



Compliance & Regulatory Update

December 2007

COMPLIANCE REPORT – GOVERNOR’S SIGNED LEGISLATION

Life Insurance

AB 720 (DeLeon): Insurance Licenses – *Signed*

Effective January 1, 2008, AB 720 makes significant changes to the life agent license qualifications, including changes to the prelicensing and continuing education (CE) requirements. Specifically, AB 720 creates two new insurance agent license types, a life-only agent license, and an accident and health agent license. These two new license types will affect both individual and organization licenses and applicants.

Compliance Information:

- AB 720 separates the life license into two licenses: (1) one that is authorized to act as a life-only agent to transact insurance coverage on human lives including benefits of endowment and annuities and (2) one that would be authorized to transact accident and health coverage.
- All current Life Agent licenses will automatically convert to the new Life-Only and Accident and Health Agent licenses. Upon renewal, Life Agents will receive their new license, showing the two separate qualifications.
- The bill requires an applicant for both a life-only and accident and health license to meet the requirement for a permanent license by passing one examination covering subjects pertaining to both license types.
- For individuals seeking either a life-only license or an accident and health license, the bill reduces the minimum from 40 to 20 of prelicensing education for both licenses.
- The bill requires life-only agents, accident and health agents, and agents licensed as both life-only and accident and health agents to complete 24 hours of CE prior to renewal of their licenses.

Position: SUPPORT

Property & Casualty Insurance

AB 797 (Coto): Insurance Agents – *Signed* adds a new limited lines automobile insurance agent to the existing type of agent licensees. It requires candidates for such license to undergo prelicensing study as a prerequisite and establishes continuing education requirements and fees for the license. Additionally, the bill provides that the insurance curriculum board may approve standards for courses in business management practices for license renewal requirements.

Compliance Information:

- Adds a limited lines automobile insurance agent license.
- Requires candidates for the limited lines automobile license to undergo a minimum of 20 hours of prelicensing study as a prerequisite for qualification for the license.
- Requires licensed limited lines automobile insurance agents who apply to become fire and casualty broker-agents or personal lines agents to submit the application material, complete prelicensing education, and pass a qualifying examination.
- Requires a limited lines agent to complete a minimum of 20 hours of CE prior to renewing their license.

Position: Watch

Privacy

AB 1298 (Jones): Personal Information: Disclosure – *Signed*

AB 1298 applies the prohibitions of the Confidentiality of Medical Information Act to any business organized for the purpose of maintaining medical information to allow an individual to manage his or her information or for treatment or diagnosis. It also adds medical and health insurance information to data that constitutes information that would require breach disclosure.

Compliance Information:

- Any agency that maintains computerized personal medical and health insurance data/information shall disclose any breach of the security of the system following discovery or notification of the breach to any resident of California whose personal information was, or is reasonably believed to have been, acquired by an unauthorized person.
- The disclosure must be made to the individual in the most expedient time possibly without reasonable delay consistent with the needs of law enforcement.

Position: Watch

*****Reminder*****

One of the many provisions in SB 620 by Senator Scott, which was passed in 2003, enhanced training requirements for Life Agents who sell annuity products in California. It is now mandatory that agents take an approved 8 hour annuity training course *prior* to soliciting the sale of an annuity product in California and agents must complete an additional 4 hour annuity CE course *prior* to the next license expiration date ending 24 months from the initial license issuance/license renewal. Agents must continue to take the 4 hour training once every two years *prior* to the renewal of their license if they wish to sell annuities in California.

To find the answers to frequently asked questions regarding the annuity training by clicking on this link <http://www.insurance.ca.gov/0200-industry/0050-renew-license/0200-requirements/life-agent/questions-answers.cfm#Law>. Approved annuity training courses are shown on the California Department of Insurance's (CDI) Web site at www.insurance.ca.gov. To review these courses, type "annuity course search" in the search field on the CDI's main page, click on Continuing Education – Individual Licensee Information, then click on Education Provider and Course Search and fill-in the requested information.

HEALTH CARE AND WATER VOTES POSTPONED

Upon returning from the Thanksgiving holiday, the Assembly and Senate were expected to take action on the healthcare and water proposals. However, on Monday, November 26, neither house went into session and no votes took place. It appears as though negotiations between the President Pro Tem, the Speaker, and the Governor are continuing; however, a compromise on both issues has yet to be reached.

Speculation is that a deal on the water issue more likely occur than a deal on the healthcare issue. Reports indicate one of the remaining issues on the water deal is the \$3 billion the Republicans would like to make sure is spent on three reservoirs. Apparently Senate Democrats would like an annual review so that the money could be diverted to other water projects if necessary.

As for healthcare, the Speaker asked members to return to Sacramento for floor session on December 5. However, as of the writing of this report, it was still unclear as to whether or not the Assembly would go into session on December 5. Meanwhile, the Speaker will continue to work with the Governor to see if they can make progress on the proposal.

If you have any questions regarding any of the topics mentioned in this report, or others not mentioned, please contact Shari McHugh or Dawn Sanders Koepke at 916/440-0850. Thank you!