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AB-1899 Insurance: production agents: license examinations. (2015-2016)

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Assembly Bill No. 1899

CHAPTER 560

An act to amend, repeal, and add Section 1677 of the Insurance Code, relating to insurance.

[Approved by Governor September 24, 2016. Filed with Secretary of State September 24, 2016.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1899, Calderon. Insurance: production agents: license examinations.

Existing law requires the Insurance Commissioner to give, at least once each month, in each of the cities in which he or she has an office, qualifying examinations for production agent licenses. Existing law requires every qualifying examination for a production agent license to be in writing and to be of sufficient scope to satisfy the commissioner that the applicant has sufficient knowledge of, and is reasonably familiar with, the insurance laws of this state and with the provisions, terms, and conditions of the insurance that may be transacted pursuant to the license sought, and that the applicant has a general and fair understanding of the obligations and duties of the holder of that license.

This bill, from January 1, 2018, to January 1, 2024, would require the examination for a license as a life agent, life-only agent, and accident and health agent be provided in English and Spanish. The bill would require the Insurance Commissioner to evaluate the qualifying examination taken in Spanish and submit a report to the Legislature by March 1, 2023, as provided.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares all of the following:

(a) Every citizen of California deserves equal access to the protection provided by various insurance products.

(b) Spanish-speaking individuals make up a large portion of the population in California. Estimates from the 2014 American Community Survey (ACS) indicate that 38.6 percent of Californians report their ethnicity as Latino. The ACS data also indicates that 22 percent of households in which Spanish is spoken have no member over 14 years of age who speaks English fluently or "very well." According to research published by Florida State University in 2006, Latino households are less likely to own life insurance than the general population, with 34 percent of Latinos purchasing life insurance compared to 62 percent of the general population. A 2012 Insurance Barometer Study by the Life Insurance and Market Research Association found the same and concluded that a contributing factor to that difference is that Latino households are less likely to have contact with an insurance agent. The Latino population is expected to continue to grow in California, with 2014 Department of Finance projections suggesting that Latinos are expected to number 23.7 million in 2050, or 47.6 percent of all Californians.

(c) By offering the opportunity for Spanish-speaking individuals to take insurance licensing exams, California will increase the number of insurance agents and brokers able to serve Spanish-speaking consumers, while also opening a career path currently unavailable to this population.

(d) Several insurance companies offer Spanish translations of the insurance products they offer, a practice the Legislature commends and encourages to be followed by every insurance company and every product offered in order to ensure that the consumer more fully understands the full scope of his or her coverage and can make more informed purchasing decisions.

(e) The option to have the insurance licensure examination administered in Spanish will decrease potential miscommunication, increase agents' understanding of their duties and obligations, and allow California to keep pace with the needs of its multilingual and multicultural insurance consumers.

(f) It is essential that all of the state's residents have access to vital health services that can prolong and enhance their lives, and that state government continues to take reasonable and effective actions that will facilitate access to these services.

SEC. 2. Section 1677 of the Insurance Code is amended to read:

1677. (a) Each qualifying examination for a license pursuant to this chapter shall be in writing and shall be of sufficient scope to satisfy the commissioner that the applicant has sufficient knowledge of, and is reasonably familiar with, the insurance laws of this state and with the provisions, terms, and conditions of the insurance that may be transacted pursuant to the license sought, and that the applicant has a general and fair understanding of the obligations and duties of the holder of that license.

(b) On and after January 1, 2018, the examination for a license as a life agent, life-only agent, and accident and health agent shall be provided in English and Spanish.

(c) The commissioner shall evaluate the qualifying examination taken in Spanish and submit a report of the results to the Legislature no later than March 1, 2023. The report shall be submitted in compliance with Section 9795 of the Government Code and shall include, but not be limited to, all of the following:

(1) The number of people taking the examination.

(2) The pass rate, including a comparison between the comparable licensing examination taken in English.

(3) The number of licenseholders that sat for the examination provided in Spanish and passed the examination that remain licensed.

(4) The number of consumer complaints received and enforcement actions taken with regard to the licenseholders who passed the examination in Spanish.

(d) This section shall remain in effect only until January 1, 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2024, deletes or extends that date.

SEC. 3. Section 1677 is added to the Insurance Code, to read:

1677. (a) Each qualifying examination for a license pursuant to this chapter shall be in writing and shall be of sufficient scope to satisfy the commissioner that the applicant has sufficient knowledge of, and is reasonably familiar with, the insurance laws of this state and with the provisions, terms, and conditions of the insurance that may be transacted pursuant to the license sought, and that the applicant has a general and fair understanding of the obligations and duties of the holder of that license.

(b) This section shall become operative on January 1, 2024.