

Date of Hearing: April 26, 2023

ASSEMBLY COMMITTEE ON INSURANCE
Lisa Calderon, Chair
AB 1578 (Valencia) – As Amended April 18, 2023

SUBJECT: Insurance licensees

SUMMARY: Clarifies that the license number of an organizational licensee to appear adjacent to or on the line below the organization's name if the email is sent from the organization and not an individual licensee, and the communication involves an activity for which a license is required.

EXISTING LAW requires a licensee to include the person's license number in the emails the person sends that involve an activity for which a license is required. Specifies the license number of an individual licensee shall appear adjacent to or on the line below the individual's name or title. Additionally, requires the license number of an organizational licensee to appear adjacent to or on the line below the organization's name. (Insurance Code, Section 1725.5)

FISCAL EFFECT: Unknown

COMMENTS:

Purpose: According to the author,

California law requires various types of agents, brokers and adjusters (licensees) to print their license numbers on specified print correspondence distributed exclusively in California for insurance products. This law protects consumers by making it easier for the California Department of Insurance (CDI) to identify licensees who are doing business without a license, in violation of the Insurance Code.

Recently this law was updated to include email correspondence; however ambiguity in the language has led to a confusing interpretation.

AB 1578 would clarify the language to require a licensee to include their individual license number on emails sent by them individually and to require agency license numbers to be included on emails that are sent by the insurance agency. It is duplicative to include both license numbers since the agency number will simply result in the consumer needing to click on the individual's license number to see if the licensee is in good standing.

Background: Last year, the annual insurance committee omnibus bill added a requirement that the numbers of both the individual licensee and the organizational licensee must appear next to their names in emails sent involving activities for which an insurance license is required. This requirement applies to the following licensees: property broker-agents, casualty broker-agents, life agents, variable life and variable annuity, accident and health or sickness agents, personal lines agents, limited lines automobile insurance agents, surplus lines brokers, independent insurance adjusters, public insurance adjusters, and life and disability insurance analysts. The change implemented in the omnibus bill was necessary to modernize the outdated code section established in 1995, which back then, didn't take email communications into consideration. AB 1578 eliminates confusion for consumers by making clear that individual licensees must include

their individual license number on emails sent by them individually and for agency license numbers to be included on emails that are sent by insurance agencies.

Previous legislation: SB 1242 (Chapter 424, Statutes of 2022) made several changes that were non-controversial, technical, or otherwise classified as code cleanup. More specifically, as it relates to this bill, the measure required insurance licensees to print their license numbers on e-mails the licensees send, which involve an activity for which a license is required.

REGISTERED SUPPORT / OPPOSITION:

Support

American Council of Life Insurers
American Property Casualty Insurance Association
Anaheim Chamber of Commerce
Association of California Life & Health Insurance Companies
Independent Insurance Agents & Brokers of California, INC.
National Association of Insurance and Financial Advisors - California
National Association of Mutual Insurance Companies
Personal Insurance Federation of California

Opposition

None on file.

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