

DEPARTMENT OF INSURANCE

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**NOTICE**

TO: All Admitted Insurers, licensed Fire and Casualty Broker-Agents and Other Interested Parties

DATE: November 24, 2010

SUBJECT: AB 2782 Important Update – Accident and Health Agent License Requirement

Background

As explained in two recent notices, Assembly Bill (AB) 2782 (Chapter 400, Statutes of 2010) will become effective on January 1, 2011. Included among the provisions of the bill is to require all individuals and business entities to hold an accident and health agent license to transact accident and health insurance. Section 1626(a)(2) of the California Insurance Code defines accident and health insurance as insurance coverage for sickness, bodily injury, or accidental death and may include benefits for disability income.

Six-Month Extension for Current Fire and Casualty Broker-Agents

Since the issuance of the two notices earlier this month, the California Department of Insurance (CDI) received several inquiries from affected licensees and insurers wanting to know who will need the accident and health agent license and also voicing concerns that there isn't enough time prior to January 1, 2011 for all of these individuals to obtain the accident and health agent license.

AB 2782 was only signed by the Governor in late September 2010 and based on the responses to our notices, it is evident that many of the affected fire and casualty broker agents are just now finding out about the new requirement. There is only about six weeks left to obtain the accident and health agent license prior to the January 1, 2011 effective date. The number of affected agents and brokers is significantly more than what was originally estimated. Consequently, CDI realizes that it may be a hardship for many of these individuals to obtain the license by this date.

As a result, the Commissioner is granting a six-month extension to current fire and casualty broker-agents in which to obtain the accident and health agent license. Fire and casualty broker-agents licensed prior to December 31, 2010 will now have until June 30, 2011 to obtain the accident and health agent license to continue to transact accident and health insurance. The extension applies to both individuals and business entities as well as to both California residents and non-residents.

However, individuals as of January 1, 2011 who are not licensed as either an accident and health agent or a fire and casualty-broker agent must obtain the accident and health agent license beginning on January 1, 2011 to be able to transact accident and health insurance.

Applying for an Accident and Health Agent license

When applying for an accident and health agent license, individual California residents currently licensed as fire and casualty broker-agents will need to complete 20 hours of prelicensing education covering accident and health insurance as well as pass a qualifying examination consisting of 75 questions. As current licensees, the fingerprinting requirement and the 12-hour training requirement on ethics and the California Insurance Code will be waived. Please access

the following website to obtain detailed information for obtaining an accident and health agent license for both California residents and non-residents and for both individuals and business entities: <http://www.insurance.ca.gov/0200-industry/0050-renew-license/0200-requirements/accident-health/index.cfm>

Questions

For further information regarding AB 2782, you may access the following link: http://www.leginfo.ca.gov/pub/09-10/bill/asm/ab_2751-2800/ab_2782_bill_20100927_chaptered.pdf. In addition, CDI is in the process of developing a frequently asked questions webpage specifically to address the accident and health agent license requirement, which will be placed on CDI's Website shortly.

For specific questions regarding this notice, please e-mail the Producer Licensing Bureau at <https://interactive.web.insurance.ca.gov/pli/servlet/InformationRequest> or call CDI's Producer Licensing Toll Free Hotline at (800) 967-9331. Please be sure to include your name, telephone number, license number and e-mail address in all correspondence with the CDI.