Federal Deposit  
35 Insurance Corporation, or investment certificates or share accounts  
36 in the amount of twenty thousand dollars (\$20,000) issued by a  
37 savings association doing business in this state and insured by the  
38 Federal Deposit Insurance Corporation, or evidence of a certificate  
39 of funds or share account of the sum of twenty thousand dollars  
40 (\$20,000) in a credit union as defined in Section ~~14000~~ 14002 of

1 the Financial Code whose share deposits are guaranteed by the  
2 National Credit Union Administration or guaranteed by any other  
3 agency approved by the Department of Business Oversight.

4 ~~SEC. 56.~~

5 *SEC. 21.* Section 15053 of the Insurance Code is amended to  
6 read:

7 15053. ~~Any~~ A person who knowingly falsifies the fingerprints  
8 or photographs submitted under subdivision (f) of Section 15010  
9 or paragraph (12) of subdivision (b) of Section 15016 is guilty of  
10 a felony. ~~Any~~ A person who violates any of the other provisions  
11 of this chapter is guilty of a misdemeanor punishable by a fine not  
12 to exceed five hundred dollars (\$500) or by imprisonment in ~~the~~  
13 a county jail not to exceed one year, or by both that fine and  
14 imprisonment.

15 ~~SEC. 57.~~

16 *SEC. 22.* Section 15056 of the Insurance Code is amended to  
17 read:

18 15056. (a) Except as otherwise provided in this article, an  
19 expired license or branch office certificate may be renewed at any  
20 time within one year after its expiration on the filing of an  
21 application for renewal on a form prescribed by the commissioner,  
22 and the payment of a renewal fee in effect on the actual renewal  
23 date. If the license or certificate is renewed after its expiration, the  
24 licensee, as a condition precedent to renewal, shall also pay the  
25 delinquency fee prescribed by this chapter. Renewal under this  
26 section shall be effective on the date on which the application is  
27 filed, on the date on which the renewal fee is paid, or on the date  
28 on which the delinquency fee, if any, is paid, whichever occurs  
29 last. If so renewed, the license or certificate shall continue in effect  
30 through the date provided in Section 15054 that next occurs after  
31 the effective date of the renewal, when it shall expire if it is not  
32 again renewed.

33 (b) Renewal of a license or certificate does not prohibit the  
34 bringing of disciplinary proceedings for an act committed before  
35 the effective date of the renewal.

36 ~~SEC. 58.~~

37 *SEC. 23.* Section 15060 of the Insurance Code is amended to  
38 read:

39 15060. The amount of fees prescribed by this chapter, unless  
40 otherwise fixed, is that fixed in the following schedule:

1 (a) The application fee for the qualifying examination for an  
2 original license is twenty-five dollars (\$25).

3 (b) The application fee for an original branch office certificate  
4 is fifteen dollars (\$15).

5 (c) The fee for an original license application in the amount  
6 equal to the renewal fee in effect on the last regular renewal date  
7 before the date on which the license is issued, except that, if the  
8 license will expire less than one year after its issuance, then the  
9 fee is an amount equal to 50 percent of the renewal fee in effect  
10 on the last regular renewal date before the date on which the license  
11 is issued.

12 (d) The renewal fee shall be fixed by the commissioner as  
13 follows:

14 (1) For a license as a public insurance adjuster, not more than  
15 one hundred dollars (\$100).

16 (2) For a branch office certificate, not more than twenty dollars  
17 (\$20).

18 (e) The application and license fee for applications prescribed  
19 by the commissioner, in addition to those in this chapter, and the  
20 application and license fee for a change in the type of business  
21 organization of the licensee, shall be in the amount prescribed by  
22 rule and regulation of the commissioner.

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

25 (g) The fee for reexamination of an applicant is ten dollars (\$10).

26 ~~SEC. 59.~~

27 *SEC. 24.* Section 15062 of the Insurance Code is amended to  
28 read:

29 15062. Application or license fees shall not be refunded  
30 pursuant to Section 1751.5.

31 ~~SEC. 60.~~

32 *SEC. 25.* No reimbursement is required by this act pursuant to  
33 Section 6 of Article XIII B of the California Constitution because  
34 the only costs that may be incurred by a local agency or school  
35 district will be incurred because this act creates a new crime or  
36 infraction, eliminates a crime or infraction, or changes the penalty  
37 for a crime or infraction, within the meaning of Section 17556 of  
38 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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