

Date of Hearing: June 26, 2024

ASSEMBLY COMMITTEE ON INSURANCE  
Lisa Calderon, Chair  
SB 577 (Hurtado) – As Amended June 18, 2024

**SENATE VOTE:** Vote not relevant

**SUBJECT:** Insurance

**SUMMARY:** Makes several changes that are non-controversial, technical, or otherwise classified as code cleanup related to insurance. Specifically, **this bill:**

- 1) Authorizes the Insurance Commissioner to proceed with an action if the district attorney elects not to pursue the matter for any reason.
- 2) Eliminates the requirement that the Insurance Commissioner give a reason for consenting to dismissal of an action brought by an interested person.
- 3) Requires an association to renew its certificate of authority within 30 days after a change in name, address, or before a merger.
- 4) Exempts an enforcement action brought in the name of the people of the State of California by the Insurance Commissioner under specified procedures.
- 5) Clarifies that life insurance training courses apply to life agents who sell individual life insurance policies and individual life insurance policies.
- 6) Adds the Insurance Commissioner's designated agent for service of process.
- 7) Changes the service fee from \$12 to a service fee determined by the Insurance Commissioner.
- 8) Makes technical and conforming changes.

**EXISTING LAW:** Provides for the regulation of insurers, agents and brokers, and other insurance-like organizations by the Insurance Commissioner, and imposes a broad range of financial solvency, licensing and market behavior requirements, as set forth in the Insurance Code.

**FISCAL EFFECT:** Unknown

**COMMENTS:**

- 1) *Background:* The previous contents of the measure were deleted and now the measure pertains to relevant insurance code cleanup. Provisions in this measure were identified by the California Department of Insurance (CDI) and vetted with stakeholders to reach consensus. The majority of the changes made by this bill are technical and corrective in nature. This measure is sponsored by CDI.

The changes addressed in this measure do the following:

- Current law references two repealed statutes (Insurance Code sections 1659 and 1660). The legal process service fee is outdated at twelve dollars (\$12) and should be updated to the current fee of thirty-two dollars (\$32). This update ensures consumers submit the correct fee, preventing processing delays and reducing the need for CDI staff to contact consumers for corrections.
- Insurance Code, section 10123.857 incorrectly applies to a “policy that issues, sells, renews, or offers an insurance policy”, which is not feasible as policies cannot perform the actions listed in this section. This amendment will align the language in subdivision(b) with the standard applicability language used in subdivision(a) and other provisions of the insurance code, ensuring consistency and clarity.
- Existing law is unclear regarding training requirements for agents selling term life policies with cash value. It mistakenly suggests agents need training for products they do not sell. Replacing the term “nonterm” with “those” to clarify that training is only required for agents selling term life products with cash value, not for other products they do not sell.
- Clarifies procedural aspects related to the Commissioner’s prosecution of civil enforcement cases under the Insurance Frauds Prevention Act (IFPA).
- Explicitly includes section 1742 in statute. This amendment codifies existing authority and process without changing enforcement or procedures.

2) *Gut and amend*: This measure was substantially amended on June 13, 2024 and the contents are now in the purview of the Assembly Insurance Committee. Should the contents evolve further, the committee retains the right to call the bill back.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Insurance Commissioner Ricardo Lara / California Department of Insurance

**Opposition**

None on file.

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