



March 10, 2023

The Honorable Lisa Calderon, Chair  
Assembly Committee on Insurance  
1020 N Street, Room 4650  
Sacramento, California 95814

**SUBJECT: AB 1578 (Valencia) Insurance: License Numbers – SPONSOR/SUPPORT**

Dear Chairwoman Calderon,

The National Association of Insurance and Financial Advisors of California (NAIFA-California), and the Independent Insurance Agents and Brokers of California (IIABCal) are pleased to support AB 1578 by Assemblymember Valencia. The bill would clarify the language that was in SB 1242 to simply require an individual licensee to include their individual license number on emails sent by them individually and to require agency license numbers to be included on emails that are sent by the insurance agency.

In 1995, the Legislature added Insurance Code §1725.5 (effective in 1997) to require various types of insurance licensees to print their license numbers on business cards, written price quotations for insurance products, and print advertisements distributed exclusively in this state for insurance products. The measure was proposed by the California Department of Insurance (CDI) so that consumers could check the license status of licensees transacting insurance. Our organizations supported the original bill and future efforts to modernize the law.

Last year, the CDI sponsored their annual omnibus bill (SB 1242) to help modernize the law since, in 1995, the use of emails to transact insurance was rare but is a common practice today. According to the CDI when proposing the modernization language to our organizations, the “proposal would modernize this section by also requiring specified licensees to include their license numbers on emails involving insurance products or services so that consumers can identify who they are communicating with and confirm that the person maintains an active license with CDI.” Our organizations supported SB 1242 and its stated intent.

On November 14, 2022, the CDI issued a notice to help assist licensees with complying with the new law. Unfortunately, the notice unveiled a misunderstanding as to which license number needs to be included on the email. The CDI is interpreting the language in SB 1242 to require licensees to include both their individual agent license number and agency license number if the agency name is also included on the email. This interpretation and requirement are inconsistent with the printed document requirement.

NAIFA-California and IIABCal support the simple clarification in AB 1578. It is duplicative to include both license numbers since the agency number will simply result in the consumer needing to click on the individual’s license number to see if the licensee is in good standing.

For these reasons, we urge an “aye” vote when it is heard in Assembly Insurance Committee.

Sincerely,

Handwritten signature of Shari McHugh in blue ink.

Shari McHugh  
Legislative Advocate  
NAIFA-California

Handwritten signature of John Norwood in blue ink.

John Norwood  
Legislative Advocate  
IIABCal