SENATE THIRD READING
SB 1206 (Committee on Insurance)
As Amended June 9, 2026
Majority vote

SUMMARY

Establishes the annual insurance omnibus bill, which includes several changes that are non-controversial, technical, or otherwise classified as code cleanup.

Major Provisions

1) Makes the license of any licensee that is dissolved, forfeited, terminated, canceled, or surrendered by the Secretary of State, inactive.

2) Deletes the January 1, 2027, sunset on allowing increases of the limitation on California Organized Investment Network (COIN)-related discretionary investments if the Insurance Commissioner (IC) has approved the amount and terms of the investment in advance and COIN has identified the investment in an investment opportunity bulletin or otherwise deemed it to be a qualified investment.

3) States that specified provisions regarding the regulation and licensing of production agencies generally apply to any applicant for a license issued by the IC or any licensee regulated by the IC, unless otherwise provided.

4) Pauses the 12-month period preceding the date of issue of the license, when an applicant must have taken and passed the qualifying examination for that license, during any review of the applicant's background information by the IC for an alleged violation that would, if proven, result in the suspension, revocation, or denial of the application, as specified.

5) States that if an organization licensed as accident and health or sickness agents desires to change, remove, or add to the persons who are to transact insurance under the authority of the organization's license, the organization is required to file an application or notice, as prescribed by the IC, for an endorsement. Makes the license of an organization licensed as certain agents inoperative upon the removal or termination of the last person named under the organization's license, as specified.

6) Allows the IC to issue a certificate of convenience, to temporarily allow the transaction of certain insurance without a permanent license. To the executor or administrator of the estate of, the surviving spouse or heir otherwise entitled to conduct business of, and the conservator of the estate of, a deceased accident and health or sickness agent.

7) Requires the California Earthquake Authority (CEA) to select and retain independent qualified auditors, subject to the IC's approval.

8) Allows the California Department of Insurance (CDI) to choose whether to send a biannual information request to those district attorneys who have received funding to counter workers compensation insurance fraud in order to report to the Governor, the Legislature, specified legislative committees, and the Fraud Assessment Commission on the activities of the Fraud Division and district attorneys supported by the funds.

9) Specifies that for an assigned risk plan for automobile insurance, the affiliated advisory committee with which the IC is required to consult on a regular basis regarding policy matters affecting the operation of the plan, shall have two-year terms for non-insurer members of that advisory committee, to be staggered as specified.

10) Requires the State Compensation Insurance Fund (SCIF) to provide an annual and quarterly investment report, to CDI as they prescribe, on specified investments.

11) Specifies that under the Public Insurance Adjusters Act, a licensee's written contract must also include the licensee's email address and a California business address.

12) States that a public adjuster who receives, accepts, or holds any funds on behalf of an insured towards the settlement of a claim must deposit the funds in a non-interest-bearing escrow or trust account within 7 calendar days of receipt if the funds relate to a claim for loss or damage in an area that is or was subject to a catastrophic disaster, or a state of emergency, or a local emergency.

13) Requires a public adjuster to send to the insured any funds received towards the settlement of a claim within 30 calendar days of receipt or, if the funds relate to an area that is or was subject to a catastrophic disaster, or state of emergency, or a local emergency, within 15 calendar days of receipt.

14) Makes other technical changes relating to the calculation of adjusted premiums and present values for life insurance policies issued in a particular calendar year.

15) Makes other technical and clarifying changes

COMMENTS

The Assembly or Senate Insurance Committee traditionally introduce an annual "omnibus" committee bill that allows CDI to identify necessary updates to the Insurance Code and negotiate consensus with all relevant stakeholders. This measure reflects that process. The majority of the changes made by this bill are technical and corrective in nature. This measure is sponsored by CDI.

Items in the omnibus include:

1) Requiring SCIF to submit annual and quarterly investment reports to CDI.

2) Extending 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.

3) Correcting typographical errors in the Standard Nonforfeiture Laws for life insurance and individual deferred annuities, to ensure statutory clarity and accuracy.

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

5) Clarifying requirements for public adjusters handling claim settlement funds, including escrow use, disclosure obligations, and timeline for deposit and remittance.

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

7) Removing the sunset date on certain insurer investment authority to improve long-term investment flexibility.

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

9) Clarifies the roles in the CEA's selection of independent auditors.

According to the Author

Arguments in Support
According to the sponsor of the measure, Insurance Commissioner Ricardo Lara, "This bill includes amendments identified by the California Department of Insurance to clarify existing law, remove obsolete or superseded provisions, and incorporate agreed-upon changes developed in coordination with stakeholders."

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee, minor and absorbable costs to CDI, SCIF, and CEA.

VOTES

SENATE FLOOR: 35-0-5
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Ochoa Bogh, Padilla, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Valladares, Wahab, Weber Pierson, Wiener
ABS, ABST OR NV: Blakespear, Niello, Pérez, Reyes, Umberg

ASM INSURANCE: 17-0-0
YES: Calderon, Wallis, Addis, Papan, Ávila Farías, Berman, Chen, Ellis, Gipson, Hadwick, Harabedian, Krell, Nguyen, Ortega, Petrie-Norris, Michelle Rodriguez, Valencia

ASM APPROPRIATIONS: 15-0-0
YES: Wicks, Hoover, Arambula, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

UPDATED

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