Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 1206 (Committee on Insurance) – As Amended June 9, 2026

Policy Committee: Insurance Vote: 17 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: No

SUMMARY:

This bill requires a public adjuster (PA) to release claim settlement funds to a claimant more quickly and makes other various changes to the Insurance Code.

Specifically, this bill:

1) Requires the written contract between a licensee under the Public Insurance Adjusters Act (Act) and an insured to include the licensee's email address and an in-state business address.

2) Requires a PA who receives or holds funds on behalf of an insured towards the settlement of a claim to deposit the funds in a non-interest-bearing escrow or trust account more quickly, from within 15 business days of receipt to 15 calendar days of receipt, and within seven calendar days if the funds relate to a claim in an area subject to a catastrophic disaster, state of emergency, or local emergency, and requires the PA to remit such funds to the insured within 30 days of receipt or 15 days for such funds relating to a disaster or emergency.

3) Makes inactive the license of a Department of Insurance (CDI) licensee that has been dissolved, forfeited, terminated, canceled, or surrendered by the Secretary of State.

4) Extends indefinitely the increased limitation on California Organized Investment Network (COIN)-related discretionary investments that certain insurers may make, which would otherwise sunset on January 1, 2027.

5) Tolls the 12-month period during which an applicant for a permanent license must pass the qualifying examination if there is need to review the applicant's background information for an alleged violation that would result in denial of the application if proven, and expands the definition of background information to include a judgement or order of restitution or an assessment for a fine or monetary penalty.

6) Provides that certain existing provisions of the Insurance Code also apply to an accident and health or sickness agent.

7) Removes the requirement and instead authorizes CDI to submit a twice-yearly information request, for purposes of preparing a related public report, to district attorneys that receive funding to investigate and prosecute workers' compensation fraud cases.

8) Sets the terms for non-insurer members of the Insurance Commissioner's (IC's) advisory committee regarding an assigned risk plan for automobile insurance.

9) Requires the officers of the State Compensation Insurance Fund (SCIF) to provide an annual and quarterly investment report to CDI.

10) Reassigns responsibilities regarding the selection and retention of independent qualified auditors to examine the California Earthquake Authority's (CEA's) books and accounts and the filing of the certified examination report from CEA's individual governing board members to CEA itself, and specifies that CEA's civil service employees are subject to incompatible activities rules.

11) Makes other technical and clarifying changes.

FISCAL EFFECT:

Minor and absorbable costs to CDI, SCIF, and CEA.

COMMENTS:

1) **Purpose.** According to the author, "This annual committee omnibus bill makes several non-controversial, non-substantive or technical updates and revisions to the Insurance Code. The provisions have to opposition." This bill is sponsored by IC Ricardo Lara.

2) **Background.** ***PAs.*** The Act, administered by the IC, governs the regulation, licensing, and registration of PAs, including contract terms and fees. Unlike a company or independent adjuster that represents the insurance company's interests, a PA is generally hired directly by the insured to represent the insured against their insurance company for the purpose of settling an insurance claim, with a percentage of those claim proceeds comprising the PA's service fee. After a fire or other disaster, a PA may solicit policyholders for a business contract, but must follow certain rules to protect disaster victims during a vulnerable time. This bill requires a PA who receives or holds funds on behalf of an insured towards the settlement of a claim to deposit the funds in an escrow or trust account more quickly and requires the PA to remit such funds to the insured within 30 days of receipt or 15 days for such funds relating to a claim in an area subject to a catastrophic disaster, state of emergency, or local emergency.

   Other Provisions. According to this bill's sponsor, the other provisions of this bill:

   - Require [SCIF] to submit annual and quarterly investment reports to [CDI] as prescribed by [CDI].
   - Extend the term length for [IC]-appointed California Automobile Assigned Risk Plan (CAARP) Advisory Committee members from one year to two years, to reduce administrative workload and align with other advisory bodies.
   - Correct typographical errors in the Standard Nonforfeiture Laws for life insurance and individual deferred annuities, to ensure statutory clarity and accuracy.

- Clarify provisions in the Insurance Funds Prevention Act by removing ambiguous language and requiring government agency consent in certain settlement and dismissal cases.

- Allow tolling the 12-month license examination requirement while an applicant's background review is pending, to address equity concerns.

- Remove the sunset date of certain insurer investment authority to improve long-term investment flexibility.

- Correct a statutory cross-reference and make midyear reporting by district attorneys in the workers compensation fraud grant program discretionary rather than mandatory.

- Clarifies the roles of the Department of Finance and [CDI] in [CEA's] selection of independent qualified auditors by requiring CEA-selected auditors to receive approval from both agencies and making conforming changes to reporting requirements.

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