refusing to issue such a policy of insurance based solely on the age of the automobile. This bill is pending in the Senate Committee on Insurance, Claims and Corporations.

AB 1205 (Waters) would have created the California Insurance Commission, but died in committee.

AB 1190 (Waters) would have removed the current exemption from antitrust laws enjoyed by the insurance industry and created a no-fault insurance program called the California Motor Vehicle Reparations Act. The bill died in committee.

AB 2220 (Waters) contained a ban against discriminatory underwriting policies by insurers, and would have authorized increased penalties for insurance fraud. It died in committee.

AB 2787 (Waters). Existing law does not require health care service plans and other group insurance programs to offer treatment for infertility. This bill would require that infertility treatment be offered. The bill has been referred to the Assembly Finance and Insurance Committee.

AB 2900 (Johnston). Current law prohibits the use of AIDS blood tests for the determination of insurability. This bill would remove that prohibition, and authorize health care service plans, nonprofit hospital service plans, and life and disability insurers to establish mandatory and uniform minimum requirements for assessing AIDS risk for purposes of determining insurability. It would become operative only if AB 600 is enacted and becomes operative on or before January 1, 1989. This bill also indefinitely extends the Insurance Information and Privacy Protection Act, which governs the collection, use, and disclosure of information gathered in connection with insurance transactions. The bill is pending in the Assembly Committee on Finance and Insurance.

AB 600 (Isenberg), as amended February 29, would establish the California Catastrophic Health Insurance Program, which would provide health insurance to residents of the state who are not otherwise able to obtain health insurance. The bill would establish standards for the scope of coverage, rate limitations, and subscriber eligibility and enrollment.

AB 2845 (Calderon) would establish a no-fault automobile insurance program. It also includes public hearings and prior state approval of auto insurance rates. AB 2845 is pending in the Assembly Committee on Finance and Insurance.

AB 3421 (McClintock) would authorize AIDS blood testing for determination of insurability. AB 3421 is also pending in the Assembly Committee on Finance and Insurance.

AB 3798 (Floyd) would require the state to publish a comparison of insurance rates. This bill is pending in the Assembly Committee on Finance and Insurance.

AB 3683 (Frazee) would require insurance companies to reduce premiums for drivers between 18 and 25 years of age who have successfully completed a driving improvement course. AB 3683 is pending in the Assembly Committee on Finance and Insurance.

AB 4036 (Mojonnier) would end the prohibition against using AIDS to determine a person's insurability. This bill is pending in the Assembly Finance and Insurance Committee.

AB 4460 (Connelly) would require the Insurance Commissioner to consider specified factors in determining whether a reasonable degree of competition exists within certain lines of insurance. This bill would, on and after January 1, 1989, prohibit insurers from using any rate unless the insurer has made a filing with the Department with respect to that rate. Insurers would be required to make a filing for any change in rate; if the change exceeds applicable percentage amounts, it would be required to be approved by the Commissioner, based on specified criteria. The Commissioner would be authorized to hold public hearings concerning those changes. AB 4460 is pending in the Assembly Finance and Insurance Committee.

AB 4317 (Connelly) is very similar to AB 1108 (Connelly), which was vetoed by the Governor last September. AB 4317 would establish standards for insurance policies which supplement Medicare benefits (also known as "medigap" insurance). The bill would require medigap policies to contain a notice that purchasers have a thirty-day examination period during which they may return the policy. The bill would require other specified disclosures in medigap policies; set minimum loss ratios for medigap policies; and require insurers to annually file those loss ratios. AB 4317 is pending in the Assembly Finance and Insurance Committee. (For a comprehensive discussion of medigap insurance issues, see CRLR Vol. 7, No. 1 (Winter 1987) p. 1.)

LITIGATION:

On February 16, the Commissioner announced that a settlement had been reached with the Hartford Group. The Department of Insurance had initiated an administrative proceeding against seven companies in the group.

Under the settlement, Hartford agreed to pay a $70,000 fine and to adopt internal procedures to eliminate Department concerns over its ratemaking practices for individual insurance policies. The Department's concerns arose last year in the course of a routine examination of commercial insurers' rating policies. The proceedings by the Department began in October 1987, when the companies were called to a hearing for non-compliance with California regulations.


FUTURE MEETINGS:

To be announced.
for salespersons and 53% for brokers. License fees for salesperson and broker are $120 and $165, respectively. Original licensees are fingerprinted and license renewal is required every four years.

In sales or leases of certain subdivisions, the Department protects the public by requiring that a prospective buyer be given a copy of the “public report.” The report contains various disclosure statements relating to title, encumbrances and similar information. Recent legislation mandates that a purchaser be given the latest financial report for the project in addition to governing instruments and disclosure of any delinquent assessments. The commissioner will not issue the public report if the subdivider fails to comply with any provision of subdivision law.

The Department publishes three major publications. The Real Estate Bulletin is circulated quarterly as an educational service to all real estate licensees. It contains legislative and regulatory changes, comments and advice. In addition, it lists names of licensees against whom disciplinary action, such as license revocation or suspension, is pending. Funding for the Bulletin is supplied from a $2 share of license renewal fees. The paper is mailed to valid license holders.

Two industry handbooks are published by the Department. Real Estate Law provides relevant portions of codes affecting real estate practice. The Reference Book is an overview of real estate licensing, examination, requirements and practice. Both books are frequently revised and supplemented as needed. Each book sells for $10.

The California Association of Realtors (CAR), the industry's trade association, is the largest such organization in the state. Approximately 105,000 licensed agents are members. CAR is often the sponsor of legislation affecting the Department of Real Estate. The four public meetings required to be held by the Real Estate Advisory Commission are usually on the same day and in the same location as CAR meetings.

MAJOR PROJECTS:

Real Estate Specialists. Commissioner James A. Edmonds, Jr., has expressed concern about real estate licensees who hold themselves out as a specialist in an area in which they have no training or experience.

Presently, California law does not require a real estate licensee to have any special training or education in those areas of the real estate profession which are considered to be specialized. Under the present requirements, a real estate licensee may be licensed by the DRE to commence business in a specialized field after the licensee has passed a license examination administered by the DRE, submitted a check to the Department, and received a license.

Commissioner Edmonds recommends that there be some form of prerequisite training and education for those specialized areas in which the licensee desires to conduct business. Commissioner Edmonds also suggests that real estate salespeople who have just received their licenses should not affiliate with a real estate broker and then immediately advertise themselves as a specialist in any brochure, Yellow Pages, or newspaper, without adequate experience and/or training in the subject area.

Finally, Commissioner Edmonds recommends the adoption of a license endorsement procedure whereby an endorsement is issued to the real estate licensee's license after certain prerequisites have been met. These endorsements would identify the licensee's area(s) of specialized knowledge.

Real Estate Law has occurred. Investigations may result in certain penalties as specified by law, or in the issuance of desist and refrain orders. These orders are issued to prohibit certain conduct, such as prohibiting the sale of lots in a subdivision if the investigation indicates that there is fraud or misrepresentation in connection with the sales. The DRE will also issue a desist and refrain order to an unlicensed person who is conducting activities requiring a real estate license.

A major support unit to the Regulatory Program is the DRE's Audit Division. The main function of the Audit Division is to conduct audit examinations of the books and records of licensees to determine whether trust monies are being properly handled. The DRE assigned 4,785 complaints for investigation during fiscal year 1986-87. In that period, the DRE denied, suspended, or revoked 608 licenses and issued 242 desist and refrain orders.

LEGISLATION:

AB 3027 (Lancaster) would change the fees for real estate brokers and salespersons to an unspecified amount. This bill is pending in the Assembly Committee on Governmental Efficiency and Consumer Protection.

AB 3114 (Lancaster) would repeal the prohibition on commercial banks from lending in the aggregate an amount in excess of 70% of the amount of its savings and other time deposits upon the security of real property in addition to specified loans guaranteed by the
DEPARTMENT OF SAVINGS AND LOAN
Commissioner: William J. Crawford
(415) 557-3666
(213) 736-2798
The Department of Savings and Loan (DSL) is headed by a commissioner who has "general supervision over all associations, savings and loan holding companies, service corporations, and other persons" (Financial Code section 8050). DSL holds no regularly scheduled meetings, except when required by the Administrative Procedure Act. The Savings and Loan Association Law is in sections 5000 through 9001 of the California Financial Code. Departmental regulations are in Title 10, Chapter 2, of the California Administrative Code.

MAJOR PROJECTS:
Notice of Proposed Changes. The Savings and Loan Commissioner has published the Department's intent to amend regulations in Title 10, Chapter 2, Subchapter 4, Article 3, entitled Appraiser Classifications and Qualifications. Amendments to Subchapter 4, Article 3 update obsolete regulations in order to comply with amended section 7500 of the Financial Code (Savings Association Law). Section 7500 of the Financial Code prohibits an association from investing in real property or a real estate loan until a written appraisal report, prepared at the request of the association or its agent, has been submitted to the association by a person meeting the qualification standards for an appraiser as set forth in DSL's regulations (Title 10, Chapter 2 of the California Code of Regulations). The person must be appointed and qualified as an appraiser by the board of directors of the association prior to a commitment to disburse.

The amended regulations by section include the following: section 104.300 would set forth the new provisions required to appoint an appraiser. Section 104.301 would correct regulatory and statutory references. Section 104.302 would set forth the qualifications for the Appraiser I classification, and would upgrade the education requirement from the possession of a high school diploma to graduation from a junior college or completion of an equivalent number of course units from an accredited four-year college, university, or extension program. Section 104.304 would set forth the qualifications for an Appraiser II and qualification criterion of six months' full-time experience as an Appraiser I. Currently, an Appraiser II is qualified based on three months' full-time experience as an Appraiser I and completion of certain specified coursework, or one year of appraisal experience as a staff or fee appraiser.

Section 104.305 would be amended to provide current regulatory and statutory references related to an Appraiser III; section 104.306 would delete reference to the American Savings and Loan Institute and authorize the Institute of Financial Education or other entity to conduct instruction approved by the Commissioner. As amended, section 104.307 would provide current regulatory and statutory references with no regulatory change; section 104.308 would clarify the qualifications for an Appraiser IV, which requires designation as a member of a professional appraiser society as an appraiser qualified to appraise all types of real property. Section 104.309 would clarify the process of approval of persons meeting the qualifications set forth in the Article. Finally, sections 104.311, 104.312, and 104.313 would be renumbered. (See CRLR Vol. 7, No. 3 (Summer 1987) p. 105 and Vol. 7, No. 2 (Spring 1987) p. 81 for background information.)

The comment period on these proposed regulations closed on March 28.

Appraisers' Inspections of Property. The Department has issued a warning that the use of exterior-only inspections to appraise property for general loan purposes is an unacceptable practice. Commissioner Crawford stated that "incomplete information about the major physical characteristics of a property preclude an accurate appraisal." The Commissioner has declared this practice a clear violation of section 7500 of the Financial Code and section 107.102(a) of DSL's regulations, which requires a fully documented appraisal report, and section 104.313, which requires a certification from the approved appraiser that he/she had made a physical inspection of the property.

The Commissioner urges management of each association to review the property inspection practices of its appraisers to assure compliance with the association's policies and regulatory requirements.

Notice of Proposed Changes. In April 1987, the Assembly passed a resolution requesting the DSL to promulgate and adopt regulations for the purpose of administering section 6521, Division 2 of the California Financial Code. As amended in 1985, section 6521 provides that an association or service corporation may act as an independent escrow