

Date of Hearing: April 26, 2023

ASSEMBLY COMMITTEE ON INSURANCE

Lisa Calderon, Chair

AB 1140 (Committee on Insurance) – As Amended April 18, 2023

**SUBJECT:** Insurance

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

- 1) Limits the application of increases for minimum liability auto insurance coverage to those policies and bonds that are issued or renewed after January 1, 2025, and on or after January 1, 2035, as specified.
- 2) Expands the California Department of Insurance (CDI) diversity efforts, including the Insurance Diversity Task Force (Task Force) to include persons with disabilities, as defined, and requires a member of the Task Force to be a member who is a representative of a person with disabilities business enterprise, as defined.
- 3) Requires the license of a licensee that is suspended by the Secretary of State (SOS) to become inactive and be prohibited from conducting any activity for which a license issued by the Insurance Commissioner (Commissioner) is required until the license is no longer suspended by the SOS.
- 4) Requires the Commissioner to submit fingerprint images and related information, as specified, to the Department of Justice (DOJ) for applicants applying for a license as a self-service storage agent, a variable life and variable annuity agent, and a vehicle service contract.
- 5) Aligns communication requirements for bail licensees with the requirements for others licensed by CDI.
- 6) Allows the Commissioner to suspend or revoke licenses for life settlement brokers, as provided.
- 7) Allows physicians and surgeons who are members of interindemnity, reciprocal, or interinsurance contracts to also be notified by electronic transmission and allow for electronic ballots.
- 8) Increases the amount for which the Employment Development Department (EDD) Director can approve a settlement involving a reduction of tax and penalties to \$11,500 or less, without prior submission to the Attorney General and for that amount to be adjusted annually based on the Consumer Price Index, as specified.
- 9) Makes other technical and clarifying changes.

**EXISTING LAW:** Provides for the regulation of insurers, agents and brokers, and other insurance-like organizations by the 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:** The Assembly Insurance Committee traditionally introduces an “omnibus” committee bill that allows CDI to identify necessary updates to the Insurance Code and negotiate consensus with all relevant stakeholders. This bill reflects the beginning of that process. As additional items that are under discussion attain consensus status, they may be added to the bill as it moves through the legislative process. The majority of the changes made by this bill are technical and corrective in nature. This measure is sponsored by CDI.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

1 Insurance Agent  
Ap42, LLC  
Blue Shield of California  
California Department of Insurance  
City National Bank  
Poindexter Consulting Group  
Veterans in Business Network (VIB)

**Opposition**

None on file

**Analysis Prepared by:** Claire Wendt / INS. / (916) 319-2086