

AMENDED IN SENATE JUNE 22, 2000

AMENDED IN SENATE MAY 8, 2000

AMENDED IN SENATE MARCH 9, 2000

AMENDED IN ASSEMBLY MAY 25, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 481

**Introduced by Assembly Members Scott, Calderon, Keeley,
McClintock, and Steinberg**

February 18, 1999

An act to add Section ~~790.16~~ 735.2 to the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 481, as amended, Scott. Insurers: unfair claims settlement practices: restitution.

Existing law *provides for examination of insurers by the Insurance Commissioner and* defines certain activities as unfair methods of competition and unfair and deceptive acts or practices in the business of insurance, including certain unfair claims settlement practices, and provides various penalties and remedies for engaging in those proscribed methods, acts or practices, to be enforced by the Insurance Commissioner.

This bill would provide that ~~any settlement agreement entered between the commissioner and any person engaged in the business of insurance, in settlement of any matter in~~

~~which the commissioner has determined that the person engaged in unfair claims settlement practices, shall provide for restitution to the victims of those practices. This requirement would be applicable notwithstanding any other provision of law a final settlement entered into between an insurer and the Insurance Commissioner that specifies violations by the insurer of provisions relating to unfair methods of competition and unfair and deceptive acts or practices in the business of insurance, shall provide for restitution to policyholders or remediation of the unlawful acts relative to policyholder claims, as specified. This bill would provide that any funds ordered or allocated by a settlement to be used for an educational or research purpose shall relate to the type of violation that caused the enforcement or compliance action, and would require approval of the Legislature of this use of funds.~~

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 790.16 is added to the Insurance~~
- 2 *SECTION 1. Section 735.2 is added to the Insurance*
- 3 *Code, to read:*
- 4 *735.2. Any final settlement entered into pursuant to*
- 5 *this article wherein the final stipulation specifies*
- 6 *violations of Article 6.5 (commencing with Section 790)*
- 7 *of Chapter 1 of Part 2 of Division 1, if those acts resulted*
- 8 *in injury to policyholders, then the final settlement shall*
- 9 *provide for restitution to policyholders or remediation of*
- 10 *the unlawful acts relative to policyholder claims. Any*
- 11 *funds ordered or allocated by a settlement to be used for*
- 12 *an educational or research purpose shall relate to the type*
- 13 *of violation that caused the enforcement or compliance*
- 14 *action. The use of funds for that purpose shall be subject*
- 15 *to approval of the Legislature.*
- 16 ~~Code, to read:~~
- 17 ~~790.16. Notwithstanding any other provision of law,~~
- 18 ~~any settlement agreement entered into pursuant to this~~
- 19 ~~article or any other law between the commissioner and~~



1 ~~any person engaged in the business of insurance, in~~
2 ~~settlement of any matter in which the commissioner has~~
3 ~~determined that the person engaged in unfair claims~~
4 ~~settlement practices, shall provide for restitution to the~~
5 ~~victims of the unfair claims settlement practices,~~
6 ~~including, but not limited to, the policyholders of an~~
7 ~~insurer.~~

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