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**AB-1578 Insurance licensees.** (2023-2024)

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**Assembly Bill No. 1578**

**CHAPTER 280**

An act to amend Section 1725.5 of the Insurance Code, relating to insurance.

[ Approved by Governor September 30, 2023. Filed with Secretary of State September 30, 2023. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 1578, Valencia. Insurance licensees.

Existing law generally regulates the business of insurance in the state, including the conduct of insurance licensees. Existing law requires a specified licensee to include their license number in an email that involves an activity for which a license is required. Existing law requires the license number of an organizational licensee in an email to be included adjacent to or on the line below the organization's name.

This bill, instead, would require the license number of an organizational licensee to appear adjacent to or on the line below the organization's name if the email is sent from the organization and not an individual licensee, and the communication involves an activity for which a license is required.

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

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

**SECTION 1.** Section 1725.5 of the Insurance Code is amended to read:

**1725.5.** (a) A person licensed under Section 1625, 1625.5, 1625.55, 1626, 1758.1, 1765, 1800, 14020, or 15006, or Chapter 8 (commencing with Section 1831), shall affix, type, or print on business cards, written price quotations for insurance products, and print advertisements distributed exclusively in this state for insurance products, its license number in a type size that is at least as large as any indicated telephone number, address, or fax number or in 12-point type, or in 8-point type for business cards, whichever is larger. If a licensee includes the names of multiple licensed organizations on a business card, written price quotation, or print advertisement distributed exclusively in this state, affixing, typing, or printing the license number of any one of the organizations complies with the requirements of this section.

(b) A person licensed under Section 1625, 1625.5, 1625.55, 1626, 1758.1, 1765, 14020, or 15006, or Chapter 8 (commencing with Section 1831), shall affix, type, or print on business cards, written price quotations for insurance products, and print advertisements distributed in this state for insurance products, the word "Insurance" in a type size that is at least as large as the smallest telephone number or in 12-point type, or in 8-point type for business cards, whichever is larger.

(c) A person licensed under Section 1625, 1625.5, 1625.55, 1626, 1758.1, 1765, 14020, or 15006, or Chapter 8 (commencing with Section 1831), shall include the person's license number in the emails the person sends that involve an activity for which a

license is required. A person's license number shall be in a type size that is no smaller than the largest of any telephone number, street address, or email address of the person included in the email. The license number of an individual licensee shall appear adjacent to or on the line below the individual's name or title. The license number of an organizational licensee shall appear adjacent to or on the line below the organization's name if the email is sent from the organization and not an individual licensee, and the communication involves an activity for which a license is required.

(d) A natural person who is a solicitor, as defined in Section 1624, working exclusively as an employee of a motor club agent, or working exclusively for a property broker-agent or casualty broker-agent on behalf of a motor club, shall use the organizational licensee number of that person's employer.

(e) A person in violation of this section shall be subject to a fine levied by the commissioner in the amount of two hundred dollars (\$200) for the first offense, five hundred dollars (\$500) for the second offense, and one thousand dollars (\$1,000) for the third and subsequent offenses. The penalty shall not exceed one thousand dollars (\$1,000) for any one offense. These fines shall be deposited into the Insurance Fund.

(f) A separate penalty shall not be imposed upon each piece of printed material that fails to conform to the requirements of this section.

(g) If the commissioner finds that the failure of a licensee to comply with the provisions of subdivision (a) or (b) is due to reasonable cause or circumstance beyond the licensee's control, and occurred notwithstanding the exercise of ordinary care and in the absence of willful neglect, the licensee may be relieved of the penalty in subdivision (e).

(h) A licensee seeking to be relieved of the penalty in subdivision (e) shall file with the department a statement with supporting documents setting forth the facts upon which the licensee bases its claims for relief.

(i) This section does not apply to a person or entity that is not currently required to be licensed by the department or that is exempted from licensure.

(j) This section does not apply to general advertisements of motor clubs that merely list insurance products as one of several services offered by the motor club, and do not provide any details of the insurance products.

(k) This section does not apply to life insurance policy illustrations required by Chapter 5.5 (commencing with Section 10509.950) of Part 2 of Division 2 or to life insurance cost indexes required by Chapter 5.6 (commencing with Section 10509.970) of Part 2 of Division 2.