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AMENDED IN ASSEMBLY MAY 28, 2025  
AMENDED IN ASSEMBLY MARCH 10, 2025  
AMENDED IN ASSEMBLY FEBRUARY 25, 2025

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

**ASSEMBLY BILL**

**No. 487**

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**Introduced by Committee on Insurance**

February 10, 2025

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An act to amend Sections 822, 824, 825, 845, 845.5, 846, 847, 852, 859, 1652, 1670, 1729.2, 1757.1, 1757.2, 1800, 1802.3, 1871.7, 10123.13, 10270.2, 10295.11, and 12800 of, *to amend and repeal Section 11797 of*, and to repeal and add Section 11103 of, the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL’S DIGEST

AB 487, as amended, Committee on Insurance. Insurance.

(1) Existing law generally regulates the business of insurance in the state, including the issuance of securities. Existing law defines an agent to mean every person employed or appointed by an insurer or broker who sells a security in this state for compensation.

This bill would update the term “agent” to “stock agent” and would make conforming changes.

(2) Existing law requires the Insurance Commissioner to submit to the Department of Justice fingerprint images and related information as specified by statute for specified applicants applying for a license, including a surplus line broker, a life and disability analyst, and a variable life and variable annuity agent.

This bill would delete the provisions requiring the commissioner to submit fingerprint images and related information for the above-listed individuals.

(3) Existing law establishes the powers and duties of the Department of Insurance and the Insurance Commissioner. Existing law requires an application for specified licenses, including a production agency license, to be automatically denied without prejudice to the filing of a new application for the license, except in specified circumstances, if the applicant does not fully qualify for and receives the license on a permanent basis or is denied the issuance of the license, as specified.

This bill would additionally include applications for bail, insurance adjuster, or public insurance adjuster licenses.

(4) Existing law requires an insurance licensee or applicant for a license to notify the commissioner when any of their background information changes after the application has been submitted or the license has been issued. For this purpose, existing law defines “background information” to include an administrative action regarding a professional or occupational license, among other things.

This bill would expand the definition for “background information” to also include an administrative action regarding conduct or activity for which a professional or occupational license was required, but not possessed, and an administrative or civil action filed by, or on behalf of, a government or regulatory agency alleging any unlawful conduct, activity, or omission.

(5) Existing law authorizes a limited license to be issued to a natural person or to an organization that acts an agent on behalf of cargo owners or shippers, or both.

This bill would update these provisions to clarify a limited license may be issued to an agent acting on behalf of the cargo owner, cargo shipper, or both. The bill would make conforming changes.

(6) Existing law permits blanket insurance to be issued to a college, school, or other institution of learning, or a sports team, camp, sponsor, or proprietor of a sports team, providing benefits to students, teachers, or employees, or sports team participants, campers, employees, officials, supervisors, or persons responsible for their support, for death or dismemberment resulting from accident, or for hospital, medical, surgical, or nursing expenses resulting from accident or sickness, as specified. Existing law defines “blanket insurance” for purposes of these provisions.

This bill would expand the groups for which blanket insurance may be issued to include coverage of volunteers for the entities described above.

(7) Existing law prohibits knowingly employing runners, cappers, steerers, or other persons to procure clients or patients to perform or obtain services or benefits under workers' compensation coverage or a contract of insurance or that will be the basis for a claim against an insured individual or their insurer. Existing law authorizes a district attorney, the Insurance Commissioner, or an interested person to bring a civil action for a violation of that provision. Existing law requires the district attorney or commissioner, for actions brought by an interested person, to either proceed with the action, in which case the action would be conducted by the district attorney or commissioner or to notify the court that it declines to take over the action, in which case the person bringing the action has the right to conduct the action. Existing law prohibits a court from having jurisdiction over an action under these provisions based upon the public disclosure of allegations or transactions in a criminal, civil, or administrative hearing in a legislative or administrative report, hearing, audit, or investigation, or from the news media, unless the action is brought by the Attorney General or the person bringing the action is an original source of the information.

This bill would instead prohibit a court from having jurisdiction, unless the action is brought by the district attorney or commissioner, the district attorney or commissioner proceeds with an action brought by an interested person, or the person bringing the action is an original source of the information.

(8) Existing law exempts agents of a fraternal benefit society from specified examination requirements if they meet specified conditions, including that the agent was in the service of the society on March 1, 1945, and was licensed to represent the society on January 1, 1952, and continuously thereafter, or the agent does not devote substantially full time to the sale of life or disability insurance. Existing law requires the society to notify the commissioner if a licensed part-time agent later devotes substantially full time to the sale of that insurance. Existing law establishes examination and fee parameters and requires that licensees pass the examination before a specified deadline. If the person fails to pass the exam within the specified timeline, existing law authorizes the person to be licensed as a fraternal benefit agent only if they file a new application and meet specified conditions, including that they take and pass the qualifying exam.

This bill would replace the term “agent” with the term “individual insurance licensee” and clarify that this section applies to individual part-time fraternal insurance licensees. The bill would additionally allow the part-time fraternal insurance licensee to remain part time until they file for a new application and either take and pass the examination, or demonstrate to the commissioner that they will only remain part time.

(9) *Existing law establishes the State Compensation Insurance Fund to be administered by a board of directors for the purpose of transacting workers’ compensation insurance and other public employment-related insurances. Existing law requires the board to invest and reinvest all moneys in the State Compensation Insurance Fund in excess of current requirements in the same manner as is authorized in certain provisions applicable to private insurance carriers. Existing law, until January 1, 2027, authorizes the board to make discretionary investments in properties and securities, to invest in money market mutual funds, and to invest or reinvest an aggregated maximum of 20% of the moneys that are in excess of the admitted assets over the liabilities and required reserves in specified investments.*

*This bill would extend those investment authorizations indefinitely.*

(9)

(10) This bill would make additional technical changes to eliminate outdated references and correct other errors.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 822 of the Insurance Code is amended  
2     to read:  
3     822. Except as otherwise provided by this article, “sale” or  
4     “sell” means every disposition, or attempt or arrangement to  
5     dispose, of a security or interest in a security for value, whether  
6     done by direct or indirect means. A security is conclusively  
7     presumed to be sold for value if given with any purchase of any  
8     nature or if given as a bonus on account of a purchase. “Sale” or  
9     “sell” shall also mean a contract of sale, an exchange, any change  
10    in the rights, preferences, ~~privileges~~ *privileges*, or restrictions on  
11    outstanding securities, an attempt to sell, an option of sale, a  
12    solicitation of a sale, a subscription or an offer to sell directly or  
13    by a stock agent, or a circular letter, advertisement or otherwise.

1 SEC. 2. Section 824 of the Insurance Code is amended to read:  
2 824. "Broker" means every person, other than a stock agent,  
3 who in this state engages either wholly or in part in the business  
4 of (a) dealing in any security issued by others, (b) underwriting  
5 any issue of such securities, (c) purchasing such securities with  
6 the purpose of reselling them, or (d) offering such securities for  
7 sale to the public. ~~No authority~~ *Authority* to act as a broker ~~may~~  
8 *shall not* be implied from an appointment executed by an insurer  
9 appointing a stock agent of that insurer.

10 SEC. 3. Section 825 of the Insurance Code is amended to read:  
11 825. "Stock agent" means every person employed or appointed  
12 by an insurer or broker who, within this ~~State~~ *state* and for a  
13 compensation, sells any security.

14 SEC. 4. Section 845 of the Insurance Code is amended to read:  
15 845. (a) A person shall not sell or resell any security of a  
16 domestic, foreign, or alien insurer:

17 (1) As an insurer with respect to securities of its own issue  
18 without securing the permit of the commissioner as provided in  
19 this article.

20 (2) As a stock agent of that insurer except under authority of a  
21 certificate issued by the commissioner under this code.

22 (3) As a broker or as a stock agent for a broker except under  
23 authority of a certificate or license issued by the Commissioner of  
24 Financial Protection and Innovation under the provisions of the  
25 Corporations Code and in full conformity with all provisions of  
26 the Corporations Code.

27 (b) Subdivision (a) shall not prohibit a bona fide owner of  
28 securities of an insurer from selling or reselling those securities  
29 if:

30 (1) The securities were originally issued under the authority of  
31 a permit of the commissioner and the sale or resale is made in  
32 conformity with the conditions, if any, in the permit effective at  
33 the time of sale or resale; or

34 (2) The securities were originally issued in a jurisdiction other  
35 than California in full conformity with the applicable laws, if any,  
36 governing the issuance in that jurisdiction.

37 A sale or resale of securities of an insurer by the owner of the  
38 securities which is made for the purpose of evading the provisions  
39 of this article requiring an insurer to secure a permit from the  
40 commissioner or for any other fraudulent purpose shall, however,

1 be null and void and a violation of the criminal provisions of this  
2 article.

3 (c) A sale or resale permitted by this section is subject to the  
4 stop power of the commissioner under Section 854 and the similar  
5 powers of the Commissioner of Financial Protection and Innovation  
6 pursuant to the provisions of the Corporations Code.

7 (d) A violation of this section is subject to the penalties provided  
8 in Section 833.

9 SEC. 5. Section 845.5 of the Insurance Code is amended to  
10 read:

11 845.5. The certificate required by Section 845 to act as a stock  
12 agent of an insurer shall be secured as provided in Section 846 and  
13 shall expire on the first day of July after its issue, unless sooner  
14 suspended or revoked.

15 The permission granted by Section 845 to persons holding  
16 certificates or licenses issued by the Commissioner of Financial  
17 Protection and Innovation does not affect the provisions of this  
18 article requiring that an insurer and that a stock agent appointed  
19 by an insurer secure a permit or certificate from the commissioner  
20 to issue, sell, or resell securities and the issue, sale, or resale and  
21 the advertising thereof is subject to the provisions of this article,  
22 nor does that section permit an owner of securities to sell or resell  
23 the same except in conformity with that section and this article.

24 SEC. 6. Section 846 of the Insurance Code is amended to read:

25 846. To secure such certificate, the applicant shall make and  
26 file in the office of the commissioner an application therefor in  
27 writing, verified by or in behalf of the applicant. Such application  
28 shall set forth:

29 (a) The name and address of the applicant.

30 (b) 1. In the case of an applying corporation, ~~association~~  
31 *association*, or joint stock company, the name and address of each  
32 of its managing officers and managing stock agents.

33 2. In the case of an applying partnership, the name and address  
34 of each of the partners.

35 (c) A succinct statement of facts showing possession of a good  
36 business reputation:

37 1. By the applicant.

38 2. In the case of an applicant corporation, association, or joint  
39 stock company, by its managing officers and managing stock  
40 agents.

1     3. In the case of an applicant partnership, by its members.

2     (d) If the applicant is a broker, the general plan and character  
3 of the business of the applicant.

4     (e) Such other information as the commissioner requires.

5     SEC. 7. Section 847 of the Insurance Code is amended to read:

6     847. At the time of filing an application for a broker's  
7 certificate, the applicant shall file with the commissioner a bond  
8 for five thousand ~~dollars~~, *dollars (\$5,000)*, payable to the people  
9 of the State of California, for the use and benefit of any interested  
10 person, to be approved by the commissioner. The bond shall be  
11 conditioned upon the following conduct by the broker, the broker's  
12 stock agents, and employees:

13     (a) Strict compliance with the provisions of this article.

14     (b) Honest and faithful application of all funds received.

15     (c) Honest and faithful performance of all obligations and  
16 undertakings in the purchase or sale of securities.

17     (d) Payment of all damages suffered by any person damaged or  
18 defrauded by reason of the violation of any of the provisions of  
19 this article, or by reason of any fraud connected with or growing  
20 out of any transaction contemplated by the provisions of this article.

21     SEC. 8. Section 852 of the Insurance Code is amended to read:

22     852. The commissioner may at any time in accordance with  
23 the procedure provided in Section 1738 suspend or revoke any  
24 broker's or stock agent's certificate issued by the commissioner  
25 if the commissioner finds that the holder thereof is of bad business  
26 repute, ~~or has violated any provision of this article~~, or has engaged,  
27 ~~or is about to engage~~ *engage*, in any fraudulent transaction.

28     SEC. 9. Section 859 of the Insurance Code is amended to read:

29     859. The commissioner shall also collect the following fees:

30     (a) For filing any application for a broker's certificate, two  
31 hundred eighty-three dollars (\$283) for the first office or location  
32 plus one hundred thirty-six dollars (\$136) for each additional office  
33 or location.

34     (b) For filing any application for a stock agent's certificate, one  
35 hundred thirty-six dollars (\$136).

36     (c) For an examination, audit, or investigation, the actual amount  
37 of expenses reasonably incurred in the performance of the work,  
38 plus the following:

39     (1) If made by an employee of the commissioner, the actual  
40 amount of the compensation paid to that employee for that time.

(2) The amount of the usual cost to the state of typing, transcribing, or otherwise preparing any written report of that examination, audit, or investigation that may reasonably be needed in the discharge of the commissioner's duties.

SEC. 10. Section 1652 of the Insurance Code is amended to read:

1652. (a) The commissioner shall submit to the Department of Justice fingerprint images and related information required by the Department of Justice pursuant to subdivision (u) of Section 11105 of the Penal Code, and the Department of Justice shall provide to the commissioner a state or federal response pursuant to paragraph (1) of subdivision (p) of Section 11105 of the Penal Code, for all applicants of each of the following:

(1) A property licensee or a casualty licensee, as defined in Section 1625.

(2) A personal lines licensee, as defined in Sections 1625.5.

(3) A limited lines automobile insurance agent, as defined in Section 1625.55.

(4) A life and accident and health or sickness licensee, as defined in Section 1626.

(5) A life licensee limited to the payment of funeral and burial expenses, as defined in Section 1676.

(6) A limited license to act as an agent on behalf of a cargo owner, a cargo shipper, or both, as described in Section 1757.1.

(7) A portable electronics insurance agent license, as defined in Sections 1758.61 and 1758.69.

(8) A car rental agent, as defined in Section 1758.89.

(9) A credit insurance agent license, as defined in Sections 1758.96 and 1758.992.

(10) An administrator, as defined in Section 1759.

(11) A reinsurance intermediary-broker, as defined in Section 1781.2.

(12) A bail agent license, as defined in Section 1802.

(13) A bail permittee license, as defined in Section 1802.5.

(14) A bail solicitor license, as defined in Section 1803.

(15) A bail fugitive recovery agent license, as defined in Section 1802.3 and Section 1299.01 of the Penal Code.

(16) A stock agent who sells securities, as defined in Section 825.

(17) An insurance adjuster, as defined in Section 14021.



1 (18) A crop insurance ~~adjuster~~ *adjuster*, as defined in Section  
2 14085.

3 (19) A public insurance adjuster, as defined in Section 15007.

4 (20) A part-time fraternal licensee, as described in Section  
5 11103.

6 (21) A life settlement broker, as defined in Section 10113.1.

7 (22) A motor club agent, as defined in Section 12143.

8 (23) A title marketing representative, as defined in Section  
9 12418.

10 (24) A self-service storage agent, as defined in Section 1758.791.

11 (25) A vehicle service contract license, as described in Section  
12 12815.

13 (b) A license shall be applied for, and renewed by the filing  
14 with the commissioner of a written application therefor. The  
15 application shall be on a form prescribed by the commissioner,  
16 which form shall prescribe the disclosure of information that will  
17 aid the commissioner in determining whether the prerequisites for  
18 the license sought have been met. The applicant shall declare,  
19 under penalty of perjury, that the contents of the application are  
20 true and correct.

21 (c) The forms prescribed by the commissioner other than for  
22 renewal applications may require authenticated fingerprints of any  
23 of the following:

24 (1) Individual applicants.

25 (2) Specified partners or officers of organization applicants.

26 (3) The individuals who are to transact insurance for an  
27 organization applicant.

28 (d) The forms may require the fingerprints to be affixed to the  
29 application or to an attachment to be affixed to the application.  
30 The commissioner, in the commissioner's discretion, may require  
31 the fingerprints on applications for any, some, or all of the licenses  
32 issued pursuant to this chapter or Chapter 6 (commencing with  
33 Section 1760), Chapter 7 (commencing with Section 1800), or  
34 Chapter 8 (commencing with Section 1831), provided that as to  
35 any one such type of license the requirement is applied without  
36 discrimination to all applicants within specified classifications.  
37 The classifications may be made upon any or all of the following  
38 bases:

39 (1) Length of continuous residence in this state.

1 (2) Whether or not previously or currently licensed by the  
2 commissioner.

3 (3) Whether or not currently licensed by specified regulatory  
4 agencies of the State of California which require fingerprints on  
5 applications for licenses and routinely process the fingerprints for  
6 positive identification.

7 (4) Other reasonable criteria.

8 (e) The commissioner may decline to act on an incomplete or  
9 defective application until an amended application which completes  
10 the prescribed form is filed with the commissioner.

11 SEC. 11. Section 1670 of the Insurance Code is amended to  
12 read:

13 1670. If an applicant for any license under this chapter, Chapter  
14 7 (commencing with Section 1800) of this part, or Chapter 1  
15 (commencing with Section 14000) or Chapter 2 (commencing with  
16 Section 15000) of Division 5, within one year from the date of the  
17 receipt by the commissioner of the application, whether or not the  
18 filing is complete, or within one year from the date of the issuance  
19 to the applicant of a certificate of convenience, if any, whichever  
20 is the later date, neither fully qualifies for and receives that license  
21 on a permanent basis, nor is denied its issue, the application is  
22 automatically denied without prejudice to the filing of a new  
23 application for the license unless in a proceeding under a statement  
24 of issues the commissioner for good cause determines the denial  
25 should be set aside or stayed.

26 SEC. 12. Section 1729.2 of the Insurance Code is amended to  
27 read:

28 1729.2. (a) An applicant or licensee shall notify the  
29 commissioner when any of the background information set forth  
30 in this section changes after the application has been submitted or  
31 the license has been issued. If the licensee is listed as an endorsee  
32 on any business entity license, the licensee shall also provide this  
33 notice to any officer, director, or partner listed on that business  
34 entity license.

35 (b) A business entity licensee, upon learning of a change in  
36 background information pertaining to any unlicensed person listed  
37 on its business entity license or application therefor, shall notify  
38 the commissioner of that change. The changes subject to this  
39 requirement include changes pertaining to any unlicensed officer,  
40 director, partner, member, or controlling person, or any other

1 natural person named under the business entity license or in an  
2 application therefor.

3 (c) The following definitions apply for the purposes of this  
4 section:

5 (1) "License" includes all types of licenses issued by the  
6 commissioner pursuant to Chapter 5 (commencing with Section  
7 1621), Chapter 5A (commencing with Section 1759), Chapter 6  
8 (commencing with Section 1760), Chapter 6.5 (commencing with  
9 Section 1781.1), Chapter 7 (commencing with Section 1800), and  
10 Chapter 8 (commencing with Section 1831) of Part 2 of Division  
11 1, Chapter 1 (commencing with Section 10110) of Part 2 of  
12 Division 2, Chapter 4 (commencing with Section 12280) of Part  
13 5 of Division 2, Article 8 (commencing with Section 12418) of  
14 Chapter 1 of Part 6 of Division 2, and Chapter 1 (commencing  
15 with Section 14000) and Chapter 2 (commencing with Section  
16 15000) of Division 5.

17 (2) "Background information" means any of the following: a  
18 misdemeanor or felony conviction; a filing of felony criminal  
19 charges in state or federal court; an administrative action regarding  
20 a professional or occupational license or regarding conduct or  
21 activity for which a professional or occupational license was  
22 required but not possessed; an administrative or civil action filed  
23 by, or on behalf of, a government or regulatory agency alleging  
24 any unlawful conduct, activity, or omission; any licensee's  
25 discharge or attempt to discharge, in a personal or organizational  
26 bankruptcy proceeding, an obligation regarding any insurance  
27 premiums or fiduciary funds owed to any person, including a  
28 premium finance company, or managing general agent; and any  
29 admission, or judicial finding or determination, of fraud,  
30 misappropriation or conversion of funds, misrepresentation, or  
31 breach of fiduciary duty.

32 (3) "Applicant" and "licensee" include individual and  
33 organization applicants and licensees, and officers, directors,  
34 partners, members, and controlling persons (as defined in  
35 subdivision (b) of Section 1668.5) of an organization.

36 (d) Notification to the commissioner shall be in writing and  
37 shall be sent within 30 days of the date the applicant or licensee  
38 learns of the change in background information.

39 (e) The commissioner may adopt regulations necessary or  
40 desirable to implement this section.

1 SEC. 13. Section 1757.1 of the Insurance Code is amended to  
2 read:

3 1757.1. A limited license may be issued to a natural person or  
4 to an organization who or which acts as an agent on behalf of a  
5 cargo owner, a cargo shipper, or both. The limited license shall  
6 authorize the agent of the cargo owner, cargo shipper, or both to  
7 procure cargo insurance only on behalf of a cargo owner or shipper  
8 for whom the agent is also arranging for the carriage of goods.  
9 The limited license shall authorize the agent acting on behalf of  
10 the cargo owner, cargo shipper, or both, only to procure cargo  
11 insurance, perform related document preparation, and assist the  
12 cargo owners or shippers, or both, with the filing of claims or  
13 preparation of proofs of loss in connection with filing claims and  
14 performing similar claims activities.

15 SEC. 14. Section 1757.2 of the Insurance Code is amended to  
16 read:

17 1757.2. A limited cargo shipper's license shall be applied for  
18 and renewed in the same manner as is provided in this chapter for  
19 a licensee to act as a property broker-agent or a casualty  
20 broker-agent, except that an applicant for a limited license as a  
21 cargo shipper's agent need not pass a qualifying examination and  
22 is exempt from the prelicensing and continuing education  
23 requirements. The fee for filing an application shall be twenty-nine  
24 dollars (\$29) for each year or fraction thereof of the term of the  
25 license applied for.

26 SEC. 15. Section 1800 of the Insurance Code is amended to  
27 read:

28 1800. (a) An insurer shall not execute an undertaking of bail  
29 except by and through a person holding a bail license issued as  
30 provided in this chapter. A person shall not in this state solicit or  
31 negotiate in respect to execution or delivery of an undertaking of  
32 bail or bail bond by an insurer, or execute or deliver such an  
33 undertaking of bail or bail bond unless licensed as provided in this  
34 chapter, but if so licensed, such person may so solicit, negotiate,  
35 and effect such undertakings or bail bonds without holding or being  
36 named in any license specified in Chapter 5 of this part.

37 (b) (1) A person shall not perform in this state the activities of  
38 a bail fugitive recovery agent, as defined in paragraph (4) of  
39 subdivision (a) of Section 1299.01 of the Penal Code, or solicit or  
40 negotiate to perform the activities of a bail fugitive recovery agent,

1 as defined in paragraph 4 of subdivision (a) of Section 1299.01 of  
2 the Penal Code, unless licensed pursuant to this chapter.

3 (2) Any person, persons, or entity, including licensed bail agents  
4 and surety insurers, that hire, contract, solicit, or appoint another  
5 person or persons to act as a bail fugitive recovery agent shall  
6 ensure that the hired person or persons are duly licensed by the  
7 department as a bail fugitive recovery agent under paragraph (4)  
8 of subdivision (a) of Section 1801.

9 (c) For purposes of this section, “solicit” shall include any  
10 written or printed presentation or advertising made by mail or other  
11 publication, or any oral presentation or advertising by means of  
12 telephone, radio, or television which implies that an individual is  
13 licensed under this chapter, and any activity in arranging for bail  
14 which results in remuneration to the individual conducting that  
15 activity.

16 SEC. 16. Section 1802.3 of the Insurance Code is amended to  
17 read:

18 1802.3. (a) A bail fugitive recovery agent’s license, by its  
19 terms, permits the licensee to engage in the activities of a bail  
20 fugitive recovery agent as set forth in paragraph (4) of subdivision  
21 (a) of Section 1299.01 of the Penal Code.

22 (b) A bail fugitive recovery agent licensee shall comply with  
23 the Bail Fugitive Recovery Persons Act (commencing with Section  
24 1299) of the Penal Code.

25 (c) Notwithstanding subdivision (b) of Section 1810, only  
26 natural persons may be licensed as bail fugitive recovery agents.

27 (d) A bail fugitive recovery agent shall disclose on their license  
28 application and renewal to the department whether they are also  
29 a bail agent, permittee, or solicitor, and shall carry identification  
30 cards issued by the commissioner pursuant to Section 2077.1 of  
31 Chapter 5 of Title 10 of the California Code of Regulations.

32 (e) All bail licensees shall not have been convicted of a felony  
33 unless the person is licensed pursuant to Section 1800.

34 SEC. 17. Section 1871.7 of the Insurance Code is amended to  
35 read:

36 1871.7. (a) It is unlawful to knowingly employ runners,  
37 cappers, steerers, or other persons to procure clients or patients to  
38 perform or obtain services or benefits pursuant to Division 4  
39 (commencing with Section 3200) of the Labor Code or to procure  
40 clients or patients to perform or obtain services or benefits under

1 a contract of insurance or that will be the basis for a claim against  
2 an insured individual or their insurer.

3 (b) Every person who violates any provision of this section or  
4 Section 549, 550, or 551 of the Penal Code shall be subject, in  
5 addition to any other penalties that may be prescribed by law, to  
6 a civil penalty of not less than five thousand dollars (\$5,000) nor  
7 more than ten thousand dollars (\$10,000), plus an assessment of  
8 not more than three times the amount of each claim for  
9 compensation, as defined in Section 3207 of the Labor Code or  
10 pursuant to a contract of insurance. The court shall have the power  
11 to grant other equitable relief, including temporary injunctive relief,  
12 as is necessary to prevent the transfer, concealment, or dissipation  
13 of illegal proceeds, or to protect the public. The penalty prescribed  
14 in this paragraph shall be assessed for each fraudulent claim  
15 presented to an insurance company by a defendant and not for each  
16 violation.

17 (c) The penalties set forth in subdivision (b) are intended to be  
18 remedial rather than punitive, and shall not preclude, nor be  
19 precluded by, a criminal prosecution for the same conduct. If the  
20 court finds, after considering the goals of disgorging unlawful  
21 profit, restitution, compensating the state for the costs of  
22 investigation and prosecution, and alleviating the social costs of  
23 increased insurance rates due to fraud, that such a penalty would  
24 be punitive and would preclude, or be precluded by, a criminal  
25 prosecution, the court shall reduce that penalty appropriately.

26 (d) The district attorney or commissioner may bring a civil  
27 action under this section. Before the commissioner may bring that  
28 action, the commissioner shall be required to present the evidence  
29 obtained to the appropriate local district attorney for possible  
30 criminal or civil filing. If the district attorney elects not to pursue  
31 the matter, then the commissioner may proceed with the action.

32 (e) (1) Any interested persons, including an insurer, may bring  
33 a civil action for a violation of this section for the person and for  
34 the State of California. The action shall be brought in the name of  
35 the state. The action may be dismissed only if the court and the  
36 district attorney or the commissioner, whichever is participating,  
37 give written consent to the dismissal.

38 (2) A copy of the complaint and written disclosure of  
39 substantially all material evidence and information the person  
40 possesses shall be served on the district attorney and commissioner.

1 The complaint shall be filed in camera, shall remain under seal for  
2 at least 60 days from the date of service on the district attorney  
3 and commissioner, and shall not be served on the defendant until  
4 the court so orders. The local district attorney or commissioner  
5 may elect to intervene and proceed with the action within 60 days  
6 after the district attorney or commissioner receives both the  
7 complaint and the material evidence and information. If more than  
8 one governmental entity elects to intervene, the district attorney  
9 shall have precedence.

10 (3) The district attorney or commissioner may, for good cause  
11 shown, move the court for extensions of the time during which the  
12 complaint remains under seal under paragraph (2). The motions  
13 may be supported by affidavits or other submissions in camera.  
14 The defendant shall not be required to respond to any complaint  
15 filed under this section until 20 days after the complaint is unsealed  
16 and served upon the defendant.

17 (4) Before the expiration of the 60-day period or any extensions  
18 obtained under paragraph (3), the district attorney or commissioner  
19 shall either:

20 (A) Proceed with the action, in which case the action shall be  
21 conducted by the district attorney or commissioner.

22 (B) Notify the court that it declines to take over the action, in  
23 which case the person bringing the action shall have the right to  
24 conduct the action.

25 (5) When a person or governmental agency brings an action  
26 under this section, no person other than the district attorney or  
27 commissioner may intervene or bring a related action based on the  
28 facts underlying the pending action unless that action is authorized  
29 by another statute or common law.

30 (f) (1) If the district attorney or commissioner proceeds with  
31 the action, the district attorney or commissioner shall have the  
32 primary responsibility for prosecuting the action, and shall not be  
33 bound by an act of the person bringing the action. That person  
34 shall have the right to continue as a party to the action, subject to  
35 the limitations set forth in paragraph (2).

36 (2) (A) The district attorney or commissioner may dismiss the  
37 action notwithstanding the objections of the person initiating the  
38 action if the person has been notified by the district attorney or  
39 commissioner of the filing of the motion, and the court has

1 provided the person with an opportunity for a hearing on the  
2 motion.

3 (B) The district attorney or commissioner may settle the action  
4 with the defendant notwithstanding the objections of the person  
5 initiating the action if the court determines, after a hearing, that  
6 the proposed settlement is fair, adequate, and reasonable under all  
7 the circumstances. Upon a showing of good cause, the hearing  
8 may be held in camera.

9 (C) Upon a showing by the district attorney or commissioner  
10 that unrestricted participation during the course of the litigation  
11 by the person initiating the action would interfere with or unduly  
12 delay the district attorney's or commissioner's prosecution of the  
13 case, or would be repetitious, irrelevant, or for purposes of  
14 harassment, the court may, in its discretion, impose limitations on  
15 the person's participation, including, but not limited to, the  
16 following:

- 17 (i) Limiting the number of witnesses the person may call.
- 18 (ii) Limiting the length of the testimony of those witnesses.
- 19 (iii) Limiting the person's cross-examination of witnesses.
- 20 (iv) Otherwise limiting the participation by the person in the  
21 litigation.

22 (D) Upon a showing by the defendant that unrestricted  
23 participation during the course of the litigation by the person  
24 initiating the action would be for purposes of harassment or would  
25 cause the defendant undue burden or unnecessary expense, the  
26 court may limit the participation by the person in the litigation.

27 (3) If the district attorney or commissioner elects not to proceed  
28 with the action, the person who initiated the action shall have the  
29 right to conduct the action. If the district attorney or commissioner  
30 so requests, the district attorney or commissioner shall be served  
31 with copies of all pleadings filed in the action and shall be supplied  
32 with copies of all deposition transcripts, at the district attorney's  
33 or commissioner's expense. When a person proceeds with the  
34 action, the court, without limiting the status and rights of the person  
35 initiating the action, may nevertheless permit the district attorney  
36 or commissioner to intervene at a later date upon a showing of  
37 good cause.

38 (4) If at any time both a civil action for penalties and equitable  
39 relief pursuant to this section and a criminal action are pending  
40 against a defendant for substantially the same conduct, whether



1 brought by the government or a private party, the civil action shall  
2 be stayed until the criminal action has been concluded at the trial  
3 court level. The stay shall not preclude the court from granting or  
4 enforcing temporary equitable relief during the pendency of the  
5 actions. Whether or not the district attorney or commissioner  
6 proceeds with the action, upon a showing by the district attorney  
7 or commissioner that certain actions of discovery by the person  
8 initiating the action would interfere with a law enforcement or  
9 governmental agency investigation or prosecution of a criminal  
10 or civil matter arising out of the same facts, the court may stay  
11 discovery for a period of not more than 180 days. A hearing on a  
12 request for the stay shall be conducted in camera. The court may  
13 extend the 180-day period upon a further showing in camera that  
14 the agency has pursued the criminal or civil investigation or  
15 proceedings with reasonable diligence and any proposed discovery  
16 in the civil action will interfere with the ongoing criminal or civil  
17 investigation or proceedings.

18 (5) Notwithstanding subdivision (e), the district attorney or  
19 commissioner may elect to pursue its claim through any alternate  
20 remedy available to the district attorney or commissioner.

21 (g) (1) (A) (i) If the district attorney proceeds with an action  
22 brought by a person under subdivision (e), that person shall, subject  
23 to subparagraph (B), receive at least 30 percent but not more than  
24 40 percent of the proceeds of the action or settlement of the claim,  
25 depending upon the extent to which the person substantially  
26 contributed to the prosecution of the action.

27 (ii) If the commissioner has brought an action or has proceeded  
28 with an action brought by another person under this section on or  
29 after January 1, 2006, the commissioner shall be entitled to  
30 attorney's fees and costs in addition to any judgment, regardless  
31 of the date that judgment is entered. The court shall determine and  
32 award the commissioner the amount of reasonable attorney's fees,  
33 including, but not limited to, reasonable fees for time expended  
34 by attorneys employed by the department and for costs incurred.  
35 Any attorney's fees or costs awarded to the commissioner and  
36 collected shall be deposited in the Insurance Fund. In cases in  
37 which the commissioner has intervened, the commissioner and the  
38 person bringing the claim may stipulate to an allocation. The court  
39 may allocate the funds pursuant to the stipulation if, after the

1 court's ruling on objection by the district attorney, if any, the court  
2 finds it is in the interests of justice to follow the stipulation.

3 (iii) If the commissioner has proceeded with an action, if there  
4 is no stipulation regarding allocation, and if a judgment has been  
5 obtained or a settlement has been reached with the defendants, the  
6 court shall determine the allocation, upon motion of the  
7 commissioner or the person bringing the action, according to the  
8 following priority:

9 (I) The person bringing the action, regardless of whether that  
10 person paid money to the defendants as part of the acts alleged in  
11 the complaint, shall first receive the amount the court determines  
12 is reasonable for attorney's fees, costs, and expenses that the court  
13 determines to have been necessarily incurred.

14 (II) The commissioner shall receive the amount the court  
15 determines for reasonable attorney's fees and costs.

16 (III) If the person bringing the suit has paid moneys to the  
17 defendants as part of the acts alleged in the complaint, that person  
18 shall receive the amount paid to the defendants.

19 (IV) At least 30 percent, but not more than 40 percent, of the  
20 remaining assets or moneys, shall be allocated to the person  
21 bringing the action, depending upon the extent to which the person  
22 substantially contributed to the prosecution of the action.

23 (iv) Those portions of a judgment or settlement not distributed  
24 pursuant to this subdivision shall be paid to the General Fund of  
25 the state and, upon appropriation by the Legislature, shall be  
26 apportioned between the Department of Justice and the Department  
27 of Insurance for enhanced fraud investigation and prevention  
28 efforts.

29 (B) Where the action is one that the court finds to be based  
30 primarily on disclosures of specific information, other than  
31 information provided by the person bringing the action, relating  
32 to allegations or transactions in a criminal, civil, or administrative  
33 hearing, in a legislative or administrative report, hearing, audit, or  
34 investigation, or from the news media, the court may award those  
35 sums that it considers appropriate, but in no case more than 10  
36 percent of the proceeds, taking into account the significance of the  
37 information and the role of the person bringing the action in  
38 advancing the case to litigation.

39 (C) Any payment to a person under subparagraph (A) or under  
40 subparagraph (B) shall be made from the proceeds. The person

1 shall also receive an amount for reasonable expenses that the court  
2 finds to have been necessarily incurred, plus reasonable attorney's  
3 fees and costs. All of those expenses, fees, and costs shall be  
4 awarded against the defendant.

5 (2) (A) If the district attorney or commissioner does not proceed  
6 with an action under this section, the person bringing the action  
7 or settling the claim shall receive an amount that the court decides  
8 is reasonable for collecting the civil penalty and damages. Except  
9 as provided in subparagraph (B), the amount shall not be less than  
10 40 percent and not more than 50 percent of the proceeds of the  
11 action or settlement and shall be paid out of the proceeds. That  
12 person shall also receive an amount for reasonable expenses that  
13 the court finds to have been necessarily incurred, plus reasonable  
14 attorney's fees and costs. All of those attorney's fees and costs  
15 shall be imposed against the defendant. The parties shall serve the  
16 commissioner and the local district attorney with complete copies  
17 of any and all settlement agreements, and terms and conditions,  
18 for actions brought under this article at least 10 days prior to filing  
19 any motion for allocation with the court under this paragraph. The  
20 court may allocate the funds pursuant to the settlement agreement  
21 if, after the court's ruling on objection by the commissioner or the  
22 local district attorney, if any, the court finds it is in the interests  
23 of justice to follow the settlement agreement.

24 (B) If the person bringing the action, as a result of a violation  
25 of this section has paid money to the defendant or to an attorney  
26 acting on behalf of the defendant in the underlying claim, then the  
27 person shall be entitled to up to double the amount paid to the  
28 defendant or the attorney if that amount is greater than 50 percent  
29 of the proceeds. That person shall also receive an amount for  
30 reasonable expenses that the court finds to have been necessarily  
31 incurred, plus reasonable attorney's fees and costs. All of those  
32 expenses, fees, and costs shall be awarded against the defendant.

33 (3) If a local district attorney has proceeded with an action under  
34 this section, one-half of the penalties not awarded to a private  
35 party, as well as any costs awarded shall go to the treasurer of the  
36 appropriate county. Those funds shall be used to investigate and  
37 prosecute fraud, augmenting existing budgets rather than replacing  
38 them. All remaining funds shall go to the state and be deposited  
39 in the General Fund and, when appropriated by the Legislature,  
40 shall be apportioned between the Department of Justice and the

1 Department of Insurance for enhanced fraud investigation and  
2 prevention efforts.

3 (4) Whether or not the district attorney or commissioner  
4 proceeds with the action, if the court finds that the action was  
5 brought by a person who planned and initiated the violation of this  
6 section, that person shall be dismissed from the civil action and  
7 shall not receive any share of the proceeds of the action. The  
8 dismissal shall not prejudice the right of the district attorney or  
9 commissioner to continue the action on behalf of the state.

10 (5) If the district attorney or commissioner does not proceed  
11 with the action, and the person bringing the action conducts the  
12 action, the court may award to the defendant its reasonable  
13 attorney's fees and expenses if the defendant prevails in the action  
14 and the court finds that the claim of the person bringing the action  
15 was clearly frivolous, clearly vexatious, or brought primarily for  
16 purposes of harassment.

17 (h) (1) In no event may a person bring an action under  
18 subdivision (e) that is based upon allegations or transactions that  
19 are the subject of a civil suit or an administrative civil money  
20 penalty proceeding in which the Attorney General, district attorney,  
21 or commissioner is already a party.

22 (2) (A) A court shall not have jurisdiction over an action under  
23 this section based upon the public disclosure of allegations or  
24 transactions in a criminal, civil, or administrative hearing in a  
25 legislative or administrative report, hearing, audit, or investigation,  
26 or from the news media, unless the action is brought by the district  
27 attorney or commissioner, the district attorney or commissioner  
28 proceeds with an action brought by a person under subdivision  
29 (e), or the person bringing the action is an original source of the  
30 information.

31 (B) For purposes of this paragraph, "original source" means an  
32 individual who has direct and independent knowledge of the  
33 information on which the allegations are based and has voluntarily  
34 provided the information to the district attorney or commissioner  
35 before filing an action under this section that is based on the  
36 information.

37 (i) Except as provided in subdivision (j), the district attorney or  
38 commissioner is not liable for expenses that a person incurs in  
39 bringing an action under this section.

1 (j) In civil actions brought under this section in which the  
2 commissioner or a district attorney is a party, the court shall retain  
3 discretion to impose sanctions otherwise allowed by law, including  
4 the ability to order a party to pay expenses as provided in Sections  
5 128.5 and 1028.5 of the Code of Civil Procedure.

6 (k) Any employee who is discharged, demoted, suspended,  
7 threatened, harassed, or in any other manner discriminated against  
8 in the terms and conditions of employment by their employer  
9 because of lawful acts done by the employee on behalf of the  
10 employee or others in furtherance of an action under this section,  
11 including investigation for, initiation of, testimony for, or assistance  
12 in, an action filed or to be filed under this section, shall be entitled  
13 to all relief necessary to make the employee whole. That relief  
14 shall include reinstatement with the same seniority status the  
15 employee would have had but for the discrimination, two times  
16 the amount of backpay, interest on the backpay, and compensation  
17 for any special damages sustained as a result of the discrimination,  
18 including litigation costs and reasonable attorney's fees. An  
19 employee may bring an action in the appropriate superior court  
20 for the relief provided in this subdivision. The remedies under this  
21 section are in addition to any other remedies provided by existing  
22 law.

23 (l) (1) An action pursuant to this section may not be filed more  
24 than three years after the discovery of the facts constituting the  
25 grounds for commencing the action.

26 (2) Notwithstanding paragraph (1) no action may be filed  
27 pursuant to this section more than eight years after the commission  
28 of the act constituting a violation of this section or a violation of  
29 Section 549, 550, or 551 of the Penal Code.

30 SEC. 18. Section 10123.13 of the Insurance Code, as amended  
31 by Section 6 of Chapter 763 of the Statutes of 2024, is amended  
32 to read:

33 10123.13. (a) Every insurer issuing group or individual policies  
34 of health insurance that cover hospital, medical, or surgical  
35 expenses, including those telehealth services covered by the insurer  
36 as defined in subdivision (a) of Section 2290.5 of the Business and  
37 Professions Code, shall reimburse claims or any portion of any  
38 claim, whether in state or out of state, for those expenses as soon  
39 as practical, but no later than 30 working days after receipt of the  
40 claim by the insurer, unless the claim or portion thereof is contested

1 or denied by the insurer, in which case the claimant shall be  
2 notified, in writing, that the claim is contested or denied, within  
3 30 working days after receipt of the claim by the insurer. The  
4 notice that a claim is being contested or denied shall identify the  
5 portion of the claim that is contested or denied and the specific  
6 reasons including for each reason the factual and legal basis known  
7 at that time by the insurer for contesting or denying the claim. If  
8 the reason is based solely on facts or solely on law, the insurer is  
9 required to provide only the factual or the legal basis for its reason  
10 for contesting or denying the claim. The insurer shall provide a  
11 copy of the notice to each insured who received services pursuant  
12 to the claim that was contested or denied and to the insured's health  
13 care provider that provided the services at issue. The notice shall  
14 advise the provider who submitted the claim on behalf of the  
15 insured or pursuant to a contract for alternative rates of payment  
16 and the insured that either may seek review by the department of  
17 a claim that the insurer contested or denied, and the notice shall  
18 include the address, internet website address, and telephone number  
19 of the unit within the department that performs this review function.  
20 The notice to the provider may be included on either the  
21 explanation of benefits or remittance advice and shall also contain  
22 a statement advising the provider of its right to enter into the  
23 dispute resolution process described in Section 10123.137. The  
24 notice to the insured may also be included on the explanation of  
25 benefits.

26 (b) If an uncontested claim is not reimbursed by delivery to the  
27 claimant's address of record within 30 working days after receipt,  
28 interest shall accrue and shall be payable at the rate of 10 percent  
29 per annum beginning with the first calendar day after the  
30 30-working-day period.

31 (c) For purposes of this section, a claim, or portion thereof, is  
32 reasonably contested when the insurer has not received a completed  
33 claim and all information necessary to determine payer liability  
34 for the claim, or has not been granted reasonable access to  
35 information concerning provider services. Information necessary  
36 to determine liability for the claims includes, but is not limited to,  
37 reports of investigations concerning fraud and misrepresentation,  
38 and necessary consents, releases, and assignments, a claim on  
39 appeal, or other information necessary for the insurer to determine  
40 the medical necessity for the health care services provided to the

1 claimant. If an insurer has received all of the information necessary  
2 to determine payer liability for a contested claim and has not  
3 reimbursed a claim determined to be payable within 30 working  
4 days of receipt of that information, interest shall accrue and be  
5 payable at a rate of 10 percent per annum beginning with the first  
6 calendar day after the 30-working-day period.

7 (d) The obligation of the insurer to comply with this section  
8 shall not be deemed to be waived when the insurer requires its  
9 contracting entities to pay claims for covered services.

10 (e) This section shall remain in effect only until January 1, 2026,  
11 and as of that date is repealed.

12 SEC. 19. Section 10123.13 of the Insurance Code, as added  
13 by Section 7 of Chapter 763 of the Statutes of 2024, is amended  
14 to read:

15 10123.13. (a) Every insurer issuing group or individual policies  
16 of health insurance that cover hospital, medical, or surgical  
17 expenses, including those telehealth services covered by the insurer  
18 as defined in subdivision (a) of Section 2290.5 of the Business and  
19 Professions Code, shall reimburse a complete claim or portion  
20 thereof, whether in state or out of state, for those expenses as soon  
21 as practicable, but no later than 30 calendar days after receipt of  
22 the claim by the insurer, unless the insurer is contesting or denying  
23 the claim or a portion thereof, in which case the claimant shall be  
24 notified, in writing, that the claim is contested or denied, within  
25 30 calendar days after receipt of the claim by the insurer. The  
26 notice that a claim is being contested or denied shall identify the  
27 portion of the claim that is contested or denied and the specific  
28 reasons including for each reason the factual and legal basis known  
29 at that time by the insurer for contesting or denying the claim. If  
30 the reason is based solely on facts or solely on law, the insurer is  
31 required to provide only the factual or the legal basis for its reason  
32 for contesting or denying the claim. The insurer shall provide a  
33 copy of the notice to each insured who received services pursuant  
34 to the claim that was contested or denied and to the insured's health  
35 care provider that provided the services at issue. The notice shall  
36 advise the provider who submitted the claim on behalf of the  
37 insured or pursuant to a contract for alternative rates of payment  
38 and the insured that either may seek review by the department of  
39 a claim that the insurer contested or denied, and the notice shall  
40 include the address, internet website address, and telephone number

1 of the unit within the department that performs this review function.  
2 The notice to the provider may be included on either the  
3 explanation of benefits or remittance advice and shall also contain  
4 a statement advising the provider of its right to enter into the  
5 dispute resolution process described in Section 10123.137. The  
6 notice to the insured may also be included on the explanation of  
7 benefits.

8 (b) If an uncontested claim is not reimbursed by delivery to the  
9 claimant's address of record within 30 calendar days after receipt,  
10 interest shall accrue at the rate of 15 percent per annum beginning  
11 with the first calendar day after the 30-calendar-day period. An  
12 insurer shall automatically include in its payment of the claim all  
13 interest that has accrued pursuant to this section without requiring  
14 the claimant to submit a request for the interest amount. An insurer  
15 failing to comply with this requirement shall pay the claimant a  
16 fee of the greater of an additional fifteen dollars (\$15) or 10 percent  
17 of the accrued interest.

18 (c) (1) For purposes of this section, a claim, or portion thereof,  
19 is reasonably contested when the insurer has not received a  
20 completed claim and all information necessary to determine payer  
21 liability for the claim, or has not been granted reasonable access  
22 to information concerning provider services. Information necessary  
23 to determine liability for the claims includes, but is not limited to,  
24 reports of investigations concerning fraud and misrepresentation,  
25 and necessary consents, releases, and assignments, a claim on  
26 appeal, or other information necessary for the insurer to determine  
27 the medical necessity for the health care services provided to the  
28 claimant. An insurer may not contest a complete claim that is  
29 consistent with an approved prior authorization request if the prior  
30 authorization approval has been provided in the appropriate field  
31 on the claim.

32 (2) If an insurer has received all of the information necessary  
33 to determine payer liability for a contested claim and has not  
34 reimbursed a claim determined to be payable within 30 calendar  
35 days of receipt of that information, interest shall accrue and be  
36 payable at a rate of 15 percent per annum beginning with the first  
37 calendar day after the 30-calendar-day period.

38 (d) The obligation of the insurer to comply with this section  
39 shall not be deemed to be waived when the insurer requires its  
40 contracting entities to pay claims for covered services.



1 (e) (1) The department may issue guidance and regulations  
2 relating to this section. The guidance and regulations shall not be  
3 subject to the rulemaking provisions of the Administrative  
4 Procedure Act (Chapter 3.5 (commencing with Section 11340) of  
5 Part 1 of Division 3 of Title 2 of the Government Code) until  
6 December 31, 2027.

7 (2) After January 1, 2028, the department may issue regulations  
8 relating to this section subject to the rulemaking provisions of the  
9 Administrative Procedure Act ((Chapter 3.5 commencing with  
10 Section 11340) of Part 1 of Division 3 of Title 2 of the Government  
11 Code) until December 31, 2030.

12 (f) This section shall become operative on January 1, 2026.

13 SEC. 20. Section 10270.2 of the Insurance Code is amended  
14 to read:

15 10270.2. (a) Blanket insurance is that form of insurance  
16 providing coverage for specified circumstances and insuring by  
17 description all or nearly all persons within a class of persons  
18 defined in a policy issued to a master policyholder, and not by  
19 specifically naming the persons covered, by certificate or otherwise,  
20 although a statement of the coverage provided may be given, or  
21 required by the policy to be given, to eligible persons. The  
22 permitted types of blanket insurance are those where the blanket  
23 policy is issued to any of the following:

24 (1) A volunteer or governmental fire department, emergency  
25 medical services company, or similar volunteer or governmental  
26 organization providing benefits to members or participants only  
27 in the event of accident incurred while performing actions incident  
28 to an activity or operation sponsored or supervised by the  
29 department, company, or organization.

30 (2) A college, school, or other institution of learning, a school  
31 district or districts or school jurisdictional unit, or to the head,  
32 principal, or governing board of an educational unit who or which  
33 shall be deemed the policyholder; providing benefits to students  
34 without necessarily any restriction as to activity, time, or place, or  
35 to teachers, employees, or volunteers, while performing actions  
36 incident to special duties, such as at camps, at summer playgrounds,  
37 or during tours or excursions; and providing benefits to students,  
38 teachers, employees, or volunteers, and spouses and dependents  
39 of students, teachers, and employees, for death or dismemberment

1 resulting from accident, or for hospital, medical, surgical, drug,  
2 or nursing expenses resulting from accident or sickness.

3 (3) A sports team, camp, sponsor, or proprietor thereof, who  
4 shall be deemed the policyholder, providing benefits to sports team  
5 participants, campers, employees, officials, supervisors, volunteers,  
6 or persons responsible for their support, for death or  
7 dismemberment resulting from accident, or for hospital, medical,  
8 surgical, or nursing expenses resulting from accident, to those  
9 participants, campers, employees, officials, supervisors, volunteers,  
10 or persons responsible for their support, or arising out of sickness  
11 of those participants, campers, employees, officials, supervisors,  
12 volunteers, or persons responsible for their support, provided the  
13 accident or the first manifestation of sickness occurs while those  
14 participants, campers, employees, officials, supervisors, volunteers,  
15 or persons responsible for their support are in or on the buildings  
16 or premises of the sports team or camp, being transported between  
17 their homes and the sports team or camp, or while at any other  
18 place as an incident to sports team- or camp-sponsored activities  
19 or while being transported to, from, or between those places.

20 (4) (A) A newspaper, farm paper, magazine, or other periodical  
21 publication, which shall be deemed the policyholder, providing  
22 benefits for independent contractors, such as carriers, newsboys,  
23 dealers, distributors, wholesalers, or others engaged in the sale,  
24 distribution, collecting for, or other activities pertaining to the  
25 marketing and delivery of the publication, including attendance at  
26 a coaching school or participation as a member of a trip organized,  
27 supervised, and sponsored as a reward for meritorious service, on  
28 account of loss resulting from accident or sickness, the benefit to  
29 be payable to the independent contractors or to their parents,  
30 guardians, or other persons responsible for their support.

31 (B) When the premium for the insurance is paid by the person  
32 insured, the person may, upon request, obtain from the insurer in  
33 certificate form a copy of the policy.

34 (5) Any religious, charitable, recreational, educational, athletic,  
35 civic organization, or branch thereof, which shall be deemed the  
36 policyholder, providing benefits to any group of members,  
37 employees, or participants for death or dismemberment or for  
38 hospital, medical, surgical, or nursing expenses resulting from  
39 accident incurred incident to specific hazards pertaining to any

1 activity or activities or operations sponsored or supervised by, or  
2 on the premises of, the policyholder.

3 (6) An employer, a majority of the employees in this state of  
4 an employer, or both, upon application, to pay the benefits afforded  
5 by a voluntary plan of unemployment compensation disability  
6 insurance. Notwithstanding the provisions of Section 10113, the  
7 policy may incorporate by reference any of the appropriate  
8 provisions of Part 2 (commencing with Section 2601) of Division  
9 1 of the Unemployment Insurance Code and the authorized  
10 regulations of the Director of Employment Development.

11 (7) An employer, who shall be deemed the policyholder,  
12 providing benefits to any group of workers, dependents, or guests,  
13 limited by reference to specified hazards incident to activities or  
14 operations of the policyholder, for death or dismemberment, or  
15 for hospital, medical, surgical, or nursing expenses, resulting from  
16 accident. When the premium for the insurance is paid by the person  
17 insured, the person may, upon request, obtain from the insurer in  
18 certificate form a copy of the policy.

19 (8) Any common carrier or any operator, owner, or lessor of a  
20 means of transportation, who shall be deemed the policyholder,  
21 providing benefits to any group of persons who may become  
22 lessees or passengers, limited by reference to their travel status on  
23 that common carrier or that means of transportation, for death or  
24 dismemberment, or for hospital, medical, surgical, or nursing  
25 expenses, resulting from accident. When the premium for the  
26 insurance is paid by the person insured, the person may, upon  
27 request, obtain from the insurer in certificate form a copy of the  
28 policy.

29 (9) An entertainment production company, who shall be deemed  
30 the policyholder, providing benefits to any group of participants,  
31 volunteers, audience members, contestants, or workers for death  
32 or dismemberment, or for hospital, medical, surgical, or nursing  
33 expenses, resulting from accident while engaged in any activity  
34 or operation of the policyholder. When the premium for the  
35 insurance is paid by the person insured, the person may, upon  
36 request, obtain from the insurer in certificate form a copy of the  
37 policy.

38 (b) A "blanket policy" is any disability policy of the nature  
39 herein described sold to any of the entities described in paragraphs  
40 (1) to (9), inclusive, of subdivision (a) that provides coverage for

1 any group of persons within permitted categories defined in the  
2 policy. Policies referred to in paragraph (6) of subdivision (a) shall  
3 comply with the provisions of this section specifically referring  
4 thereto. Policies referred to in paragraphs (1) to (5), inclusive, or  
5 (7) to (9), inclusive, of subdivision (a) may provide that the cost  
6 of the insurance coverage shall be borne by either the policyholder,  
7 or the individuals insured or their parents or guardians, payable  
8 through the policyholder. In the absence of a policy provision  
9 excluding coverage for otherwise covered individuals who have  
10 not individually enrolled with the policyholder and undertaken to  
11 pay all or a specified portion of the premium allocable to the  
12 individual, the policy shall provide the described insurance for all  
13 who fall within the categories of covered individuals defined in  
14 the policy. The policy may, but is not required to, contain  
15 provisions requiring a minimum number of participating persons  
16 or a minimum percentage of participation before the policy is  
17 effective. In the absence of such a provision, coverage shall not  
18 be denied any individual otherwise eligible on those grounds.

19 (c) A policy described in paragraphs (1) to (5), inclusive, or (7)  
20 to (9), inclusive, of subdivision (a) shall not be issued until  
21 approved as to substance and form by the commissioner. The  
22 commissioner may, after notice and hearing, promulgate reasonable  
23 rules and regulations relating to the substance, form, and issuance  
24 of the policies that are necessary or desirable to preserve, insofar  
25 as applicable, standards of substance, form, and issuance  
26 comparable to the standards prescribed by this chapter that are  
27 applicable to other types of disability policies, and to further the  
28 purposes for which the policies are issued.

29 (d) A policy described in paragraph (6) of subdivision (a) shall  
30 not be issued until approved as to form by the commissioner. The  
31 commissioner may, after notice and hearing, promulgate reasonable  
32 rules and regulations relating to the form and issuance of the  
33 policies that do not affect the substance of the coverage, and that  
34 are necessary or desirable to preserve, insofar as applicable,  
35 standards of form and issuance comparable to the standards  
36 prescribed by this chapter that are applicable to other types of  
37 disability policies, and to further the purposes for which the policies  
38 are issued. Notwithstanding the provisions of Section 10113, the  
39 policy may incorporate by reference any of the appropriate  
40 provisions of Part 2 (commencing with Section 2601) of Division

1 1 of the Unemployment Insurance Code and the authorized  
2 regulations of the Director of Employment Development.

3 (e) A policy described in this section shall not constitute  
4 workers' compensation insurance, as defined in Section 109. A  
5 policy described in paragraphs (3), (5), (7), (8), or (9) of  
6 subdivision (a) shall not be marketed or sold as a substitute for  
7 health insurance coverage compliant with the requirements of the  
8 federal Patient Protection and Affordable Care Act (Public Law  
9 111-148), as amended by the Health Care and Education  
10 Reconciliation Act of 2010 (Public Law 111-152).

11 (f) (1) An insurer that intends to issue a policy of blanket  
12 insurance authorized by the amendments to this section pursuant  
13 to the act adding this subdivision, or authorized pursuant to Section  
14 10270.2.5, using a policy form previously approved by the  
15 commissioner, where the only new language in the policy is the  
16 specification of the policyholder, covered persons, or the hazards  
17 or activities insured, shall file that new language with the  
18 commissioner prior to issuance of the policy. Submissions of  
19 documents containing variable text or blanks shall include complete  
20 lists of the variable wording or accurate descriptions of the material  
21 to be inserted in lieu of the variable wording or in the blanks of  
22 these documents.

23 (2) A policy using the new language shall not be issued until  
24 either 30 days expires without notice from the commissioner after  
25 the new language is filed, or the commissioner gives their written  
26 approval prior to that time. If the commissioner at any time notifies  
27 the insurer, in writing and specifying the reasons for the opinion,  
28 that the filed new language does not comply with the requirements  
29 of law, the insurer shall not issue any policy containing that  
30 language.

31 (3) This subdivision shall not be construed to provide separate  
32 authority for the commissioner to reopen review of previously  
33 approved policy forms.

34 SEC. 21. Section 10295.11 of the Insurance Code is amended  
35 to read:

36 10295.11. (a) An accelerated death benefit shall not be  
37 advertised or marketed as long-term care insurance, nursing home  
38 insurance, or home care insurance. Any advertisement, description,  
39 comparison, marketing material, or illustration shall state in bold  
40 type:

1 “This is a life insurance benefit that also gives you the option to  
2 accelerate some or all of the death benefit in the event that you  
3 meet the criteria for a qualifying event described in the policy.  
4 This policy or certificate does not provide long-term care insurance  
5 subject to California long-term care insurance law. This policy or  
6 certificate is not a California Partnership for Long-Term Care  
7 program policy. This policy or certificate is not a Medicare  
8 supplement (policy or certificate).”

9 An insurer shall also include in any advertisement or marketing  
10 materials for these insurance policies all of the following:

11 (1) A statement that the policy or certificate pays proceeds that  
12 are or are not intended to receive favorable tax treatment under  
13 Section 101(g) of the Internal Revenue Code (26 U.S.C. Sec.  
14 101(g)).

15 (2) A description of the accelerated death benefits provided by  
16 the policy, including a description of the acceleration of the death  
17 benefit to pay an unrestricted cash benefit when the insured has  
18 become chronically ill or otherwise eligible for benefits from a  
19 qualified event.

20 (3) A comparison between the benefits provided by life  
21 insurance policies, riders, or endorsements that contain accelerated  
22 death benefits and the benefits provided by long-term care  
23 insurance.

24 (b) Advertising for term life insurance policies or certificates  
25 that contain an accelerated death benefit to be attached to an  
26 existing term life policy shall include a prominent statement that  
27 the accelerated death benefit will terminate with the policy.

28 (c) On or after January 1, 2014, every insurer offering  
29 accelerated death benefits shall file with the commissioner copies  
30 of all advertising for accelerated death benefits that the insurer  
31 proposes to disseminate in the state prior to use of that material.  
32 The commissioner shall have the authority to disapprove any  
33 advertising that does not meet the requirements of this code. If the  
34 commissioner disapproves the advertising, the insurer shall not  
35 use and shall stop using the disapproved advertising. Nothing in  
36 this subdivision shall be construed as requiring prior approval of  
37 advertising prior to dissemination in this state.

38 SEC. 22. Section 11103 of the Insurance Code is repealed.

39 SEC. 23. Section 11103 is added to the Insurance Code, to  
40 read:

1 11103. (a) The examination requirements of Article 7  
2 (commencing with Section 1675) of Chapter 5 of Part 2 of Division  
3 1 shall not apply to a license to represent a fraternal benefit society  
4 if the individual insurance licensee of a society meets either of the  
5 following conditions:

6 (1) Was in the service of a society on March 1, 1945, and  
7 licensed to represent a fraternal benefit society on January 1, 1952,  
8 and continuously thereafter.

9 (2) Does not devote substantially full time to the sale of life  
10 insurance, accident and health or sickness insurance, or both, as  
11 provided in Section 1622, and is an individual part-time fraternal  
12 licensee, whether that insurance is provided by insurance policies  
13 or by fraternal benefit policies or certificates.

14 (b) If an individual that is exempt from the examination  
15 requirements described in subdivision (a) and meets the condition  
16 described in paragraph (2) of subdivision (a) later intends, after  
17 securing a license pursuant to this section, to devote substantially  
18 full time to the sale of life insurance, accident and health or  
19 sickness insurance, or both, the society shall give notice to the  
20 commissioner.

21 (c) (1) Upon receiving notice, the commissioner shall send to  
22 the individual part-time fraternal insurance licensee a notice  
23 specifying when the examination fee shall be paid and when, not  
24 sooner than one month nor later than three months, the licensee  
25 shall qualify by examination. Failure to pass the examination or  
26 failure to appear pursuant to the commissioner's notification shall  
27 result in a termination 45 days thereafter of all license privileges  
28 unless the licensee passes the examination within the 45-day period.  
29 The individual part-time fraternal insurance licensee shall not be  
30 permitted to retake the examination more than twice within that  
31 45-day period.

32 (2) Following termination pursuant to paragraph (1), the  
33 individual may remain licensed as a part-time fraternal insurance  
34 licensee until the licensee files a new application for the license  
35 and does either of the following:

36 (A) Takes and passes the qualifying examination to become a  
37 life insurance agent, accident and health or sickness insurance  
38 agent, or both.

39 (B) Demonstrates affirmatively to the commissioner that the  
40 individual will no longer devote substantially full time to the sale

1 of life insurance, accident and health or sickness insurance, or  
2 both, to retain the individual part-time fraternal insurance license.

3 *SEC. 24. Section 11797 of the Insurance Code, as amended*  
4 *by Section 17 of Chapter 627 of the Statutes of 2021, is amended*  
5 *to read:*

6 11797. (a) The board of directors shall cause all moneys in  
7 the State Compensation Insurance Fund that are in excess of current  
8 requirements to be invested and reinvested, from time to time, in  
9 the same manner as provided for private insurance carriers pursuant  
10 to Article 3 (commencing with Section 1170) and Article 4  
11 (commencing with Section 1190) of Chapter 2 of Part 2 of Division  
12 1, but excluding Sections 1191, 1191.1, 1191.5, 1192.2, 1192.4,  
13 1192.6, 1192.7, 1192.95, 1192.10, 1194.7, 1194.8, 1194.81,  
14 1194.82, 1194.85, 1198, and 1199, and excluding Section 1192.9,  
15 except as provided in subdivision (d). Notwithstanding the  
16 foregoing, the State Compensation Insurance Fund may invest or  
17 reinvest an aggregated maximum of 20 percent of moneys that are  
18 in excess of the admitted assets over the liabilities and required  
19 reserves in the investments allowed pursuant to Sections 1191,  
20 1192.4, 1192.6, 1192.10, 1194.7, and 1198.

21 (b) (1) (A) Notwithstanding any other law, the State  
22 Compensation Insurance Fund may purchase general obligation  
23 bonds or other evidence of indebtedness issued by the state,  
24 including, but not limited to, warrants issued pursuant to Part 4  
25 (commencing with Section 17000) of Division 4 of Title 2 of the  
26 Government Code or notes issued pursuant to Part 5 (commencing  
27 with Section 17300) of Division 4 of Title 2 of the Government  
28 Code, in any amount and to enter into purchase contracts with the  
29 state for this purpose.

30 (B) Notwithstanding any other law, the State Compensation  
31 Insurance Fund may purchase Property Assessed Clean Energy  
32 (PACE) bonds, as defined in Section 26054 of the Public Resources  
33 Code.

34 (2) The bonds or other evidence of indebtedness specified in  
35 paragraph (1), upon delivery to the State Compensation Insurance  
36 Fund, shall, for all purposes, be valid and binding obligations of  
37 the issuer thereof, be validly issued and outstanding in accordance  
38 with their stated terms, and not be deemed to be owned by or on  
39 behalf of the issuer thereof.



(c) Notwithstanding any other law, the State Compensation Insurance Fund may invest in the discretionary investments authorized pursuant to Section 1210, but those investments shall not exceed the lesser of 2.5 percent of its admitted assets or 10 percent of moneys that are in excess of the admitted assets over the liabilities and required reserves.

(d) Notwithstanding subdivision (a) or any other law, the State Compensation Insurance Fund may invest in money market mutual funds that comply with Section 1192.9, but shall not invest in a money market mutual fund that holds any assets in foreign investments, as defined in Section 1240. Investments in money market mutual funds made by the State Compensation Insurance Fund shall not exceed the lesser of 2.5 percent of its admitted assets or 10 percent of moneys that are in excess of the admitted assets over the liabilities and required reserves. The commissioner shall retain all remedies available, including the remedies in subdivision (d) of Section 1192.9, to enforce compliance by the State Compensation Insurance Fund with the money market mutual fund investment authority granted by this subdivision.

~~(e) This section shall remain in effect only until January 1, 2027, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2027, deletes or extends that date.~~

*SEC. 25. Section 11797 of the Insurance Code, as amended by Section 18 of Chapter 627 of the Statutes of 2021, is repealed.*

~~11797. (a) The board of directors shall cause all moneys in the State Compensation Insurance Fund that are in excess of current requirements to be invested and reinvested, from time to time, in the same manner as provided for private insurance carriers pursuant to Article 3 (commencing with Section 1170) and Article 4 (commencing with Section 1190) of Chapter 2 of Part 2 of Division 1, but excluding Sections 1191, 1191.1, 1191.5, 1192.2, 1192.4, 1192.6, 1192.7, 1192.9, 1192.95, 1192.10, 1194.7, 1194.8, 1194.81, 1194.82, 1194.85, 1198, and 1199.~~

~~(b) (1) (A) Notwithstanding any other law, the State Compensation Insurance Fund may purchase general obligation bonds or other evidence of indebtedness issued by the state, including, but not limited to, notes issued pursuant to Part 5 (commencing with Section 17300) of Division 4 of Title 2 of the Government Code or warrants issued pursuant to Part 4 (commencing with Section 17000) of Division 4 of Title 2 of the~~

~~Government Code, in any amount and to enter into purchase contracts with the state for this purpose.~~

~~(B) Notwithstanding any other law, the State Compensation Insurance Fund may purchase Property Assessed Clean Energy (PACE) bonds, as defined in Section 26054 of the Public Resources Code.~~

~~(2) The bonds or other evidence of indebtedness specified in paragraph (1), upon delivery to the State Compensation Insurance Fund, shall, for all purposes, be valid and binding obligations of the issuer thereof, be validly issued and outstanding in accordance with their stated terms, and not be deemed to be owned by or on behalf of the issuer thereof.~~

~~(e) This section shall become operative on January 1, 2027.~~

~~SEC. 24.~~

*SEC. 26.* Section 12800 of the Insurance Code is amended to read:

12800. The following definitions apply for purposes of this part:

(a) “Motor vehicle” means a self-propelled device operated solely or primarily upon land and may include both self-propelled motor homes or recreational vehicles, non-self-propelled camping and recreational trailers, off-road vehicles, and trailers designed to transport off-road vehicles. However, “motor vehicle” shall not include a self-propelled vehicle, or a component part of such a vehicle, that has any of the following characteristics:

(1) Has a gross vehicle weight rating of 30,000 pounds or more, and is not a recreational vehicle as defined by Section 18010 of the Health and Safety Code.

(2) Is designed to transport more than 15 passengers, including the driver.

(3) Is used in the transportation of materials considered hazardous pursuant to the Hazardous Materials Transportation Act (49 U.S.C. Sec. 5101 et seq.), as amended.

(b) “Watercraft” means a vessel, as defined in Section 21 of the Harbors and Navigation Code, and may include any non-self-propelled trailer used to transport such watercraft upon land.

(c) (1) “Vehicle service contract” means a contract or agreement for a separately stated consideration and for a specific duration to repair, replace, or maintain a motor vehicle or watercraft, or to

1 indemnify for the repair, replacement, or maintenance of a motor  
2 vehicle or watercraft, necessitated by an operational or structural  
3 failure due to a defect in materials or workmanship, or due to  
4 normal wear and tear.

5 (2) (A) A vehicle service contract may also provide for the  
6 incidental payment of indemnity under limited circumstances only  
7 in the form of the following additional benefits: coverage for  
8 towing, substitute transportation, emergency road service, rental  
9 car reimbursement, reimbursement of deductible amounts under  
10 a manufacturer's warranty, and reimbursement for travel, lodging,  
11 or meals.

12 (B) A provider seeking to offer a vehicle service contract,  
13 including any of the benefits described in subparagraph (A), shall,  
14 when filing a specimen of the contract in accordance with  
15 subdivision (a) of Section 12820, certify that the indemnity benefits  
16 provided are incidental. For purposes of subparagraph (A) and this  
17 certification, indemnity benefits are incidental if the cost to provide  
18 them based on historical data, or projected data if historical data  
19 is unavailable or insufficient, is substantially less than the cost of  
20 providing all the benefits described in paragraphs (1), (3), (4), and  
21 (5). The commissioner may request the historical or projected data  
22 at any time.

23 (3) "Vehicle service contract" also includes an agreement of a  
24 term of at least one year, for separately stated consideration, that  
25 promises routine maintenance.

26 (4) Notwithstanding Section 116, and paragraphs (1) and (2) of  
27 this subdivision, a vehicle service contract also includes one or  
28 more of the following:

29 (A) An agreement that promises the repair or replacement of a  
30 tire or wheel necessitated by wear and tear, defect, or damage  
31 caused by a road hazard. However, an agreement that promises  
32 the repair or replacement of a tire necessitated by wear and tear,  
33 defect, or damage caused by a road hazard, in which the obligor  
34 is the tire manufacturer, is exempt from the requirements of this  
35 part. A warranty provided by a tire or wheel distributor or retailer  
36 is exempt from the requirements of this part as long as the warranty  
37 covers only defects in the material or workmanship of the tire or  
38 wheel.

39 (B) An agreement that promises the repair or replacement of  
40 glass on a vehicle necessitated by wear and tear, defect, or damage

1 caused by a road hazard. However, a warranty provided by a  
2 vehicle glass or glass sealant manufacturer is exempt from the  
3 requirements of this part. A warranty provided by a vehicle glass  
4 distributor or retailer is exempt from the requirements of this part  
5 as long as the warranty covers only defects in the material or  
6 workmanship of the vehicle glass.

7 (C) An agreement that promises the removal of a dent, ding, or  
8 crease without affecting the existing paint finish using paintless  
9 dent repair techniques, and which expressly excludes the  
10 replacement of vehicle body panels, sanding, bonding, or painting.

11 (D) An agreement that promises the replacement of a motor  
12 vehicle key or key fob in the event that the key or key fob becomes  
13 inoperable or is lost or stolen.

14 (5) “Vehicle service contract” also includes an agreement  
15 covering any of a vehicle’s mechanical components, provided with  
16 or without separate consideration, that promises to repair, replace,  
17 or maintain a motor vehicle or watercraft, or to indemnify for the  
18 repair, replacement, or maintenance of a motor vehicle or  
19 watercraft, conditioned upon the use of a specific brand or brands  
20 of lubricant, treatment, fluid, or additive.

21 (d) “Service contract administrator” or “administrator” means  
22 any person, other than an obligor, who performs or arranges,  
23 directly or indirectly, any of the following activities:

24 (1) Providing sellers with service contract forms.

25 (2) Participating in the adjustment of claims arising from service  
26 contracts.

27 (3) Coordinating the performance or arrangement of any of the  
28 benefits permissible under subdivision (c).

29 (4) Collecting, maintaining, or disbursing of moneys to  
30 compensate any person for claims, repairs, or refunds pursuant to  
31 a vehicle service contract.

32 (e) “Purchaser” means any person who purchases a vehicle  
33 service contract from a seller.

34 (f) “Seller” means either of the following:

35 (1) With respect to motor vehicles, a dealer or lessor-retailer  
36 licensed in one of those capacities by the Department of Motor  
37 Vehicles and who sells vehicle service contracts incidental to their  
38 business of selling or leasing motor vehicles.

1     (2) With respect to watercraft, a person who sells vehicle service  
2 contracts incidental to that person's business of selling or leasing  
3 watercraft vehicles.

4     (g) "Obligor" means the entity legally obligated under the terms  
5 of a service contract.

6     (h) "Road hazard" means a hazard that is encountered while  
7 driving a motor vehicle and that may include, but is not limited  
8 to, potholes, rocks, debris, metal parts, glass, plastic, curbs, or  
9 composite scraps.

O