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INSURANCE CODE - INS

DIVISION 2. CLASSES OF INSURANCE [1880 - 12880.8] (*Division 2 enacted by Stats. 1935, Ch. 145.*)

PART 1. FIRE AND MARINE INSURANCE [1880 - 10108.1] (*Part 1 enacted by Stats. 1935, Ch. 145.*)

CHAPTER 5. County Mutual Fire Insurers [5050 - 7060] (*Chapter 5 enacted by Stats. 1935, Ch. 145.*)

ARTICLE 8. Assessments [7010 - 7018] (*Article 8 enacted by Stats. 1935, Ch. 145.*)

7010. When any loss exceeds in amount the cash funds of the insurer and also exceeds one-eighth of one per cent of the total amount of the insurer's insurance in force, its president shall convene its directors to make an assessment.

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

7011. Upon being convened for the purpose, the directors shall make an assessment upon all of the property insured in the insurer. Such assessment shall be in proportion to the amount for which each piece of property is insured, taken in connection with the rate of premium under which it is classified.

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

7012. When the amount of such loss does not exceed one-eighth of one per cent of the total amount of insurance in force in the insurer, its directors may, by resolution in writing signed by two-thirds of all the directors while present at a meeting, borrow money in the name of the insurer and give its evidence of indebtedness therefor, in a total amount not exceeding one-eighth of one per cent of the total amount of insurance thus in force.

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

7013. The term of any such loan shall not be greater than twelve months nor shall the date of maturity be in excess of thirty days beyond the date of the next annual meeting of the insurer.

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

7014. The board of directors may at its annual meeting levy an assessment not to exceed twenty-five cents on the \$100 of the first class of insurance and a pro rata amount on lower classes. The sum so raised shall constitute a reserve fund to be used in emergency cases only. Another assessment for this fund shall not be made while this reserve fund remains intact.

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

7015. (a) No assessment or assessments may be levied upon any policy in excess of three times the amount of the premium named therein. The liability to assessment on any policy may be further reduced or eliminated as provided in subdivisions (b), (c), (d), and (e).

(b) Upon written request, and if the commissioner finds that an insurer has a surplus of admitted assets over liabilities of at least:

(1) Seventy-five thousand dollars (\$75,000) but less than one hundred fifty thousand dollars (\$150,000).

(2) One hundred fifty thousand dollars (\$150,000) but less than two hundred fifty thousand dollars (\$250,000), or

(3) Two hundred fifty thousand dollars (\$250,000); he or she shall issue his or her certificate stating that the insurer has a surplus of at least \$____, but less than \$____, filling in the applicable amounts, or of at least two hundred fifty thousand dollars (\$250,000), as the case may be.

(c) If, when a policy is issued, there is in force an unrevoked certificate issued by the commissioner stating that the insurer has a surplus of admitted assets over liabilities of at least:

(1) Seventy-five thousand dollars (\$75,000), but less than one hundred fifty thousand dollars (\$150,000), no assessment or assessments may be levied on the policy in excess of twice the amount of the premium named therein.

(2) One hundred fifty thousand dollars (\$150,000), but less than two hundred fifty thousand dollars (\$250,000), no assessment or assessments may be levied on the policy in excess of a sum equal to the amount of the premium stated therein.

(3) Two hundred fifty thousand dollars (\$250,000), no assessment or assessments may be levied on the policy.

(d) Whenever the commissioner finds that the surplus of the insurer is less than the minimum specified in an outstanding certificate he or she shall revoke the certificate.

(e) Upon revocation of the certificate no policy shall thereafter be issued nor be permitted to remain in force beyond the date fixed for the next payment of premium without provision therein or endorsement thereon providing for that assessment liability as may be applicable at the time of issuance or at the time for the payment of the premium.

(f) As used in this section "liabilities" includes liabilities for losses reported, expenses, taxes and all other indebtedness, and provision for reinsuring all outstanding risks.

(Amended by Stats. 1997, Ch. 315, Sec. 20. Effective January 1, 1998.)

7015.5. The commissioner shall charge and collect in advance a fee of one hundred seventy-seven dollars (\$177) for issuing a certificate under this article, or for reissuing and amending or changing an obsolete certificate at the request of an insurer.

(Amended by Stats. 2017, Ch. 534, Sec. 55. (AB 1699) Effective January 1, 2018.)

7016. The secretary, whenever such an assessment is made, shall immediately notify every policyholder in such insurer either personally, by agent, or by letter directed to the policyholder's usual post-office address, stating:

(a) The amount of the loss.

(b) The sum due from the policyholder as his share.

(c) To whom such payment is to be made.

(d) The time when the payment is to be made. Such time shall not be less than thirty days nor more than ninety days from the date of mailing notice.

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

7017. The insurer may bring an action against any member who neglects or refuses to pay an assessment made upon him under the provisions of this chapter, or to pay other liabilities due the insurer.

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

7018. A director of any such insurer who wilfully refuses or neglects to perform the duties imposed upon him by law or by the insurer's by-laws shall be liable in his individual capacity to the person sustaining a loss.

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