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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 5. Production Agencies [1621 - 1758.993] (*Chapter 5 repealed and added by Stats. 1959, Ch. 4.)*

ARTICLE 13.5. Prelicensing and Continuing Education [1749 - 1749.9] (*Article 13.5 added by Stats. 1990, Ch. 1420, Sec. 65.)*

1749. The department shall require all new applicants for license as a property broker-agent, casualty broker-agent, limited lines automobile insurance agent, personal lines broker-agent, life agent, or accident and health or sickness agent to meet prelicensing education standards as follows:

(a) Require a minimum of 20 hours of prelicensing study as a prerequisite to qualification for a property broker-agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(b) Require a minimum of 20 hours of prelicensing study as a prerequisite to qualification for a casualty broker-agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(c) Require a minimum of 20 hours of prelicensing study as a prerequisite for qualification for a personal lines broker-agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(d) Require a minimum of 20 hours of prelicensing study as a prerequisite for qualification for a life agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(e) Require a minimum of 20 hours of prelicensing study as a prerequisite for qualification for a limited lines automobile insurance agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements under this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(f) Require a minimum of 20 hours of prelicensing study as a prerequisite for qualification for an accident and health or sickness insurance agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements under this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department. This curriculum shall also include instruction in workers' compensation and general principles of employers' liability.

(g) In addition to the 20 hours of prelicensing education required to qualify for a license as a property broker-agent, casualty broker-agent, personal lines broker-agent, a life agent, or an accident and health or sickness agent, or the 20 hours of prelicensing education required to qualify for a license as a limited lines automobile insurance agent, the department shall require 12 hours of study on ethics and this code. On and after March 1, 2023, that 12-hour ethics course shall include one hour of study on insurance fraud. If an applicant seeks a license for more than one of the following license types: a property broker-agent license, a casualty broker-agent license, a personal lines broker-agent license, a life license, or an accident and health or sickness license, the applicant shall only be required to complete one 12-hour course on ethics and this code, which shall include one hour of study on insurance fraud on and after March 1, 2023. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval.

(h) An applicant for a life agent license, an accident and health or sickness license, a personal lines broker-agent license, or a limited lines automobile insurance agent license, who is currently licensed as a nonresident in this state shall be required to complete only the 12-hour course of study on ethics and this code, as required by this section. On and after March 1, 2023, the 12-hour ethics course shall include one hour of study on insurance fraud. Additionally, any applicant for that license holding one or more of the designations specified in subdivisions (a) to (p), inclusive, of Section 1749.4 shall be exempted from any requirement for courses in general insurance that would otherwise be a condition of issuance of the license.

(i) An applicant for a property broker-agent or casualty broker-agent license who is currently licensed as a nonresident in this state shall be required to complete only the 12-hour course of study on ethics and this code, as required by subdivision (g). On and after March 1, 2023, the 12-hour ethics course shall include one hour of study on insurance fraud. Additionally, any applicant for a license holding one or more of the designations specified in subdivisions (a) to (p), inclusive, of Section 1749.4, shall be exempted from any requirement for courses in general insurance that would otherwise be a condition of issuance of a license.

(j) An applicant for a property broker-agent or casualty broker-agent license or both who is licensed as a personal lines agent shall complete a minimum of 20 hours of prelicensing study as a prerequisite for each of these licenses. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. The applicant shall not be required to repeat any prelicensing requirements completed as a prerequisite to being licensed as a personal lines agent.

(k) Review and approval of prelicensing courses not conducted in a classroom, as referenced in subdivisions (a) to (j), inclusive, shall include an evaluation of the safeguards in place to ensure that the student completing the course is the person enrolled in the course, methods used to monitor the student's attendance are adequate, methods for the student to interact with the entity providing the training exist, and methods used to record the times spent completing the course are adequate.

(l) Prelicensing certificates of completion expire three years from the completion date of the course, whether or not a license is issued.

(Amended by Stats. 2022, Ch. 424, Sec. 14. (SB 1242) Effective January 1, 2023.)

1749.01. Sections 1749 and 1749.3 shall not apply to a life agent who is limited by the terms of a written agreement with the insurer, which filed on that life agent's behalf a notice of appointment with the commissioner, to transact only specific life insurance policies or annuities that have an initial face amount of twenty thousand dollars (\$20,000) or less that are designated by the purchaser for the payment of funeral and burial expenses. The commissioner may require the insurer appointing those life agents to certify as to the limitations of the agents' representation.

(Amended by Stats. 2014, Ch. 108, Sec. 2. (AB 2279) Effective January 1, 2015.)

1749.02. "Twenty-four hour coverage" is the joint issuance of a workers' compensation policy with a disability insurance policy, health care service plan contract, or other medical insurance coverage for nonoccupational injuries and illnesses. This product shall not include a life insurance policy.

(Added by Stats. 1994, Ch. 1069, Sec. 5. Effective September 29, 1994.)

1749.1. (a) The commissioner shall appoint a curriculum board consisting of representatives of insurance agents, brokers, and life agents trade associations, representatives of insurance companies, consumer groups, bail agents, and insurance adjusters to develop the prelicensing and continuing education curriculum, including a list of preapproved courses of study, including courses of study for professional designations that would satisfy the requirements of this article, subdivision (a) of Section 1810.7, and Sections 14090.1 and 15059.1. The curriculum board shall develop or recommend courses of study covering all lines of insurance to be sold under each license, including, but not limited to, any special products such as long-term care insurance, Medi-gap policies, disability insurance products, and course study on ethics and pertinent sections of this code. The curriculum board shall also develop or recommend courses of study on commercial earthquake risk management, including courses relating to understanding risk zones, options for insurance coverage to cover potential loss, mitigation strategies, and postevent recovery. The curriculum developed and the courses of study approved by the board shall be submitted to the commissioner for final approval.

(b) The curriculum board shall also develop standards for providers and instructors of prelicensing and continuing education courses, programs, and seminars, which standards shall be approved by the board and submitted to the commissioner for final approval. The curriculum board may approve standards for courses in business management practices that may consist of up to 25 percent of the agent or broker requirements for license renewal. A prelicensing or continuing education course shall not include sales training, motivational training, self-improvement training, or training offered by insurers or agents regarding new products or programs.

(c) For purposes of applying subdivision (b), courses in "business management practices" shall consist of the following subject matter:

- (1) Accounting and financial management, including trust account maintenance, reconciliation and auditing, financial statements, business budgeting, income and expense ratios, banking and investment practices, and business perpetuation and planning.

(2) Information and database management, including recordkeeping, privacy law, and other legal requirements covering the use of information.

(3) Human resource management, including employee compliance supervision, recruitment, training, and licensing.

(4) Customer service management, consisting of methods to improve handling of consumer inquiries and complaints.

(5) Communication skills, consisting of methods to improve writing and verbal skills for communication with clients, employees, insurance carriers, claims departments, and regulators.

(d) Whenever the commissioner has reasonable cause to believe, and determines after public hearing, that any approved course, program of instruction, or seminar is being conducted so as to fail to meet the commissioner's prelicensing or continuing education curriculum, or any provider or instructor for any course, program, or seminar has failed to comply with the commissioner's standards, the commissioner may make and serve upon the provider or instructor of that course, program, or seminar an order or orders rescinding approval for that provider, course, program, or seminar, or imposing fines and penalties on that provider, or both. The amount of any fines and penalties shall not exceed the amounts set forth in Section 1748, and shall be based on the criteria for assessing penalties specified in that section. No credit towards meeting the requirements of this article shall be granted any applicant or licensee for completion of a course, program, or seminar after the effective date of any order rescinding approval for that course, program, or seminar. The commissioner shall serve notice of hearing required by this section upon the provider or instructor of the course, program, or seminar, stating the time and place therefor, and the grounds upon which the commissioner's order is made. The hearing shall occur not less than 30 nor more than 60 days after notice is served.

(e) The commissioner may impose monetary penalties for minor instances of noncompliance with the standards established pursuant to this article, such as late course roster submissions and late course presentation schedules. The monetary penalties shall not exceed the amounts of the fees established pursuant to Section 1751.1. The commissioner shall adopt regulations to establish the monetary penalties to be levied against providers for late filings and other minor instances of noncompliance with this article and Article 6.5 (commencing with Section 2186) of Subchapter 1 of Chapter 5 of Title 10 of the California Code of Regulations.

(Amended by Stats. 2021, Ch. 133, Sec. 29. (SB 272) Effective July 23, 2021.)

1749.2. The purpose of Sections 1749.3 to 1749.6, inclusive, is to establish requirements and standards for continuing education programs for persons licensed as property broker-agents, casualty broker-agents, and life agents.

Sections 1749.3 to 1749.6, inclusive, shall not apply to either (a) those persons holding resident licenses for any kind or kinds of insurance for which an examination is not required by the law of this state, nor shall it apply to any such limited or restricted license as the commissioner may exempt or (b) licensed nonresident agents or brokers who comply with the continuing education requirements of their state of residence.

(Amended by Stats. 2011, Ch. 411, Sec. 37. (AB 1416) Effective January 1, 2012.)

1749.3. An individual licensed as a life agent or an accident and health or sickness agent and also licensed as a property or casualty broker-agent, or an individual only licensed as a property or casualty broker-agent, shall complete those courses, programs of instruction, or seminars approved by the commissioner for the type of license held. Completion of specified product training required in subdivision (d) of Section 1749.33, subdivision (b) of Section 1749.8, and paragraph (4) of subdivision (a) of Section 10234.93 may result in the completion of more than the minimum of required continuing education hours. The minimum number of hours required is as follows:

(a) A licensee, as specified in this section, shall satisfactorily complete 24 hours of instruction, of which three hours shall be in ethics, prior to renewal of the license. On and after March 1, 2023, the three-hour ethics course shall include one hour of study on insurance fraud. These hours of instruction may be completed at any time prior to renewal of the license.

(b) An individual licensed as a property broker-agent or casualty broker-agent and as a life agent or an accident and health or sickness agent shall satisfy the requirements of this section by demonstrating completion of the courses, programs of instruction, or seminars approved by the commissioner for any of the license types listed in this section.

(c) A licensee is not required to comply with the requirements of this article if the licensee submits proof satisfactory to the commissioner that the licensee has been a licensee in good standing for 30 continuous years in this state and is 70 years of age or older. This exemption does not apply to those individuals licensed for the first time on or after January 1, 2010.

(Amended by Stats. 2022, Ch. 424, Sec. 15. (SB 1242) Effective January 1, 2023.)

1749.31. (a) An individual licensed as a personal lines broker-agent shall complete required continuing education courses, programs of instruction, or seminars approved by the commissioner. The personal lines broker-agent shall complete 24 hours, of which three hours shall be in ethics, during each two-year license term as defined in subdivision (d) of Section 1625.5. On and after March 1, 2023, the three-hour ethics course shall include one hour of study on insurance fraud.

(b) An individual licensed as a personal lines broker-agent and as a life agent or accident and health or sickness agent shall satisfy the requirements of this section by satisfactorily completing 24 hours of instruction prior to renewal of the license.

(Amended by Stats. 2022, Ch. 424, Sec. 16. (SB 1242) Effective January 1, 2023.)

1749.32. (a) An individual licensed as a limited lines automobile insurance agent shall complete required continuing education courses, programs of instruction, or seminars approved by the commissioner. The minimum number of hours required is 20 hours, of which three hours shall be in ethics, per license term prior to the renewal of the license. On and after March 1, 2023, the three-hour ethics course shall include one hour of study on insurance fraud.

(b) An individual licensed as a limited automobile insurance agent and as a life agent or accident and health or sickness agent shall satisfy the requirements of this section by satisfactorily completing 24 hours of instruction prior to renewal of the license.

(Amended by Stats. 2022, Ch. 424, Sec. 17. (SB 1242) Effective January 1, 2023.)

1749.33. (a) A life agent licensee shall satisfactorily complete 24 hours of instruction, of which three hours shall be in ethics, prior to renewal of the license. On and after March 1, 2023, the three-hour ethics course shall include one hour of study on insurance fraud. These hours of instruction may be completed at any time prior to renewal of the license.

(b) An accident and health or sickness agent licensee shall satisfactorily complete 24 hours of instruction, of which three hours shall be in ethics, prior to renewal of the license. On and after March 1, 2023, the three-hour ethics course shall include one hour of study on insurance fraud. These hours of instruction may be completed at any time prior to renewal of the license.

(c) An agent licensed as both a life agent and as an accident and health or sickness agent shall satisfactorily complete a total of 24 hours of instruction, of which three hours shall be in ethics, prior to renewal of the license. On and after March 1, 2023, the three-hour ethics course shall include one hour of study on insurance fraud. These hours of instruction may be completed at any time prior to renewal of the license.

(d) Any accident and health or sickness agent who wishes to sell 24-hour care coverage, as defined in Section 1749.02, shall complete a course, program of instruction, or seminar of an approved continuing education provider on workers' compensation and general principles of employer liability, which shall be completed by examination approved by the commissioner as part of the continuing education course, program of instruction, or seminar prior to selling this coverage. The required number of instruction hours shall be equal to but no greater than that required by the curriculum board for the preclicensing requirements of a property broker-agent or a casualty broker-agent on these subjects. For resident licensees, this requirement shall count toward the licensee's continuing education requirement, but may still result in completing more than the minimum number of continuing education hours set forth in this section. This section does not authorize an accident and health or sickness agent to satisfy the obligations set forth in this section by other than a proctored examination administered or approved by the department.

(Amended by Stats. 2022, Ch. 424, Sec. 18. (SB 1242) Effective January 1, 2023.)

1749.4. The courses or programs of instruction successfully completed that shall be deemed to meet the standards for continuing educational requirements, and the number of classroom hours for which they are equivalent, are as follows:

(a) Any part of the Life Underwriter Training Council Fellow (LUTCF) program totaling 30 hours for the life license and the accident and health or sickness license.

(b) Any part of the Chartered Life Underwriter (CLU) curriculum totaling 30 hours for the life license and the accident and health or sickness license.

(c) Any part of the Accredited Advisor in Insurance (AAI) program totaling 25 hours for the property broker-agent license or the casualty broker-agent license.

(d) Any part of the Chartered Property Casualty Underwriter (CPCU) program totaling 30 hours for the property broker-agent license or the casualty broker-agent license.

(e) Any part of the Certified Insurance Counselor (CIC) program totaling 25 hours for the life or accident and health or sickness agent license and the property broker-agent license or the casualty broker-agent license.

(f) Any part of the Certified Employee Benefit Specialists (CEBS) program totaling 25 hours for the life license and the accident and health or sickness license.

(g) Any part of the Chartered Financial Consultant (ChFC) program totaling 30 hours for the life license.

(h) Any part of the Certified Financial Planner (CFP) program totaling 30 hours for the life license.

(i) Any part of the Fellow, Life Management Institute (FLMI) program totaling 30 hours for the life license and the accident and health or sickness license.

(j) Any part of the Health Insurance Associate (HIA) program totaling 25 hours for the accident and health or sickness license.

(k) Any part of the Registered Employee Benefits Consultant (REBC) program totaling 30 hours for the accident and health or sickness license.

(l) Any part of the Registered Health Underwriter (RHU) program totaling 30 hours for the accident and health or sickness license.

(m) Any part of the Associate in Risk Management (ARM) program totaling 30 hours for the property broker-agent license or the casualty broker-agent license.

(n) An insurance-related course approved by the curriculum board and the commissioner taught by an accredited college or university per credit hour granted totaling 15 hours.

(o) A course or program of instruction or seminar developed or sponsored by an authorized insurer, recognized agents' association, or insurance trade association, or any independent program of instruction shall, if approved by the curriculum board and the commissioner, qualify for the equivalency of the number of classroom hours assigned thereto by the curriculum board and the commissioner.

(p) A correspondence course approved by the curriculum board and the commissioner shall qualify for the equivalency of the number of classroom hours assigned thereto by the commissioner.

(Amended by Stats. 2020, Ch. 184, Sec. 25. (SB 1255) Effective January 1, 2021.)

1749.5. (a) A person teaching any approved course of instruction or lecturing at any approved seminar shall qualify for the same number of classroom hours as would be granted to a person taking and successfully completing that course, seminar, or program, except that such person shall qualify for those classroom hours only once each license term for each course, seminar, or program.

(b) Excess classroom hours accumulated during any one-year period may be carried forward to the next year.

(c) For good cause shown, the commissioner may grant an extension of time during which the requirements imposed by this article may be completed, but that extension of time shall not exceed the period of one year.

(d) Every person subject to this article shall furnish, in a form satisfactory to the commissioner, written certification as to the courses, programs, or seminars of instruction taken and successfully completed by that person.

(e) Any education provider whose self-study courses have been approved by the department shall not count its own self-study courses towards its continuing education requirement for a license issued under this chapter.

(Amended by Stats. 2007, Ch. 122, Sec. 1. Effective January 1, 2008.)

1749.6. A person failing to meet the requirements imposed by Section 1749.3 or 1749.31, and who has not been granted an extension of time within which to comply by the commissioner shall have that individual's license automatically terminated until the time that the person demonstrates to the satisfaction of the commissioner that that individual has complied with all of the requirements of this article and all other laws applicable thereto. Where a person cannot perform the requirements of this article due to a disability or inactivity due to special circumstances, the commissioner shall provide a procedure for the person to place that individual's license on inactive status until the time that the person demonstrates to the satisfaction of the commissioner that that individual has complied with or made up all of the requirements of this article for the period of disability or inactivity.

(Amended by Stats. 2021, Ch. 133, Sec. 30. (SB 272) Effective July 23, 2021.)

1749.7. The commissioner may, pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, adopt reasonable rules and regulations necessary for the convenient administration of this article.

(Added by Stats. 1990, Ch. 1420, Sec. 65. Operative January 1, 1992, by Sec. 77 of Ch. 1420.)

1749.8. (a) Every life agent who sells annuities shall satisfactorily complete eight hours of training prior to soliciting individual consumers in order to sell annuities.

(b) Every life agent who sells annuities shall satisfactorily complete four hours of training prior to each license renewal. Completion of the eight-hour annuity training required by subdivision (a) does not satisfy the four-hour annuity training required by this subdivision. For resident licensees, this requirement shall count toward the licensee's continuing education requirement, but may still result in completing more than the minimum number of continuing education hours set forth in this section.

(c) The training required by this section shall be approved by the commissioner and shall consist of topics related to annuities, and California law, regulations, and requirements related to annuities, prohibited sales practices, the recognition of indicators that a prospective insured may lack the short-term memory or judgment to knowingly purchase an insurance product, and fraudulent and unfair trade practices. Subject matter determined by the commissioner to be primarily intended to promote the sale or marketing of annuities shall not qualify for credit toward the training requirement. Any course or seminar that is disapproved under the provisions of this section shall be presumed invalid for credit toward the training requirement of this section unless it is approved in writing by the commissioner.

(d) The training requirements set forth in this section shall not apply to nonresident agents representing an insurer that is a direct response provider.

For the purposes of this section, "direct response provider" means an insurer that meets each of the following criteria:

- (1) The insurer does not initiate telephone contact with insureds or prospective insureds.
- (2) Agents of the insurer speak with insureds and prospective insureds only by telephone, and at the request of the insureds or prospective insureds.
- (3) Agents of the insurer are assigned to speak with insureds or prospective insureds on a random basis, when contacted.
- (4) Agents of the insurer are salaried and do not receive commissions for sales or referrals.

(Amended by Stats. 2013, Ch. 321, Sec. 19. (AB 1391) Effective January 1, 2014.)

1749.81. (a) A life agent licensed on or after January 1, 2024, who sells individual life insurance policies other than term life with no cash value shall satisfactorily complete four hours of training before soliciting individual consumers to sell those life insurance policies.

(b) A life agent who sells individual variable life insurance policies shall satisfactorily complete two hours of training before each license renewal. Completion of the four-hour annuity training required by Section 1749.8 does not satisfy the training required by this section. This training is in addition to, and is not a part of, the annuity training required by subdivision (b) of Section 1749.8. For resident licensees, this requirement shall count toward the licensee's continuing education requirement, but may still result in completing more than the minimum number of continuing education hours set forth in this section.

(c) The training required by this section shall be approved by the commissioner and shall consist of topics related to the types of life insurance policies described in subdivisions (a) and (b) and California law, regulations, and requirements related to those life insurance policies, prohibited sales practices, and unfair trade practices. Subject matter determined by the commissioner to be primarily intended to promote the sale or marketing of life insurance policies shall not qualify for credit toward the training requirement. Any course or seminar that is disapproved under the provisions of this section shall be presumed invalid for credit toward the training requirement of this section unless it is approved in writing by the commissioner.

(d) This section shall become operative January 1, 2025, and applies to licenses that are issued or renewed on or after January 1, 2025.

(Amended by Stats. 2024, Ch. 444, Sec. 3. (SB 577) Effective January 1, 2025.)

1749.85. (a) The curriculum committee shall, in 2006, make recommendations to the commissioner to instruct property broker-agents, casualty broker-agents, and personal lines broker-agents and applicants for property broker-agent, casualty broker-agent, and personal lines broker-agent licenses in proper methods of estimating the replacement value of structures, and of explaining various levels of coverage under a homeowners' insurance policy. Each provider of courses based upon this curriculum shall submit its course content to the commissioner for approval.

(b) A person who is not an insurer underwriter or actuary or other person identified by the insurer, or a licensed property broker-agent, casualty broker-agent, personal lines broker-agent, contractor, or architect shall not estimate the replacement value of a structure, or explain various levels of coverage under a homeowners' insurance policy.

(c) This section shall not be construed to preclude licensed appraisers, contractors, and architects from estimating replacement value of a structure.

(d) However, if the Department of Insurance, by adopting a regulation, establishes standards for the calculation of estimates of replacement value of a structure by appraisers, then on and after the effective date of the regulation a real estate appraiser's estimate of replacement value shall be calculated in accordance with the regulation.

(Amended by Stats. 2011, Ch. 411, Sec. 41. (AB 1416) Effective January 1, 2012.)

1749.9. Nothing in this article shall require any person exempted from licensure by Section 1634 or 1635 to hold a license as required by Section 1631.

(Added by Stats. 1991, Ch. 1040, Sec. 17.)