
CONSENT

Bill No: AB 487
Author: Committee on Insurance
Amended: 7/3/25 in Senate
Vote: 21

SENATE INSURANCE COMMITTEE: 7-0, 7/9/25
AYES: Rubio, Niello, Becker, Caballero, Jones, Padilla, Wahab

SENATE JUDICIARY COMMITTEE: 13-0, 7/15/25
AYES: Umberg, Niello, Allen, Arreguín, Ashby, Caballero, Durazo, Laird, Stern, Valladares, Wahab, Weber Pierson, Wiener

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 78-0, 6/3/25 - See last page for vote

SUBJECT: Insurance

SOURCE: Insurance Commissioner Ricardo Lara/California Department of Insurance

DIGEST: This annual omnibus bill makes a number of technical and non-controversial amendments to various provisions of the Insurance Code.

ANALYSIS:

Existing law:

- 1) Regulates the business of insurance in the state, including the issuance of securities, which are financial instruments that transfer insurance risks from insurers and reinsurers to capital market investors. Defines an “agent” to mean every person employed or appointed by an insurer or broker who sells a security in this state for compensation.

- 2) Requires the Insurance Commissioner (Commissioner), to submit fingerprint images and related information to the Department of Justice, as specified, for certain applicants applying for a license, including a surplus line broker, a life and disability analyst, and a variable life and variable annuity agent.
- 3) Provides for the regulation of insurers, agents and brokers, and other insurance-like organizations by the Commissioner and imposes a broad range of financial solvency, licensing, and market behavior requirements, as set forth in the Insurance Code.
- 4) Provides that if an applicant for an insurance license neither fully qualifies for and receives the license, nor is denied its issue within one year from the date of receipt of the application by the Commissioner, the application is automatically denied without prejudice to the filing of a new application for the license.
- 5) Requires an insurance license applicant to notify the Commissioner when any background information, as defined, changes after the application has been submitted or the license has been issued. Defines “background information” to mean any of the following: a misdemeanor or felony conviction, a filing of felony criminal charges in state or federal court, an administrative action regarding a professional or occupational license, any licensee’s discharge or attempt to discharge in bankruptcy specified obligations, and any admission, or judicial finding or determination, of fraud, misappropriation or conversion of funds, misrepresentation, or breach of fiduciary duty.
- 6) Permits the district attorney, the Commissioner, or any interested person to bring a civil action alleging a violation of certain laws pertaining to insurance fraud, as specified, and to recover specified costs, relief, and penalties. Allows the district attorney or Commissioner to intervene and proceed with an action brought by an interested person. Prohibits a court from having jurisdiction over such an action based on the public disclosure of allegations or transactions, as specified, unless the action is brought by the Attorney General, or the person bringing the action is an individual with direct and independent knowledge of the information on which the allegations are based and has voluntarily provided that information to the district attorney or Commissioner before filing an action.
- 7) Authorizes blanket insurance policies to cover a class of persons engaged in an activity or event without specifically naming the individual persons, including to cover teachers and other school employees while carrying out duties associated with special activities such as summer camps or field trips, and to

cover participants, campers, employees, officials, and supervisors at sports camps or team activities.

- 8) Sets forth several requirements and prohibitions concerning the advertisement or marketing of an accelerated death benefit, including requiring every insurer offering accelerated death benefits to file copies of all printed advertising for accelerated death benefits with the Commissioner before distributing in this state, and authorizes the Commissioner to disapprove any advertising that does not meet the specified requirements.
- 9) Requires a service contract administrator, as defined, to be licensed as a property broker-agent and casualty broker-agent, and defines “service contract administrator” to mean any person, other than an obligor, who performs or arranges the collection, maintenance, or disbursement of moneys to compensate any party for claims or repairs pursuant to a vehicle service contract, and who also provides sellers with service contract forms or participates in the adjustment of claims arising from service contracts for which a seller located within this state is the obligor.
- 10) Establishes the State Compensation Insurance Fund (SCIF) to be administered by a board of directors for the purpose of transacting workers’ compensation insurance and other public employment-related insurances. Requires the board to invest and reinvest all moneys in the SCIF in excess of current requirements in the same manner as private insurance carriers. Authorizes, until January 1, 2027, the SCIF Board to make discretionary investments in properties and securities, to invest in money market mutual funds, and to invest or reinvest an aggregated maximum of 20% of the moneys that are in excess of the admitted assets over the liabilities and required reserves.

This bill:

- 1) Clarifies the applicability of default denial without prejudice for bail agent and insurance adjuster licensure applications that are not acted upon.
- 2) Expands the definition of "background events" that an applicant or licensee must report to the Commissioner after their application has been submitted or their license has been issued to include cease-and-desist orders and other civil or administrative actions alleging unlicensed transaction, including actions by the California Department of Insurance (CDI), the Federal Trade Commission, the Consumer Financial Protection Bureau, and local district attorneys.

- 3) Removes a superfluous reference to the Attorney General from the "original source" rule for whistleblowers under the Insurance Fraud Prevention Act (IFPA) and clarifies the jurisdiction of courts to hear actions under the IFPA that are brought by an interested person but for which the district attorney or Commissioner intervenes and proceeds.
- 4) Expands the permissible scope of blanket insurance policies to cover volunteers who assist with specified activities to which blanket insurance policies commonly apply.
- 5) Clarifies that all advertisements by insurers for accelerated death benefits must be submitted to the Commissioner, rather than only for printed advertisements.
- 6) Clarifies that all vehicle service contract administrators must be licensed as property broker-agents and casualty broker-agents, and clarifies certain permitted activities for vehicle service contract administrators.
- 7) Clarifies definitions and applicability of, and makes non-substantive updates to, existing statutes pertaining to insurance-related licenses for which fingerprints must be submitted to the Department of Justice upon application.
- 8) Removes the January 1, 2027 sunset on the SCIF Board's authority to make discretionary investments in properties and securities, to invest in money market mutual funds, and to invest or reinvest an aggregated maximum of 20% of the moneys that are in excess of the admitted assets over the liabilities and required reserves.
- 9) Updates outdated cross-references, corrects drafting errors, and makes other non-substantive changes in the Insurance Code.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT: (Verified 8/18/25)

Insurance Commissioner Ricardo Lara/California Department of Insurance
(Source)

OPPOSITION: (Verified 8/18/25)

None received

ARGUMENTS IN SUPPORT: According to this bill's sponsor, Insurance Commissioner Ricardo Lara:

“This bill proposes amendments identified by CDI that help clarify existing law, delete obsolete and superseded code sections, and create new laws agreed to between CDI and stakeholders.”

ASSEMBLY FLOOR: 78-0, 6/3/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Gallagher

Prepared by: Brandon Seto / INS. / (916) 651-4110

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