

AMENDED IN ASSEMBLY MAY 2, 1996
AMENDED IN ASSEMBLY APRIL 10, 1996

CALIFORNIA LEGISLATURE—1995–96 REGULAR SESSION

ASSEMBLY BILL

No. 2177

Introduced by Assembly Member Miller

February 7, 1996

An act to amend ~~Section Section 17002~~ *Sections 17002 and 17052* of the Corporations Code, and to amend Sections 1628 and 1647 of, and to add Section 1656.2 to, the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2177, as amended, Miller. Insurance.

Under existing law, limited liability companies are prohibited from engaging in insurance business. Existing law authorizes individuals, partnerships, associations, or corporations to be insurance agents or brokers.

This bill would authorize limited liability companies to be insurance agents or brokers. The bill would require an application by a limited liability company for a license as an insurance agent or broker to contain specified information, including information that may be required by the Insurance Commissioner. *The bill would make related changes.*

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

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

1 SECTION 1. Section 17002 of the Corporations Code
2 is amended to read:

3 17002. Subject to any limitations contained in the
4 articles of organization and to compliance with any other
5 applicable laws, a limited liability company may engage
6 in any lawful business activity, except the banking
7 business, the business of issuing policies of insurance and
8 assuming insurance risks, or the trust company business.

9 SEC. 2. *Section 17052 of the Corporations Code is*
10 *amended to read:*

11 17052. The name of each limited liability company as
12 set forth in its articles of organization:

13 (a) Shall contain either the words “limited liability
14 company” or the abbreviation “LLC” as the last words in
15 the name of the limited liability company. The words
16 “limited” and “company” may be abbreviated to “Ltd.”
17 and “Co.,” respectively.

18 (b) May contain the name of one or more members.

19 (c) Shall not be a name that the Secretary of State
20 determines is likely to mislead the public and shall not be
21 the same as, or resemble so closely as to tend to deceive,

22 (1) the name of any limited liability company that has

23 filed articles of organization pursuant to Section 17050,

24 (2) the name of any foreign limited liability company
25 registered to do business in this state pursuant to Section

26 17451, or (3) any name that is under reservation for
27 another domestic limited liability company or foreign

28 limited liability company pursuant to Section 17053,
29 except that a limited liability company may adopt a name

30 that is substantially the same as that of an existing
31 domestic limited liability company or foreign limited

32 liability company that is registered pursuant to Section
33 17451 upon proof of consent by that domestic limited

34 liability company or foreign limited liability company and
35 a finding by the Secretary of State that under the

36 circumstances the public is not likely to be misled.

37 (d) Shall not contain the words “bank,” ~~“insurance,”~~
38 “trust,” “trustee,” “incorporated,” “inc.,” “corporation,”



1 or ~~“corp.”~~ “corp.,” and shall not contain the words
2 “insurer” or “insurance company” or any other words
3 suggesting that it is in the business of issuing policies of
4 insurance and assuming insurance risks.

5 (e) The use by a limited liability company or a foreign
6 limited liability company of a name in violation of this
7 section may be enjoined notwithstanding the filing of its
8 articles of organization or its registration with the
9 Secretary of State.

10 *SEC. 3.* Section 1628 of the Insurance Code is
11 amended to read:

12 1628. As used in this chapter, an organization is a
13 partnership, limited liability company, association, or
14 corporation. Where reference is made to a natural person
15 named on an organization license, the reference shall be
16 to a person who is named to exercise the power and
17 perform the duties under an organization license.

18 ~~SEC. 3.—~~

19 *SEC. 4.* Section 1647 of the Insurance Code is
20 amended to read:

21 1647. Only the following natural persons are eligible
22 to be named to exercise the agency or brokerage powers
23 under an organization license:

24 (a) Any general partner or employee of a
25 copartnership.

26 (b) Any member, officer or employee of an
27 association.

28 (c) Any officer or employee of a corporation.

29 (d) Any manager, member, officer, or employee of a
30 limited liability company.

31 ~~SEC. 4.—~~

32 *SEC. 5.* Section 1656.2 is added to the Insurance Code,
33 to read:

34 1656.2. (a) Every application for a license filed by a
35 limited liability company shall contain the names and
36 addresses of all members owning 10 percent or more of
37 the membership interests of the limited liability
38 company, and of all managers, officers, and directors, if
39 any, of the limited liability company.



1 (b) Every licensed limited liability company shall file
2 a written notice with the commissioner of all changes,
3 except address changes, of its members owning 10
4 percent or more of the membership interests of the
5 limited liability company and of all managers and officers
6 and directors, if any, of the limited liability company.

7 (c) The commissioner may require the application or
8 notice or both to also disclose additional information to
9 determine whether the applicant or licensee is in
10 compliance with Section 1668.5.

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