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CALIFORNIA INSURANCE COMMISSIONER

NOTICE

TO: All Admitted Insurers, Insurance Producers, Bail Agents, Independent and Public Adjusters, Title Marketing Representatives, Prelicensing Education Providers and Other Interested Parties

FROM: Producer Licensing Bureau

SUBJECT: **ANNUAL REMINDER** - Required Reporting of Changes to Background Information (Cal. Ins. Code Section 1729.2)

DATE: March 5, 2021

Introduction

California Insurance Code (Cal. Ins. Code) Section 1729.2 requires all licensees and those who have pending license applications with the California Department of Insurance (CDI) Producer Licensing Bureau to report any changes to background information to CDI within 30 days of the date the licensee or applicant learns of the change in background information. This notice serves to remind all affected parties of the reporting requirements for changes to background information pursuant to Cal. Ins. Code Section 1729.2.

These reporting requirements apply to both California resident and non-resident licensees and applicants. It is the licensee/applicant's responsibility to understand the nature of any criminal charge and/or conviction and report accordingly.

Background Changes Subject to the Reporting Requirement

Changes to background information that must be reported timely include any of the following:

- Felony and misdemeanor convictions, including convictions involving driving related offenses such as driving under the influence (DUI), reckless driving, and driving on a suspended/revoked license.
- A filing of felony criminal charges in state or federal court.
- Administrative actions regarding any professional or occupational license, including but not limited to actions involving an insurance license, real estate license, or the Financial Industry Regulatory Authority (FINRA).

- A licensee's discharge, or attempt to discharge, in a personal or organizational bankruptcy proceeding, an obligation regarding any insurance premiums or fiduciary funds owed to any company, including a premium finance company or managing general agent.
- Any admission, or judicial finding or determination, of fraud, misappropriation or conversion of funds, misrepresentation, or breach of fiduciary duty.

Consequences for Failure to Timely Report a Change in Background

Failure to timely report a change to background information may result in an enforcement action for the revocation, suspension, or restriction of a license, along with the assessment of monetary penalties. In addition, failure to report a change in background while a license application is pending with CDI may result in the denial of the application, or in the issuance of a restricted license and assessment of monetary penalties.

How to Report a Change in Background

To report background changes to CDI, use the [Background Information Disclosure Form, LIC #2557B](#). Additional information regarding background change reporting requirements, as well as the reporting disclosure form, can be found on CDI's [Background Disclosure Form](#) web page or by typing "background change" in the search box on CDI's web site at www.insurance.ca.gov.

Background changes can also be reported electronically to the [National Insurance Producer Registry](#) (NIPR). On this website, access the Attachment Warehouse for Reporting of Actions (ROA) by selecting "Reporting of Actions" under the "Attachments Documents" link. Submitting the required documents through the ROA service satisfies the background reporting requirements of Cal. Ins. Code Section 1729.2.

Documents Required for Reporting a Change to Background

The following supporting documents must be provided when reporting a change to background information: (1) a detailed statement describing the underlying events leading to the background change and the final disposition of the matter; (2) certified court documents showing the charges filed, final plea, conviction, and sentence imposed, or in situations involving administrative or disciplinary actions, documents identifying the violations alleged and the final decision on the administrative matter; and (3) any other pertinent information relative to the background change.

Specific Requirements for Business Entity Licensees/Applicants and Employees

If any of the changes in the background information involve a licensee or applicant who is listed as an endorsee on a business entity license, the licensee or applicant must also provide the notice of background change to any officer, director, or partner listed on that business entity license or application pursuant to Cal. Ins. Code Section 1729.2(a).

Additionally, Cal. Ins. Code Section 1729.2(b) requires business entity licensees/applicants to report background change information for any unlicensed person named on its business entity license or application, including any unlicensed officer, director, partner, member, or controlling person, or any other natural person named under the business entity license or the business entity license application.

For further questions about the background change reporting requirements contact CDI's Producer Licensing Background Section at (916) 492-3650.