TO: ALL REGISTERED COMPANIES AND BRANCH OFFICES

Senate Bill (SB) 662, Chapter 218, Statues of 2013, was approved by the Governor and becomes effective January 1, 2014.

SB 662 amends sections 8690, 8961, 8962, 8693, 8697 and 8697.3 of the Business and Professions Code by increasing the minimum amount of insurance and bond coverage required to be maintained by a registered company. The new minimums for registered companies will be $500,000 for insurance and $12,500 for bonds. A certificate of deposit, in lieu of the insurance and/or bonds, will no longer satisfy the insurance and/or bonding requirement.

Registered companies currently with insurance coverage less than $500,000 and/or bonds of less than $12,500 will be required to submit proof of coverage to the Structural Pest Control Board no later than July 1, 2014. Registered companies with a certificate of deposit, in lieu of the minimum insurance and/or bonds, will also be required to submit proof of obtainment of the new minimum requirements by the date above.

Registered companies whose minimum insurance and bonds already meet the new requirements are in compliance and do not need to submit anything to the Board.

Attached are the amendments to 8690, 8961, 8962, 8693, 8697 and 8697.3 of the Business and Professions Code with strikethrough text indicating old language and the underlined text indicating new language.

If you have any questions, please call the Board’s Licensing Unit at (916) 561-8704.
8690. The board shall not issue any company registration under this chapter unless the applicant shall have filed with the board on a form prescribed by the board written evidence of an insurance policy approved by the board or a bond as specified in this article, being in effect at the time of the issuance of the company registration. This written evidence shall include a provision that the board shall be given a 10-day notice by the insurance company or bonding company should the policy or bond be canceled or changed during the policy or bond period in a manner as to affect the written evidence. Another method of deposit, including a certificate of deposit, or other undertaking shall not satisfy this requirement.

8691. No A registered company shall not engage in any of the practices for which it is required to be registered by this chapter unless it maintains such an insurance policy or bond as specified in this article.

8692. (a) An "insurance policy" as used in this article means a contract of liability insurance issued by an insurance company authorized to transact business in this state or one issued by a nonadmitted carrier whose activities in this state are controlled by the Surplus Line Association, which insures the policyholder against loss from legal liability for damages on property upon which work is being performed or has been completed, including third-party losses, as a result of an accident or occurrence due to participation in any control, prevention, or repair activities which require a license under this chapter. The insurance policy shall provide minimum limits of twenty-five hundred thousand dollars ($25,000) ($500,000) for any one loss due to bodily injury, sickness or disease, including death at any time resulting therefrom, sustained by any person or persons, and twenty-five hundred thousand dollars ($25,000) ($500,000) minimum for any one loss due to injury or destruction of property, including the loss of use thereof, of the property.

(b) This section shall not be construed to require errors and omissions insurance for all activities relating to or during inspections, inspection reports, recommendations, estimates, and bids, whether oral or written.

8693. In lieu of the insurance policy specified in this article an applicant for a company registration may file with the board a bond executed by an admitted surety insurer in the penalty of twenty-five thousand dollars ($25,000) with the State of California as obligee.

8697. Each company registered under the provisions of this chapter shall maintain a bond executed by an admitted surety insurer in the amount of four twelve thousand dollars ($4,000), five hundred dollars ($12,500). Another method of deposit, including a certificate of deposit, or other undertaking shall not satisfy this requirement.
8697.3. (a) If, after a hearing conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, a license or company registration is suspended or revoked upon the grounds set forth in Article 7 (commencing with Section 8620) of this chapter, the registrar shall require the applicant, licensee, or registered company, as a condition to the issuance, reissuance, or restoration of the license or company registration, to file a surety bond in the sum to be determined by the registrar based upon the seriousness of the violation, but which sum shall not be less than one thousand dollars ($1,000) nor more than twenty-five thousand dollars ($25,000).

(b) The bond required by this section shall be in addition to the bond required by Section 8697 of this article.

(c) Each applicant, licensee, or registered company required to maintain a bond of the type provided in this section shall post such bond with the registrar for a period of at least two years and during such additional time as there may be unsatisfied claims outstanding against the same.

8697.5. Such bonds as are required by this article shall be in addition to any bond which may be maintained pursuant to the provisions of Article 9 (commencing with Section 8690) of this chapter.

SEC. 8. No reimbursement is required by this act pursuant to Section 6 of Article XIIIB of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIIIB of the California Constitution.