



August 23, 1995

BULLETIN #716

ASSEMBLY BILL 702: LICENSE NUMBER REQUIREMENTS

On July 30, 1995, Governor Wilson approved and signed into law Assembly Bill 702, which regards insurance license number requirements and adds Section 1725.5 to the California Insurance Code. Commencing January 1, 1997, CIC Section 1725.5 becomes operative and requires ". . . every licensee shall prominently affix, type, or cause to be printed on business cards, written price quotations for insurance products, and print advertisements distributed exclusively in this state for insurance products its license number in type the same size as any indicated telephone number, address, or fax number . . ." A copy of the bill is attached. If more than one organization license is maintained by the licensee, one license number is sufficient for compliance. Transactors, or agent and broker licensees classified for licensing purposes as a solicitor, working as an exclusive employee of a motor club, shall use the organizational license number.

Should you have questions, please feel free to phone Sandy Clark, Jim Pugh or Ilona Bovee at 415-434-4900.

Edgar S. Clark
Executive Director

Attachment

TEXT: THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 1725.5 is added to the Insurance Code, to read:

1725.5. (a) For purposes of Sections 32.5, 1625, 1626, 1724.5, 1758.1, 1765, 1800, 14020, 14021, and 15006, every licensee shall prominently affix, type, or cause to be printed on business cards, written price quotations for insurance products, and print advertisements distributed exclusively in this state for insurance products its license number in type the same size as any indicated telephone number, address, or fax number. If the licensee maintains more than one organization license, one of the organization license numbers is sufficient for compliance with this section.

(b) In the case of transactors, or agent and broker licensees, who are classified for licensing purposes as a solicitor, working as an exclusive employee of a motor club, organizational licensee numbers shall be used.

- (c)** Any person in violation of this section shall be subject to a fine levied by the commissioner in the amount of two hundred dollars (\$ 200) for the first offense, five hundred dollars (\$ 500) for the second offense, and one thousand dollars (\$ 1,000) for the third and subsequent offenses. The penalty shall not exceed one thousand dollars (\$ 1,000) for any one offense. These fines shall be deposited into the Insurance Fund.
- (d)** A separate penalty shall not be imposed upon each piece of printed material that fails to conform to the requirements of this section.
- (e)** If the commissioner finds that the failure of a licensee to comply with the provisions of subdivision (a) is due to reasonable cause or circumstance beyond the licensee's control, and occurred notwithstanding the exercise of ordinary care and in the absence of willful neglect, the licensee may be relieved of the penalty in subdivision (c).
- (f)** A licensee seeking to be relieved of the penalty in subdivision (c) shall file with the department a statement with supporting documents setting forth the facts upon which the licensee bases its claims for relief.
- (g)** This section does not apply to any person or entity that is not currently required to be licensed by the department or that is exempted from licensure.
- (h)** This section does not apply to general advertisements of motor clubs that merely list insurance products as one of several services offered by the motor club, and do not provide any details of the insurance products.
- (i)** This section shall become operative January 1, 1997.

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