



**RICARDO LARA**  
CALIFORNIA INSURANCE COMMISSIONER

## **NOTICE**

**DATE:** March 29, 2023

**TO:** All Admitted Insurers, Insurance Producers, Bail Agents, Independent and Public Adjusters, Pre-licensing Education Providers and Other Interested Parties

**SUBJECT:** Requirement to Report Changes in Background Information (Annual Reminder)

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### Reporting Requirement

California Insurance Code (Cal. Ins. Code) section 1729.2 requires all licensees and applicants to report any changes in background information to the California Department of Insurance (CDI) within 30 days of the date the licensee or applicant learns of the change in background information.

### Who is Required to Report

The reporting requirements apply to all licensees and applicants. The reporting requirements also apply to any unlicensed officer, director, partner, member, or controlling person, or any other natural person named under a business entity license or application.

**If you do not have any background changes to report, no action is required.**

### Failure to Report Background Changes

Failing to report a change in background within 30 days is grounds for discipline and may result in fines in addition to the revocation, suspension, or restriction of a license. Failing to report a change in background for a pending license application may result in the denial of the application or in the issuance of a restricted license and fines.

### Background Changes Subject to the Reporting Requirement

- Any felony and/or misdemeanor conviction, including convictions for driving under the influence (DUI), reckless driving, or 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 against an insurance and/or real estate license.
- A licensee's discharge, or attempt to discharge, in a 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.
- Any finding of liability in a civil action involving allegations of elder or dependent abuse.

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- Any finding of liability in a civil action of oppression, fraud, malice, misappropriation or conversion of funds, misrepresentation, or breach of fiduciary duty.

Citations and/or traffic violations must be reported if the citation/violation is charged as a felony or results in either a felony or misdemeanor conviction. It is the licensee/applicant's responsibility to understand the nature of any criminal charge and/or conviction and report accordingly.

### Specific Requirements for Employees of Organizational/Agency Licenses

If any of the changes in the background information involves 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).

### How to Submit Reportable Background Changes

Required reportable background changes may be submitted to CDI through:

1. the online [Background Change Disclosure Form and Instructions](#) on CDI's website; Or
2. the National Insurance Producer Registry (NIPR) (<http://www.nipr.com>) by accessing the Attachment Warehouse for Reporting of Actions (ROA) and selecting "Reporting of Actions" on the Attachment Warehouse page.

Documents submitted through the CDI's online disclosure form or the NIPR's ROA service will satisfy the Background Reporting requirements of Cal. Ins. Code section 1729.2.

### Documents Required for Reporting a Change in Background

When reporting a background change, the following supporting documents are required:

- A comprehensive statement describing the background change;
- Certified court documents showing the charges filed, final plea and sentence imposed;
- Administrative or disciplinary documents identifying the violations alleged and the final decision; and
- Any other information relative to the change.

### For Reporting Questions and Assistance

Direct questions about the background change reporting requirements to CDI's Licensing Background Bureau at (916) 492-3650.