

AMENDED IN ASSEMBLY APRIL 16, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 800

Introduced by Assembly Member Duvall

February 26, 2009

An act to amend Sections 1644, 1652, 1655, 1656, 1658, 1661, 1683, 1718, 1729, 1749, ~~1749.31~~, 1751, 1758.3, 1758.692, 1758.7, 1758.81, 1758.92, ~~and 1758.96~~ 1758.96, ~~and 12418.3~~ of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 800, as amended, Duvall. Insurance omnibus.

Existing law regulates the licensing and the renewal of licensing of insurance agents, adjusters, and brokers by specifying who is eligible for a license and the requirements for applying for or renewing ~~an application for~~ a license.

This bill would state that a person under 18 years of age is not eligible to apply for certain specified licenses. This bill would authorize the Insurance Commissioner to require the use of electronic forms of application for certain licenses and would authorize the commissioner to electronically deliver forms to renew certain licenses to licensees, as specified. This bill would require ~~people~~ *a person* applying for certain insurance licenses to supply the commissioner with his or her e-mail address, in addition to a mailing address, as specified.

Existing law requires applicants for certain licenses to meet certain prelicensing education standards, as specified.

Existing law requires the commissioner to charge a fee for the filing of an application or request for a copy of, or a duplicate license for

licenses related to disability insurance, surplus lines, bail, life and disability analysts, and motor clubs, as specified.

This bill would delete that requirement.

This bill would delete the prelicensing education requirement for resident applicants who currently hold a nonresident license.

Existing law requires a person licensed as a personal lines broker-agent to complete 20 hours of continuing education during each 2-year license term, as specified.

This bill would increase that requirement to 24 hours of continuing education.

Existing law prohibits nonresident insurance organizations from using residents of California to exercise the powers and perform the duties of their license in California.

This bill would delete that prohibition and allow nonresident insurance organizations to use California residents to conduct their business in California.

Existing law requires a life agent or applicant to take and pass a written qualifying test before the commissioner can grant the person authority to transact variable contracts, as specified.

This bill would delete the requirement for passing a written test and would correct an erroneous cross reference to federal authority.

Existing law defines a credit insurance agent as an agent selling specified types of credit insurance, including credit life insurance, credit disability insurance, and credit property insurance.

This bill would add guaranteed automobile protection (gap) insurance, mortgage disability insurance, and mortgage guaranty insurance as types of credit insurance, as specified.

Existing law requires a person employed as a title marketing representative to hold a certificate of registration issued by the insurance commissioner. Under existing law, the commissioner must mail an application to renew a registration not less than 60 days before a certificate of registration will expire.

This bill would authorize the commissioner to mail or use an electronic delivery method to deliver the application, as specified.

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

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

SECTION 1. Section 1644 of the Insurance Code is amended to read:

1644. A person under 18 years of age is not eligible to apply for a license pursuant to this chapter, Chapter 5A (commencing with Section 1759), Chapter 6 (commencing with Section 1760), and Chapter 7 (commencing with Section 1800) of Part 2 of Division 1, and Chapter 1 (commencing with Section 14000) and Chapter 2 (commencing with Section 15000) of Division 5.

SEC. 2. Section 1652 of the Insurance Code is amended to read:

1652. (a) A license under this chapter, Chapter 5A (commencing with Section 1759), Chapter 6 (commencing with Section 1760), Chapter 7 (commencing with Section 1800), and Chapter 8 (commencing with Section 1831), of Part 2 of Division 1, and Chapter 1 (commencing with Section 14000) and Chapter 2 (commencing with Section 15000) of Division 5 shall be applied for, and renewed by the filing with the commissioner of a written application therefor. The application shall be on a form prescribed by the commissioner, which form shall prescribe the disclosure of information that will aid the commissioner in determining whether the prerequisites for the license sought have been met. The applicant shall declare, under penalty of perjury, that the contents of the application are true and correct.

(b) The forms prescribed by the commissioner other than for renewal applications may require authenticated fingerprints of any of the following:

- (1) Individual applicants.
- (2) Specified partners or officers of organization applicants.
- (3) The individuals who are to transact insurance for an organization applicant.

(c) The forms may require the fingerprints to be affixed to the application or to an attachment to be affixed to the application. The commissioner, in his or her discretion, may require the fingerprints on applications for any, some or all of the licenses issued pursuant to this chapter or Chapter 6 (commencing with Section 1760), 7 (commencing with Section 1800), or 8 (commencing with Section 1831), provided that as to any one such type of license the requirement is applied without discrimination

1 to all applicants within specified classifications. The classifications
2 may be made upon any or all of the following bases:

3 (1) Length of continuous residence in this state.

4 (2) Whether or not previously or currently licensed by the
5 commissioner.

6 (3) Whether or not currently licensed by specified regulatory
7 agencies of the State of California which require fingerprints on
8 applications for licenses and routinely process the fingerprints for
9 positive identification.

10 (4) Other reasonable criteria.

11 (d) The commissioner may decline to act on an incomplete or
12 defective application until an amended application which completes
13 the prescribed form is filed with him or her.

14 SEC. 3. Section 1655 of the Insurance Code is amended to
15 read:

16 1655. No application for a license shall be deemed filed unless
17 the document has been submitted by a means of electronic service
18 approved by the commissioner, and the proper filing fee, including
19 any required application fee for any qualifying examination
20 required by this chapter, Chapter 5A (commencing with Section
21 1759), Chapter 6 (commencing with Section 1760), and Chapter
22 7 (commencing with Section 1800) of Part 2 of Division 1, or
23 Chapter 1 (commencing with Section 14000) and Chapter 2
24 (commencing with Section 15000) of Division 5 for the license
25 applied for has been paid.

26 SEC. 4. Section 1656 of the Insurance Code is amended to
27 read:

28 1656. Every applicant for an organizational license shall
29 provide the names of all *licensed* persons who may exercise the
30 power and perform the duties under the license *and shall designate*
31 *a licensed person to be responsible for the organization's*
32 *compliance with California insurance laws, regulations, and rules.*
33 *The designated person shall be a partner, member, officer, director,*
34 *or manager of the organization.* Applicants for a nonresident
35 organizational license must name at least one person from a state
36 other than California who may exercise the power and perform
37 the duties under their license. Additional persons endorsed to that
38 license may be residents of other states, including California.

39 SEC. 5. Section 1658 of the Insurance Code is amended to
40 read:

1658. Each application filed by a natural person for a license shall contain the residence address, *and* the principal business address, the mailing address, ~~and the e-mail address~~ of the applicant. *The application shall also contain the e-mail address to which the applicant wants the commissioner to direct all license-related correspondence.* Each application for an organization license shall contain the principal business address; *and* the mailing address, ~~and the e-mail address~~ of the applicant. *The application shall also contain the e-mail address to which the applicant wants the commissioner to direct all license-related correspondence.*

SEC. 6. Section 1661 of the Insurance Code is amended to read:

1661. Whenever an organization licensed as a life agent, or a fire and casualty broker-agent desires to change, remove, or add to, the natural person or persons who are to transact insurance under authority of its license, it shall immediately file an application or notice on a form prescribed by the commissioner with the commissioner for an endorsement changing its license accordingly. The form must be submitted by a means of electronic service approved by the commissioner. The commissioner shall require that the prelicensing education standards set forth in Section 1749 be met and that the qualifying examination provided by this code be taken by any natural person named by the organization to exercise its agency or brokerage powers who would be required to take and pass the qualifying examination. That natural person or persons and the organization are in all other respects subject to the provisions of this chapter and the insurance laws.

SEC. 7. Section 1683 of the Insurance Code is amended to read:

~~At a reasonable time before an applicant is required to appear for a qualifying examination, the commissioner shall send him written notice thereof. Such notice shall set forth the time and place of such examination. The commissioner shall not send such notice to an applicant until he has paid the fee required for filing application to take or retake such examination. If an applicant fails~~
An applicant shall schedule or reschedule his or her qualifying examination using an electronic service approved by the commissioner. If an applicant fails to appear at the time and place set for the examination, he shall be deemed to have failed the

1 examination. If the applicant fails the qualifying examination, the
2 commissioner shall give him written notice thereof. ~~The applicant~~
3 ~~must schedule or reschedule an exam by a means of electronic~~
4 ~~service approved by the commissioner.~~ *notice thereof.*

5 SEC. 8. Section 1718 of the Insurance Code is amended to
6 read:

7 1718. (a) Not less than 60 days before a permanent license
8 will expire, the commissioner may use an electronic delivery
9 method, including e-mail or other similar electronic method of
10 delivery, to deliver, or may mail, to the latest e-mail or mailing
11 address appearing on his or her records, an application to the
12 licensee to renew the license for the appropriate succeeding license
13 term. It is the licensee's responsibility to renew whether or not a
14 renewal notice is received. The commissioner may accept a late
15 renewal, provided the licensee's failure to comply is due to clerical
16 error or inadvertence on the part of the department.

17 (b) Application for renewal of a license may be filed on or before
18 the expiration date. When filed under this subdivision, the fee for
19 filing shall be as specified in Section 1750.

20 (c) The application for renewal of an expired license may be
21 filed after the expiration date and until that same month and day
22 of the next succeeding year. The fee for a renewal application
23 under this subdivision shall be the fee specified in subdivision (b)
24 and a delinquent fee in the amount specified for a one-year period
25 in Section 1750 for the filing. Each licensee shall be subject to
26 payment of delinquent fees under this section.

27 SEC. 9. Section 1729 of the Insurance Code is amended to
28 read:

29 1729. Every licensee and every applicant for a license shall
30 immediately notify the commissioner ~~in writing~~ *using an electronic*
31 *service approved by the commissioner* of any change in his e-mail
32 or mailing address as given to the commissioner pursuant to
33 Sections 1658 and 1728.

34 SEC. 10. Section 1749 of the Insurance Code is amended to
35 read:

36 1749. The department shall require all new applicants for
37 license as a fire and casualty broker-agent, limited lines automobile
38 insurance agent, personal lines broker-agent, life-only agent, or
39 accident and health agent to meet prelicensing education standards
40 as follows:

1 (a) Require a minimum of 40 hours of prelicensing study as a
2 prerequisite to qualification for a fire and casualty broker-agent
3 license. The curriculum for satisfying this requirement shall be
4 approved by the curriculum board and submitted to the
5 commissioner for final approval. Any additions to the minimum
6 requirements provided by this section shall be approved by the
7 curriculum board pursuant to Section 1749.1 and certified by the
8 department.

9 (b) Require a minimum of 20 hours of prelicensing study as a
10 prerequisite for qualification for a personal lines broker-agent
11 license. The curriculum for satisfying this requirement shall be
12 approved by the curriculum board and submitted to the
13 commissioner for final approval. Any additions to the minimum
14 requirements provided by this section shall be approved by the
15 curriculum board pursuant to Section 1749.1 and certified by the
16 department.

17 (c) Require a minimum of 20 hours of prelicensing study as a
18 prerequisite for qualification for a life-only agent license. The
19 curriculum for satisfying this requirement shall be approved by
20 the curriculum board and submitted to the commissioner for final
21 approval. Any additions to the minimum requirements provided
22 by this section shall be approved by the curriculum board pursuant
23 to Section 1749.1 and certified by the department.

24 (d) Require a minimum of 20 hours of prelicensing study as a
25 prerequisite for qualification for a limited lines automobile
26 insurance agent license. The curriculum for satisfying this
27 requirement shall be approved by the curriculum board and
28 submitted to the commissioner for final approval. Any additions
29 to the minimum requirements under this section shall be approved
30 by the curriculum board pursuant to Section 1749.1 and certified
31 by the department.

32 (e) Require a minimum of 20 hours of prelicensing study as a
33 prerequisite for qualification for an accident and health insurance
34 agent license. The curriculum for satisfying this requirement shall
35 be approved by the curriculum board and submitted to the
36 commissioner for final approval. Any additions to the minimum
37 requirements under this section shall be approved by the curriculum
38 board pursuant to Section 1749.1 and certified by the department.
39 This curriculum shall also include instruction in workers'
40 compensation and general principles of employers' liability.

(f) In addition to the 40 hours prelicensing education required to qualify for a license as a fire and casualty broker-agent, the 20 hours prelicensing education required to qualify for a license as a personal lines broker-agent, a life-only agent, or an accident and health agent, or the 20 hours prelicensing education required to qualify for a license as a limited lines automobile insurance agent, the department shall require 12 hours of study on ethics and this code. Where an applicant seeks a license for more than one of the following license types: a fire and casualty broker-agent license, a personal lines broker-agent license, a life-only license, or an accident and health license, the applicant shall only be required to complete one 12-hour course on ethics and this code. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval.

(g) An applicant for a life-only agent license, an accident and health license, a personal lines broker-agent license, or a limited lines automobile insurance agent license, who is currently licensed ~~as such in another~~ *a nonresident in this* state shall be required to complete only the course of study on ethics and the Insurance Code, as required by Section 1749. Additionally, any applicant for such a license holding one or more of the designations specified in subdivisions (a) to (p), inclusive, of Section 1749.4 shall be exempted from any requirement for courses in general insurance that would otherwise be a condition of issuance of the license.

(h) An applicant for a fire and casualty broker-agent license who is currently licensed ~~as such in another~~ *a nonresident in this* state shall be required to complete only the course of study on ethics and this code, as required by subdivision (f). Additionally, any applicant for such a license holding one or more of the designations specified in subdivisions (a) to (p), inclusive, of Section 1749.4, shall be exempted from any requirement for courses in general insurance that would otherwise be a condition of issuance of a license.

(i) An applicant for a fire and casualty broker-agent license who is licensed as a personal lines agent shall complete a minimum of 20 hours prelicensing study as a prerequisite. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. The applicant shall not be required to repeat any prelicensing

requirements completed as a prerequisite to being licensed as a personal lines agent.

(j) Review and approval of prelicensing courses not conducted in a classroom, as referenced in subdivisions (a) to (i), inclusive, shall include an evaluation of the safeguards in place to ensure that the student completing the course is the person enrolled in the course, methods used to monitor the students' attendance are adequate, methods for the student to interact with the entity providing the training exist, and methods used to record the times spent completing the course are adequate.

(k) Prelicensing certificates of completion expire three years from the completion date of the course, whether or not a license is issued.

SEC. 10.5. *Section 1749.31 of the Insurance Code is amended to read:*

1749.31. (a) An individual licensed as a personal lines broker-agent shall complete required continuing education courses, programs of instruction, or seminars approved by the commissioner. The personal lines broker-agent shall complete 24 hours during each two-year license term as defined in subdivision (d) of Section 1625.5.

(b) An individual licensed as a personal lines broker-agent and as a life-only agent or accident and health agent shall satisfy the requirements of this section by satisfactorily completing 24 hours of instruction prior to renewal of the license.

SEC. 11. Section 1751 of the Insurance Code is amended to read:

1751. The commissioner shall require, in advance, a fee for filing the following documents:

(a) Application for registration of change in membership of a copartnership licensed as any of the following:

(1) Fire and casualty broker-agent, fifty-six dollars (\$56).

(2) Life agent, resident, forty-eight dollars (\$48).

(3) Life agent, nonresident, fifty-three dollars (\$53).

(4) Personal lines broker-agent, fifty-six dollars (\$56).

(b) Notice for adding or removing from any life agent's, fire and casualty broker-agent's, or personal lines broker-agent's license issued to an organization the name of any natural person named thereon, sixteen dollars (\$16).

1 (c) First amendment to an application, eight dollars (\$8); a
2 second and each subsequent amendment to an application, sixteen
3 dollars (\$16).

4 (d) Original application to be given the qualifying examination
5 for a license of a fire and casualty or personal lines licensee,
6 twenty-seven dollars (\$27) for each person to be examined.

7 (e) Original application to be given the qualifying examination
8 for a license of a life licensee, twenty-seven dollars (\$27) for each
9 person to be examined.

10 (f) Application for reexamination for any of the licenses
11 mentioned in this section, twenty-seven dollars (\$27) for each
12 person to be reexamined.

13 (g) Application which includes a request for a certificate of
14 convenience pursuant to Article 8 (commencing with Section
15 1685), twenty dollars (\$20) in addition to, and not in lieu of, fees
16 otherwise required.

17 (h) Application or request for approval of true or fictitious name
18 pursuant to Section 1724.5 thirty dollars (\$30), except that there
19 shall be no fee when the name is contained in an original
20 application.

21 (i) "A ratification of appointments of agents" whereby the
22 surviving insurer in a merger or consolidation assumes
23 responsibility for all agents then lawfully appointed for one of the
24 constituent insurers and makes each its agent, one hundred three
25 dollars (\$103).

26 (j) An application or request for approval of:

27 (1) A training course pursuant to Section 1691, except when
28 filed by a degree-conferring college or university, a public
29 educational institution, or by a private nonprofit educational
30 institution, one hundred three dollars (\$103).

31 (2) An arrangement whereby an insurer may qualify certificate
32 of convenience holders pursuant to Section 1691 by means of an
33 approved course given on the insurer's behalf by a school or
34 organization other than itself, fifty-five dollars (\$55).

35 (k) A bond, pursuant to Article 5 (commencing with Section
36 1662) or Section 1760.5 or 1765, except when the bond constitutes
37 part of an original application filing, sixteen dollars (\$16).

38 (l) An application or request for clearance and cancellation
39 notice of a current licensee of record, sixteen dollars (\$16).

1 (m) An amended action notice pursuant to subdivision (e) of
2 Section 1704, five dollars (\$5).

3 SEC. 12. Section 1758.3 of the Insurance Code is amended to
4 read:

5 1758.3. The commissioner shall not grant authority to transact
6 variable contracts unless the life agent or applicant furnishes proof
7 that he or she is registered to sell securities in accordance with the
8 rules of the United States Securities and Exchange Commission
9 or the Financial Industry Regulatory Authority.

10 SEC. 13. Section 1758.692 of the Insurance Code is amended
11 to read:

12 1758.692. (a) Not less than 60 days before a permanent license
13 will expire, the commissioner may use an electronic delivery
14 method, including e-mail or other similar electronic method of
15 delivery, to deliver, or may mail, to the latest e-mail or mailing
16 address appearing on his or her records, an application to the
17 licensee to renew the license of a communications equipment
18 insurance agent and any endorsees for the appropriate succeeding
19 license term. It is the licensee's responsibility to renew, whether
20 or not a renewal notice is received.

21 (b) The commissioner may accept a late renewal without penalty,
22 provided that the licensee's failure to comply is due to a clerical
23 error or inadvertence.

24 (c) An application for renewal of a license may be filed on or
25 before the expiration date. An application for renewal of an expired
26 license may be filed after the expiration date and until that same
27 month and date of the next succeeding year.

28 (d) The commissioner shall impose a penalty fee equal to
29 one-half of the renewal fee for the communications equipment
30 insurance agent license and any endorsees for any renewal that is
31 filed after the expiration date of the license.

32 SEC. 14. Section 1758.7 of the Insurance Code is amended to
33 read:

34 1758.7. (a) No self-service storage facility, or franchisee of a
35 self-service storage facility, shall offer or sell insurance unless it
36 has complied with the requirements of this article and has been
37 issued a license by the commissioner as provided in this article.

38 (b) The commissioner may issue to a self-service storage facility,
39 or its franchisee, that has complied with the requirements of this
40 article, a license that authorizes the self-service storage facility or

1 its franchisee to offer or sell the types of insurance specified in
2 Section 1758.75 in connection with and incidental to rental
3 agreements on behalf of any insurer authorized to write those types
4 of insurance policies in this state.

5 (c) (1) The license period shall be a two-year period beginning
6 as described in subparagraph (A) or (B) of paragraph (2), as
7 applicable, and ending on the second succeeding year on the last
8 calendar day of the month in which the initial license was issued.

9 (2) The commencement of a license period shall be determined
10 for each self-service storage facility or franchisee of a self-service
11 storage facility, as follows:

12 (A) Upon initial licensing, the license period begins on the date
13 the license is issued.

14 (B) Upon license renewal, the license period begins on the first
15 day of the month following the month in which the initial license
16 was issued.

17 (3) (A) Not less than 60 days before a permanent license will
18 expire, the commissioner may use an electronic delivery method,
19 including e-mail or other similar electronic method of delivery, to
20 deliver, or may mail, to the latest e-mail or mailing address
21 appearing on his or her records, an application to the licensee to
22 renew the license for the appropriate succeeding license period. It
23 is the licensee's responsibility to renew whether or not a renewal
24 application is received. The commissioner may accept a late
25 renewal without penalty, provided that the licensee's failure to
26 comply is due to clerical error or inadvertence on the part of the
27 department.

28 (B) The application for renewal of a license shall be filed on or
29 before the expiration date.

30 (C) The application for renewal of an expired license may be
31 filed after the expiration date and until the same month and day
32 of the next succeeding year. A licensee who files the renewal
33 application after the license has expired shall be charged, in
34 addition to the renewal fee, a penalty of 50 percent of the renewal
35 fee.

36 (d) The applicant for a license pursuant to this section shall
37 submit an application fee upon initial application and upon renewal
38 application in the amount or amounts determined by the department
39 as sufficient to defray its actual cost of processing the applications
40 and implementing this article.

1 (e) Costs associated with any enforcement action or investigation
2 shall be paid for by the person or organization licensed pursuant
3 to this article.

4 SEC. 15. Section 1758.81 of the Insurance Code is amended
5 to read:

6 1758.81. (a) An applicant for a rental car agent license under
7 this article shall file the following documents with the
8 commissioner:

9 (1) A written application for licensure, signed by the applicant
10 or an officer of the applicant, in the form prescribed by the
11 commissioner.

12 (2) A certificate by the insurer that is to be named in the rental
13 car agent license, stating that the insurer has satisfied itself that
14 the named applicant is trustworthy and competent to act as its
15 insurance agent limited to this purpose and that the insurer will
16 appoint the applicant to act as its agent to transact the kind or kinds
17 of insurance that are permitted by this article, if the rental car agent
18 license applied for is issued by the commissioner. The certification
19 shall be subscribed by an officer or managing agent of the insurer
20 on a form prescribed by the commissioner.

21 (3) An application fee, and each license period thereafter, a
22 renewal fee, in an amount or amounts determined by the
23 department as sufficient to defray the department's actual cost of
24 processing the application or renewal and implementing this article.

25 (4) Not less than 60 days before a permanent license will expire,
26 the commissioner may use an electronic delivery method, including
27 e-mail or other similar electronic method of delivery, to deliver,
28 or may mail, to the latest e-mail or mailing address appearing on
29 his or her records, an application to the licensee to renew the license
30 for the appropriate succeeding license period. It is the licensee's
31 responsibility to renew whether or not a renewal application is
32 received. The commissioner may accept a late renewal without a
33 penalty, provided the licensee's failure to comply is due to clerical
34 error or inadvertence on the part of the department.

35 (A) The application for renewal of a license shall be filed on or
36 before the expiration date.

37 (B) The application for renewal of an expired license may be
38 filed after the expiration date and until that same month and day
39 of the next succeeding year. A licensee who files the renewal
40 application after the license has expired shall be charged, in

1 addition to the renewal fee, a penalty of 50 percent of the renewal
2 fee.

3 (b) Notwithstanding any other provision of law to the contrary,
4 Sections 1667, 1668, 1668.5, 1669, 1670, 1720, 1738, and 1739
5 apply to any application for or issuance of a license pursuant to
6 this article.

7 (c) Costs associated with any enforcement action or investigation
8 shall be paid for by the person or organization licensed pursuant
9 to this article.

10 SEC. 16. Section 1758.92 of the Insurance Code is amended
11 to read:

12 1758.92. (a) An applicant for a credit insurance agent license
13 under this article shall submit each of the following to the
14 commissioner:

15 (1) A written application for licensure signed by the applicant
16 or an officer of the applicant, in the form prescribed by the
17 commissioner.

18 (2) A certificate by the insurer that is to be named in the credit
19 insurance agent license, stating that the insurer has satisfied itself
20 that the named applicant is trustworthy and competent to act as its
21 insurance agent limited to this purpose and that the insurer will
22 appoint the applicant to act as its agent in reference to selling or
23 soliciting the kind or kinds of insurance that are permitted by this
24 article, if the credit insurance agent license applied for is issued
25 by the commissioner. The certification shall be subscribed by an
26 officer or managing agent of the insurer on a form prescribed by
27 the commissioner.

28 (3) An application fee, and each license period thereafter, a
29 renewal fee, in an amount or amounts determined by the
30 department as sufficient to defray the department's actual costs of
31 processing the application or renewal and implementing this article.

32 The limitation on fee increases of 10 percent without prior
33 approval of the Legislature set forth in Section 12978 shall not
34 apply to the application or renewal fee set forth in this subdivision
35 during the years 2002, 2003, and 2004.

36 (b) Notwithstanding any other provision of law to the contrary,
37 the provisions set forth in Sections 1667, 1668, 1668.5, 1669, 1670,
38 1720, 1738, and 1739 apply to any application for or issuance of
39 a license, or any application for or approval of an endorsee,
40 pursuant to this article.

(c) (1) Not less than 60 days before a permanent license will expire, the commissioner may use an electronic delivery method, including e-mail or other similar electronic method of delivery, to deliver, or may mail, to the latest e-mail or mailing address appearing on his or her records, an application to the licensee to renew the license for the appropriate succeeding license period. It is the licensee's responsibility to renew whether or not a renewal application is received. The commissioner may accept a late renewal without penalty, provided the licensee's failure to comply is due to a clerical error or inadvertence on the part of the department.

(2) An application for renewal shall be filed on or before the expiration date.

(3) The application for renewal of an expired license may be filed after the expiration date and until that same month and date of the next succeeding year. A licensee who files a renewal application after the license has expired shall be charged, in addition to the renewal fee, a penalty of 50 percent of the renewal fee for the credit insurance agent license and all endorsees.

(d) Costs associated with any enforcement action or investigation shall be paid for by the person or organization licensed pursuant to this article.

SEC. 17. Section 1758.96 of the Insurance Code is amended to read:

1758.96. (a) A person licensed pursuant to this article may act as a credit insurance agent for an authorized insurer only with respect to the kinds of insurance specified in this section sold in connection with and incidental to a loan or other extension of credit other than a loan in excess of sixty thousand dollars (\$60,000) relating to or secured by real property where the repayment period does not exceed 10 years. The sale of credit insurance products as specified in this section in excess of sixty thousand dollars (\$60,000) relating to or secured by real property where any compensation, fee, or commission is paid dependent on the placement of credit insurance, requires a license to act as an insurance agent or life agent pursuant to Section 1621 or 1622.

(b) Credit insurance includes credit life, credit disability, credit property, credit unemployment, involuntary unemployment, mortgage life, mortgage guaranty, mortgage disability, guaranteed automobile protection (gap) insurance, and any other form of

1 insurance offered in connection with an extension of credit that is
2 limited to partially or wholly extinguishing that credit obligation
3 that the insurance commissioner determines should be designated
4 a form of credit insurance.

5 ~~(c) Credit insurance agent means a person who sells, solicits,~~
6 ~~or negotiates one or more forms of credit insurance coverage to~~
7 ~~individuals through a master, corporate, group, or individual policy.~~

8 *SEC. 18. Section 12418.3 of the Insurance Code is amended*
9 *to read:*

10 12418.3. (a) Each certificate of registration issued under this
11 article shall be for a three-year period beginning on the date the
12 certificate is issued.

13 (b) Not less than 60 days before a certificate of registration will
14 expire, the commissioner ~~shall~~ *may mail or use an electronic*
15 *delivery method, including e-mail or other similar electronic*
16 *method, to deliver* an application to renew the certificate to the
17 ~~last known~~ *latest e-mail or mailing* address appearing on the
18 registrant's records. It shall be the responsibility of the registrant
19 to renew his or her certificate, whether or not a renewal notice is
20 received.

21 (c) The application for renewal of an expired certificate of
22 registration may be filed after the expiration date and until the
23 same month and day of the next succeeding year. In addition to
24 the fee for a renewal application, a delinquent application fee in
25 the amount of fifty dollars (\$50) shall be assessed for each
26 application for renewal filed after the expiration date. Each
27 registrant shall be subject to payment of delinquent application
28 fees under this subdivision. The commissioner may waive the
29 delinquent application fee, or accept a renewal filed after the date
30 specified in this subdivision, if the registrant's failure to comply
31 is due to clerical or other inadvertent error on the part of the
32 department.