

DEPARTMENT OF INSURANCE

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

SUBJECT: Required Reporting of Administrative Actions and Criminal Convictions

DATE: January 13, 2017

Introduction

California Insurance Code Section 1729.2 requires all licensees and applicants for licenses issued by the CDI's Producer Licensing Bureau to report any changes in 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 background change reporting requirements that went into effect on January 1, 2005 pursuant to Section 1729.2 of the California Insurance Code. It also provides general instructions for reporting a change in background to the California Department of Insurance (CDI) as well as the potential consequences for failing to timely comply with the change in background reporting requirements.

The reporting requirements apply to both California resident and non-resident licensees and applicants. Moreover, the reporting of citations and/or traffic violations is required if they are considered as felony or misdemeanor offenses. 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 in background information that must be timely reported include any of the following:

- Felony and misdemeanor convictions, including convictions for driving under the influence (DUI), reckless driving, 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 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 in background may result in 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 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, you may use the background change disclosure form available on CDI's website at www.insurance.ca.gov. The form can be obtained by selecting "Producer Background Information" under the "Agents & Brokers" link. Additional information regarding background change reporting requirements, as well as a reporting disclosure form, can be found by following the link [here](#) or by typing "background change" in the search box on CDI's homepage.

You may also report background changes electronically to the National Insurance Producer Registry (NIPR) located at <http://www.nipr.com>. On this website, you can access the Attachment Warehouse for Reporting of Actions (ROA) by selecting "Reporting of Actions" under the "Attachments Documents" link. Documents submitted through the ROA service fully satisfy the Background Reporting requirements of Section 1729.2 of the California Insurance Code. Remember, all documents must be submitted within 30 days of the background change to avoid an enforcement action to be taken on the license and/or assessment of monetary penalties.

Documents Required for Reporting a Change in Background

When reporting a background change, you must include the following supporting documents: 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 finally, any other information relative to the change.

Specific Requirements for Employees of Organizational 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 Section 1729.2(a) of the California Insurance Code.

For your convenience, a link to California Insurance Code Section 1729.2 can be found [here](#). In addition, if you have further questions about the background change reporting requirements you may contact CDI's Licensing Background phone number at (916) 492-3650.