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## INSURANCE CODE - INS

**DIVISION 1. GENERAL RULES GOVERNING INSURANCE [100 - 1879.8]** ( *Division 1 enacted by Stats. 1935, Ch. 145.*  )

**PART 2. THE BUSINESS OF INSURANCE [680 - 1879.8]** ( *Part 2 enacted by Stats. 1935, Ch. 145.*  )

**CHAPTER 3. Reciprocal Insurers [1280 - 1560.19]** ( *Chapter 3 enacted by Stats. 1935, Ch. 145.*  )

**ARTICLE 3. Filing of Documents [1320 - 1330]** ( *Article 3 enacted by Stats. 1935, Ch. 145.*  )

**1320.** The attorney of every admitted reciprocal or interinsurance exchange shall verify and cause to be filed with the commissioner copies of the following forms used by the exchange:

- (a) The form of every amendment to, revision of, or substitution for the power of attorney in use at the time of admission.
- (b) The form of each application for insurance and the form of each contract for exchange of indemnity which would have to be filed with or approved by the commissioner if such insurer were a capital stock insurer, including where applicable the rates to be used therewith.
- (c) Every amendment, revision or replacement of forms described in subdivision (b).
- (d) Such other specific forms of applications for insurance or specific contracts for exchange of indemnity as the commissioner may from time to time by written order require be filed.

The commissioner may disapprove of any form filed in accordance with this section if:

- (1) It be contrary to law, or
- (2) He finds it contains any material which is unintelligible, uncertain, unfair, ambiguous, or obtuse, or likely to mislead a person to whom the form is offered, delivered, or issued.

The procedure for such disapproval shall be that specified in Section 12957 for withdrawal of approval of previously approved forms of other insurers.

It shall be unlawful for such insurer to use any such form after such disapproval has become final.

(Amended by Stats. 1965, Ch. 1728.)

**1321.** If the name of the exchange does not contain either the words "interinsurance," "reciprocal" or "exchange," then such forms shall have printed under such name the words "an interinsurance exchange" in a prominent place on each of such forms.

(Enacted by Stats. 1935, Ch. 145.)

**1322.** The attorney prior to admission shall file with the commissioner a declaration verified by his oath or, where such attorney is a corporation, by the oath of its duly authorized officers. Such declaration shall set forth or have annexed thereto:

- (a) The name of the attorney and the name under which contracts are to be made.
- (b) The location of the principal office of the exchange.
- (c) The classes of insurance to be exchanged.
- (d) A copy of each form of policy under or by which insurance is to be exchanged.
- (e) A copy of the form of the power of attorney or agreement under and by which such insurance is to be exchanged.
- (f) A statement that executed contracts or bona fide applications, to be concurrently effective, have been made for the exchange of indemnities by at least 100 separate subscribers, except that such statement shall not be required for organizations operating pursuant to Section 1284.

(g) In the case of employer's liability or workmen's compensation insurance, a statement that there have been executed contracts or bona fide applications, to be concurrently effective, representing annual payroll having a total of not less than one million dollars (\$1,000,000).

(h) A statement that there are in the possession of such attorney subject to the supervision of the advisory board, assets conforming to the requirements of Article 5 of this chapter.

(i) A financial statement under oath in the form prescribed by the commissioner for the annual statement.

(j) The instrument authorizing service of process as provided in this chapter.

(k) A certificate showing any deposits of funds or securities.

*(Amended by Stats. 1977, Ch. 904.)*

**1323.** Concurrently with the filing of the declaration provided for by the terms of section 1322 the attorney shall file with the commissioner an instrument in writing executed by him, providing that after the issuance of the certificate of authority actions against the exchange may be brought either in the county in which the person or property insured is located, or in which the exchange has its principal office or place of business in the State; and also providing that service of process may be had upon the attorney-in-fact or upon the commissioner in suits against the exchange.

*(Enacted by Stats. 1935, Ch. 145.)*

**1324.** Except as provided in Section 1330, the attorney, concurrently with the filing of the declaration provided for in Section 1322, also shall file with the commissioner a bond, approved by the commissioner, in favor of the people of the State of California.

*(Amended by Stats. 1947, Ch. 578.)*

**1325.** Such bond shall be executed by the attorney with an admitted surety insurer as surety.

*(Amended by Stats. 1947, Ch. 578.)*

**1325.5.** Such attorney may deposit with the commissioner, in lieu of the bond executed by him, securities of a value equal to the required amount of the bond and of the kinds set forth in sections 1170 and 1240. Such deposit shall be subject to the provisions of Article 11, Chapter 1, Part 2, Division 1, of this code. Such deposit shall be subject to levy of execution upon judgments against the attorney.

*(Added by Stats. 1937, Ch. 732.)*

**1326.** The attorney's bond shall be in the penal sum of fifty thousand dollars (\$50,000), conditioned that the attorney will faithfully account for all moneys and other property which come into his or her hands or are handled by him or her under the terms of the power of attorney and the rules of the exchange, and that the attorney will neither withdraw nor cause to be withdrawn nor appropriate for his or her own use, from the funds of the exchange, anything of value to which he or she is not entitled under the terms of the power of attorney and the rules.

*(Amended by Stats. 1982, Ch. 517, Sec. 282.)*

**1327.** The attorney's bond may be sued upon in one and the same action either by any subscriber or any number of subscribers suffering loss through a violation of its conditions or by the receiver or trustee in liquidation of the exchange. Liability thereunder may be enforced by any one or more of such parties.

*(Enacted by Stats. 1935, Ch. 145.)*

**1328.** Any amount recovered on the attorney's bond shall be deposited in and become a part of the funds of the exchange.

*(Enacted by Stats. 1935, Ch. 145.)*

**1329.** Where provision is made, by the power of attorney executed by the subscribers or the rules adopted by the exchange, for the bonding of the attorney-in-fact against fraud and dishonesty with a bond executed as prescribed in Section 1325 and conditioned as provided by this chapter and in a penal sum at least equal to the amount set forth in Section 1326, such bond may be filed with the commissioner in lieu of any other bond required by this chapter and shall be actionable in similar manner and for similar purposes as such other bond.

*(Amended by Stats. 1947, Ch. 578.)*

**1330.** Where the home office of an exchange is located outside of this State and the attorney files such a bond in the home State, there may be filed with the commissioner, in lieu of such bond, either a certified copy or duplicate thereof or an affidavit from the

insurance authority of the home State to the effect that such a bond has been filed with it.

*(Enacted by Stats. 1935, Ch. 145.)*