DEPARTMENT OF INSURANCE Legal Division, Auto Compliance Bureau

45 Fremont Street, 21st Floor San Francisco, CA 94105 TEL: 415-538-4500 FAX: 415-904-5490



TO: All Licensed Vehicle Service Contract Providers

DATE: April 3, 2012

SUBJECT: Request for updated information

VIA EMAIL ONLY

Pursuant to California Insurance Code §§ 1656.1¹ and 1736.5², the Department hereby requests all licensed Vehicle Service Contract Providers to provide notification of changes in officers, directors and controlling persons.³

¹ **Ins. Code § 1656.1** "(a) Every application for a license filed by a corporation shall contain the names and addresses of all stockholders owning 10 percent or more of the corporation's stock and of all officers and directors of the corporation.

(b) Every such licensed corporation shall file a written notice with the commissioner of all changes, except address changes, of its stockholders who own 10 percent or more of the corporation's stock and of all officers and directors of the corporation.

(c) The commissioner may require the application or notice or both to also disclose additional information necessary to determine whether the applicant or licensee is in compliance with Section 1668.5.

² **Ins. Code § 1736.5** "(a) Every licensee and applicant shall promptly reply in writing to an inquiry from the commissioner relative to an application for, or the retention or renewal of, a license, or an investigation relating to a consumer complaint or a matter relating to a producer licensing background change reporting requirement under Section 1729.2. The commissioner may revoke, suspend, or refuse to issue or renew a license if the licensee or applicant does not promptly reply in writing to an inquiry from the commissioner.

(b) For purposes of this section, "promptly reply" means to provide a written response to the inquiry that is received by the commissioner no later than 21 days after the date the inquiry was mailed or otherwise communicated to the applicant or licensee.

(c) For purposes of this section, the term "licensee" and "applicant" have the same definitions as those contained in paragraph (3) of subdivision (c) of Section 1729.2, and the licenses covered by this section are the same as those covered by paragraph (1) of subdivision (c) of Section 1729.2."

³ **Ins. Code § 1668.5** "controlling person' means a person who possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the organization, whether through the ownership of voting securities, by contract other than a commercial contract for goods or nonmanagement services, or otherwise, including, but not limited to, power that is the result of an official position with or corporate office held by the person. Control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, more than 10 percent of the voting securities of the organization. This presumption may be rebutted by a showing that control does not exist in fact. The commissioner may, after furnishing all persons in interest notice and opportunity to be heard, determine that control exists in fact, notwithstanding the absence of a presumption to that effect."

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If reporting changes:

Please use form <u>LIC BED-1</u> to report any changes. In addition, please provide a notarized affidavit indicating whether the new controlling person(s) has/have suffered a misdemeanor or felony conviction; has/have been or is/are currently the subject of filing of felony criminal charges in state or federal court; an administrative action regarding a professional or occupational license; any controlling person'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; and any admission, or judicial finding or determination, of fraud, misappropriation or conversion of funds, misrepresentation, or breach of fiduciary duty.

Please send the LIC BED-1, affidavit and a copy of this letter to the address listed below.

If reporting no change:

If the information submitted within your license application remains unchanged, please provide a notarized affidavit from a controlling person so indicating.

Please send the affidavit along with a copy of this letter to the address listed below.

Address:

Producer License Bureau Department of Insurance 320 Capitol Mall Sacramento CA, 95814

Thank you.

Legal - Auto Compliance Bureau