

DEPARTMENT OF INSURANCE

ADMINISTRATION & LICENSING SERVICES BRANCH
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SUBJECT: Legislative Changes Affecting Public Insurance Adjusters

DATE: January 2005

NOTICE TO ALL PUBLIC INSURANCE ADJUSTERS

Assembly Bill 1953 (Vargas, Chapter 600, Statutes of 2004) was signed into law on September 20, 2004. There are many elements to this bill which becomes effective January 1, 2005 that will affect Public Insurance Adjusters. The primary changes affect the current public insurance adjuster contract. The bill can be accessed at www.leginfo.ca.gov.

Among the changes promulgated by this bill are:

- The fine for acting as a public insurance adjuster without a license has been increased up to \$10,000 if the violation is not willful and up to \$25,000 if the violation is willful;
- The Public Insurance Adjuster contract will now include specified provisions, including a provision disclosing the percentage of the insured's claim, or other fee, that the public insurance adjuster will charge for his or her services, and further requires that the public insurance adjuster obtain the initials of the insured next to this provision;
- Specifies the form of the notice of cancellation to be included in the contract and allows the client to cancel the contract by midnight of the 3rd business day after signature;
- Requires a public insurance adjuster to return any payment made by the client within ten days of cancellation;
- Provides that the provisions regarding contract requirements and the notice of cancellation may not be waived;
- Expands the prohibition of a public insurance adjuster from soliciting a client for employment between 6 p.m. and 8 a.m. to include any person or entity offering, for a fee, service related to a loss-producing occurrence; and finally,
- Prohibits a public insurance adjuster from soliciting a contract of engagement until seven calendar days have elapsed since the occurrence of a disaster, as defined.

The revised contracts should be mailed to:
California Department of Insurance
320 Capitol Mall, Sacramento, CA 95814
Attention: Insurance Adjuster Unit.

For questions concerning this legislation you may contact Nicholas A. Champlin of the California Department of Insurance's Legal Division at (415) 538-4118.