

**DEPARTMENT OF INSURANCE**

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**NOTICE (Revised as of November 10, 2010)**

**TO:** All Admitted Insurers, Licensed Fire and Casualty Broker-Agents and Other Interested Parties

**DATE:** November 5, 2010

**SUBJECT:** Licensing Changes

**Background**

Assembly Bill (AB) 2782 (Chapter 400, Statutes of 2010) will become effective on January 1, 2011. This bill made several changes to the California Insurance Code (CIC) to bring California closer to uniformity with other states' insurance producer licensing laws. Included among the provisions of the bill is to require individuals and business entities to hold an accident and health agent license to transact disability insurance. The bill also allows for the issuance of separate property broker-agent and casualty broker-agent licenses in addition to continuing to issue the combined property and casualty broker-agent license.

**Fire and Casualty Broker-Agents and Disability Insurance\***

Current law allows licensed fire and casualty broker-agents to transact disability insurance under the authority of their license. However, beginning on January 1, 2011 fire and casualty broker-agents must also hold an accident and health agent license to continue to transact disability insurance. This law applies to both California residents and non-residents and to individuals and business entities.

When applying for an accident and health agent license, individual California residents currently licensed as fire and casualty broker-agents will need to complete 20 hours of prelicensing education covering accident and health insurance as well as pass a qualifying examination consisting of 75 questions. As current licensees, the fingerprinting requirement and the 12-hour training requirement on ethics and the California Insurance Code will be waived. Please access the following website to obtain detailed information for obtaining an accident and health agent license for both California residents and non-residents and for both individuals and business entities: <http://www.insurance.ca.gov/0200-industry/0050-renew-license/0200-requirements/accident-health/index.cfm>

**Separate Property and Casualty Licenses – Current Licensees**

The only significant change resulting from AB 2782 that will affect current fire and casualty broker-agents, other than the inability to transact health insurance, is in regards to the continuing education (CE) requirement. Specifically, beginning on January 1, 2011 individuals who are California residents that have been licensed less than four years as fire and casualty

\* Several individuals contacted CDI requesting clarification for the term "disability insurance." "Disability insurance" as it applies to this requirement are those lines of insurance contained in Section 1626(a)(2) of the California Insurance Code (CIC) which defines accident and health insurance as insurance coverage for sickness, bodily injury, or accidental death and may include benefits for disability income. Consequently, effective January 1, 2011 fire and casualty broker-agents who transact the lines of insurance noted in CIC Section 1626(a)(2) must also be licensed as an accident and health agent.

broker-agents will have their CE requirement reduced from 50 hours to 24 hours for each two-year license term. Individuals who are California residents that have been licensed more than four years as fire and casualty broker-agents will continue to be required to complete 24 CE hours each license term.

The only other difference will be what is presented on the license. Specifically, when renewing their license, current fire and casualty broker-agents will receive a license that states "property broker-agent" and "casualty broker-agent" rather than "fire and casualty broker-agent" as it states today. The renewal fee for both the property broker-agent and casualty broker-agent license will total \$128 – same as it is today when renewing the fire and casualty broker-agent license.

### **Separate Property and Casualty Licenses – New Applicants**

Beginning on January 1, 2011 applicants for what is now known as the fire and casualty broker-agent license will apply for a property broker-agent license and a casualty broker-agent license. When applying for these licenses **on the same application** the application fee for both of these licenses will total \$128.

Further, the prelicensing education requirement for individuals who are California residents will remain at 40 hours in addition to 12 hours on ethics and the California Insurance Code. These applicants will be required to pass the same qualifying examination that fire and casualty broker-agents do now (i.e. a 150-question qualifying examination on property and casualty insurance). The CE requirement for these individuals will be 24 hours each two-year license term.

Although we expect the vast majority of applicants to still apply for both the property broker-agent license and the casualty broker-agent license on the same application, beginning on January 1, 2011 there will be the ability for individuals and business entities to apply for only the property broker-agent license or only the casualty broker-agent license. When applying separately, the application fee for each of these license types is \$128.

For individuals who are California residents, the prelicensing education requirement for either of these license types will be 20 hours on the applicable subject matter in addition to 12 hours on ethics and the California Insurance Code. For both license types, the qualifying examination will consist of 75 questions and the CE requirement will be 24 hours each two-year license term.

The ability to apply for either of the new license types will be available through the California Department of Insurance's website by December 6, 2010.

### **Questions**

For further information regarding AB 2782, you may access the following link:

[http://www.leginfo.ca.gov/pub/09-10/bill/asm/ab\\_2751-2800/ab\\_2782\\_bill\\_20100927\\_chaptered.pdf](http://www.leginfo.ca.gov/pub/09-10/bill/asm/ab_2751-2800/ab_2782_bill_20100927_chaptered.pdf).

For specific questions regarding this notice, please e-mail the Producer Licensing Bureau at <https://interactive.web.insurance.ca.gov/pli/servlet/InformationRequest> or call the CDI's Producer Licensing Toll Free Hotline at (800) 967-9331. Please be sure to include your name, telephone number, license number and e-mail address in all correspondence with the CDI.