

Date of Hearing: June 17, 2026

ASSEMBLY COMMITTEE ON INSURANCE

Lisa Calderon, Chair

SB 1206 (Committee on Insurance) – As Amended June 9, 2026

SENATE VOTE: 35-0

SUBJECT: Insurance: omnibus

SUMMARY: Establishes the annual insurance omnibus bill, which includes several changes that are non-controversial, technical, or otherwise classified as code cleanup. Specifically, **this bill:**

- 1) Makes the license of any licensee that is dissolved, forfeited, terminated, canceled, or surrendered by the Secretary of State, inactive.
- 2) Deletes the January 1, 2027, sunset on allowing increases of the limitation on California Organized Investment Network (COIN)-related discretionary investments if the Insurance Commissioner (IC) has approved the amount and terms of the investment in advance and COIN has identified the investment in an investment opportunity bulletin or otherwise deemed it to be a qualified investment.
- 3) States that specified provisions regarding the regulation and licensing of production agencies generally apply to any applicant for a license issued by the IC or any licensee regulated by the IC, unless otherwise provided.
- 4) Pauses the 12-month period preceding the date of issue of the license, when an applicant must have taken and passed the qualifying examination for that license, during any review of the applicant's background information by the IC for an alleged violation that would, if proven, result in the suspension, revocation, or denial of the application, as specified.
- 5) States that if an organization licensed as accident and health or sickness agents desires to change, remove, or add to the persons who are to transact insurance under the authority of the organization's license, the organization is required to file an application or notice, as prescribed by the IC, for an endorsement. Makes the license of an organization licensed as certain agents inoperative upon the removal or termination of the last person named under the organization's license, as specified.
- 6) Allows the IC to issue a certificate of convenience, to temporarily allow the transaction of certain insurance without a permanent license. To the executor or administrator of the estate of, the surviving spouse or heir otherwise entitled to conduct business of, and the conservator of the estate of, a deceased accident and health or sickness agent.
- 7) Requires the California Earthquake Authority (CEA) to select and retain independent qualified auditors, subject to the IC's approval,
- 8) Allows the California Department of Insurance (CDI) to choose whether to send a biannual information request to those district attorneys who have received funding to counter workers compensation insurance fraud in order to report to the Governor, the Legislature, specified

legislative committees, and the Fraud Assessment Commission on the activities of the Fraud Division and district attorneys supported by the funds.

- 9) Specifies that for an assigned risk plan for automobile insurance, the affiliated advisory committee with which the IC is required to consult on a regular basis regarding policy matters affecting the operation of the plan, shall have two-year terms for non-insurer members of that advisory committee, to be staggered as specified.
- 10) Requires the State Compensation Insurance Fund (SCIF) to provide an annual and quarterly investment report, to CDI as they prescribe, on specified investments.
- 11) Specifies that under the Public Insurance Adjusters Act, a licensee's written contract must also include the licensee's email address and a California business address.
- 12) States that a public adjuster who receives, accepts, or holds any funds on behalf of an insured towards the settlement of a claim must deposit the funds in a non-interest-bearing escrow or trust account within 7 calendar days of receipt if the funds relate to a claim for loss or damage in an area that is or was subject to a catastrophic disaster, or a state of emergency, or a local emergency.
- 13) Requires a public adjuster to send to the insured any funds received towards the settlement of a claim within 30 calendar days of receipt or, if the funds relate to an area that is or was subject to a catastrophic disaster, or state of emergency, or a local emergency, within 15 calendar days of receipt.
- 14) Makes other technical changes relating to the calculation of adjusted premiums and present values for life insurance policies issued in a particular calendar year.
- 15) Makes other technical and clarifying changes.

EXISTING LAW:

- 1) Provides for the regulation of insurers, agents and brokers, and other insurance-like organizations by the IC, and imposes a broad range of financial solvency, licensing and market behavior requirements, as set forth in the Insurance Code.
- 2) Establishes the COIN within CDI to pursue active measures to encourage insurers to make investments in California's underserved and low- and moderate-income communities. Insurers may make discretionary investments after investment of an amount equal to its required minimum paid-in capital in specified securities. Under existing law, those discretionary investments may include the purchase of, or loans upon, properties and securities, limited to the lesser of 5% of the insurer's admitted assets or 50% of the excess of admitted assets over the sum of capital paid up, liabilities, and a required surplus. Until January 1, 2027, increases that limitation if the IC has approved the amount and other terms of the investment in advance and COIN has identified the investment in an investment opportunity bulletin or otherwise deemed it to be a qualified investment. (Insurance Code, Section 12938)

- 3) Specifies various provisions for the regulation and licensing of production agencies. (Insurance Code, Section 1621)
- 4) Prohibits the IC from issuing a permanent license to an applicant unless the applicant has, within the 12-month period preceding the date of issue of the license, taken and passed the qualifying examination for that license. (Insurance Code, Section 1676)
- 5) States that if an organization licensed as certain agents desires to change, remove, or add to the persons who are to transact insurance under the authority of the organization's license, the organization is required to file an application or notice, as prescribed by the IC, for an endorsement. Makes the license of an organization licensed as certain agents inoperative upon the removal or termination of the last person named under the organization's license, as specified. (Insurance Code, Section 1661)
- 6) Establishes the CEA, administered under the authority of the IC and governed by a 3-member governing board, to transact basic residential earthquake insurance. (Insurance Code, Section 10089.6)
- 7) Authorizes the IC to issue a certificate of convenience, to temporarily allow the transaction of certain insurance without a permanent license. Specifies certain categories of people who are eligible for an estate certificate of convenience, including the executor or administrator of the estate of a deceased property broker-agent, casualty broker-agent, or life agent. (Insurance Code, Section 1627)
- 8) Requires the IC to ensure that CDI's Fraud Division pursues all reported incidents of probable workers' compensation fraud, as specified. States that specified funds be distributed to district attorneys, as provided, for purposes of the investigation and prosecution of workers' compensation fraud cases. Further requires CDI to send a biannual information request to those district attorneys who have received funding in order to report to the Governor, the Legislature, specified legislative committees, and the Fraud Assessment Commission on the activities of the Fraud Division and district attorneys supported by the funds. (Insurance Code, Section 1872.83)
- 9) Provides for an assigned risk plan for automobile insurance, requires the IC to administer and operate the plan, and creates an advisory committee with which the IC is required to consult on a regular basis regarding policy matters affecting the operation of the plan. (Insurance Code, Section 11623)
- 10) Establishes the SCIF to be administered by a board of directors for the purpose of transacting workers' compensation insurance and other public employment-related insurances. Requires the board to invest and reinvest all moneys in the fund in excess of current requirements in the same manner as is authorized in certain provisions applicable to private insurance carriers. (Insurance Code, Section 11770)
- 11) Specifies that the Public Insurance Adjusters Act governs the regulation, licensing, and registration of public insurance adjusters. A licensee cannot act as a public insurance adjuster without having a written contract, as specified. A public adjuster who receives, accepts, or holds any funds on behalf of an insured towards the settlement of a claim must deposit the

funds in a non-interest-bearing escrow or trust account, as specified, within 15 business days of receipt. (Insurance Code, Section 15028.7)

FISCAL EFFECT: Unknown

COMMENTS:

The Assembly or Senate Insurance Committee traditionally introduce an annual “omnibus” committee bill that allows CDI to identify necessary updates to the Insurance Code and negotiate consensus with all relevant stakeholders. This measure reflects that process. The majority of the changes made by this bill are technical and corrective in nature. This measure is sponsored by CDI.

Items in the omnibus include:

- Requiring SCIF to submit annual and quarterly investment reports to CDI.
- Extending the term length for IC-appointed California Automobile Assigned Risk Plan (CAARP) Advisory Committee members from one year to two years, to reduce administrative workload and align with other advisory bodies.
- Correcting typographical errors in the Standard Nonforfeiture Laws for life insurance and individual deferred annuities, to ensure statutory clarity and accuracy.
- Clarifying provisions in the Insurance Funds Prevention Act by removing ambiguous language and requiring government agency consent in certain settlement and dismissal cases.
- Clarifying requirements for public adjusters handling claim settlement funds, including escrow use, disclosure obligations, and timeline for deposit and remittance.
- Allowing tolling of the 12-month license examination requirement while an applicant’s background review is pending, to address equity concerns.
- Removing the sunset date on certain insurer investment authority to improve long-term investment flexibility.
- Correcting a statutory cross-reference and make midyear reporting by district attorneys in the workers compensation fraud grant program discretionary rather than mandatory.
- Clarifies the roles in the CEA’s selection of independent auditors.

REGISTERED SUPPORT / OPPOSITION:

Support

Insurance Commissioner Ricardo Lara / California Department of Insurance

Opposition

None on file.

Analysis Prepared by: Kathleen O'Malley / INS. / (916) 319-2086