

Date of Hearing: March 22, 2023

ASSEMBLY COMMITTEE ON INSURANCE
Lisa Calderon, Chair
AB 451 (Calderon) – As Introduced February 6, 2023

SUBJECT: Insurance: license examinations

SUMMARY: Requires the examination for the license for a life agent, accident and health or sickness agent, property broker-agent, and casualty broker-agent to be provided in English, Spanish, Simplified Chinese, Vietnamese, Korean, and, commencing July 1, 2024, Tagalog. Specifically, **this bill:**

- 1) Requires the Commissioner of the California Department of Insurance (CDI) to include in the annual report:
 - a) The number of people taking the Spanish, Simplified Chinese, Vietnamese, Korean, and Tagalog examinations; and,
 - b) The first-time pass rate, including a comparison between the comparable licensing examination taken in English.

EXISTING LAW:

- 1) Requires the examination for a life agent or accident and health or sickness agent license be provided in English and Spanish. (Insurance (Ins.) Code Section 1677)
- 2) Requires the Commissioner to evaluate the qualifying examination taken in Spanish and submit a report of the results to the Legislature no later than March 1, 2023. The report shall include, but not be limited to, all of the following:
 - a) The number of people taking the examination,
 - b) The pass rate, including a comparison between the comparable licensing examination taken in English,
 - c) The number of license holders that sat for the examination provided in Spanish and passed the examination that remain licensed; and,
 - d) The number of consumer complaints received and enforcement actions taken with regard to the license holders who passed the examination in Spanish. (Ins. Code Section 1677)
- 3) Requires insurance agents to be licensed by CDI and requires that an applicant pass a written examination to become licensed.

FISCAL EFFECT: Unknown.

COMMENTS:

- 1) **Background:** AB 1899 was signed into law and became effective on January 1, 2017. This legislation required CDI to offer life and accident/health agent license examinations in Spanish from January 1, 2018 to January 1, 2024. This measure eliminates the sunset date and expands the languages the examination is offered in. CDI contracts with a third-party vendor to provide these examinations in additional languages.

According to CDI, in 2021, there were 2,161 Spanish language license examination administered, which was approximately 4% of the total license examinations administered that year. By offering these exams in Spanish, CDI has not seen any alleged fraud or consumer complaints regarding miscommunication with agents associated with this option, rather, according to CDI, it has proved to be a valuable service offered at no cost to the applicant.

California has the largest Hispanic and Asian populations in the United States with the top languages spoken being English, Spanish, Chinese, Vietnamese, Korean, and Tagalog. While many other states currently offer insurance license examinations in Spanish for several years, some states have also recently offered license examinations in Simplified Chinese.

In addition, CDI does encourage its licensees to add the language(s) that they speak to their license record. As a result of this self-reported data, the top six languages for the 482,205 present producer licensees of the Department are English, Spanish, Chinese, Vietnamese, Korean, and Tagalog.

Existing law also remains unnecessarily limited to Spanish language life and/or accident and health or sickness, and life-limited to the payment of funeral and burial expenses license examinations despite California's diverse population and state mandate to obtain automobile insurance for licensed drivers and homeowners' insurance for property owners, both of which are sold by property and casualty insurance agents which are not currently part of the Spanish-language examination program.

AB 451 would allow for CDI to administer its license examinations in Spanish, Simplified Chinese, Vietnamese, Korean, and Tagalog for property and casualty as well as for life and accident and health or sickness, in order to provide further opportunities for non-English speakers to earn a living as insurance producers and service non-English consumers who purchase insurance.

- 2) **Previous Legislation:** AB 1899 (Calderon, Chapter 560, Statutes of 2016) required CDI to provide the license examinations for life, life-only, and accident and health agents in Spanish with a sunset date of January 1, 2024.

REGISTERED SUPPORT / OPPOSITION:

Support

American Council of Life Insurers
American Property Casualty Insurance Association
Association of California Life and Health Insurance Companies
California Agents & Health Insurance Professionals (CAHIP)
California Department of Insurance

Coalition for Humane Immigrant Rights (CHIRLA)
Independent Insurance Agents & Brokers of California, INC.
National Association of Insurance and Financial Advisors - California

Opposition

None on file.

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