

**Introduced by Committee on Banking, Finance and Insurance
(Senators Calderon (Chair), Cogdill, Correa, Cox, Florez, Kehoe,
Liu, Lowenthal, Padilla, Price, and Runner)**

February 19, 2010

An act to amend Section 10127.7 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1405, as introduced, Committee on Banking, Finance and Insurance. Life insurance: premium refunds.

Existing law requires that life insurance policies with a face value of less than \$10,000, issued after July 1, 1974, contain a notice permitting the return of the policy within a period of time designated in the notice, which may not be less than 10 or more than 30 days. If the insured cancels the policy within the given time period, all premiums paid and any policy fee paid for the policy are required to be refunded to the owner.

This bill would require that the refund be given within 30 days from the date that the insurer is notified that the insured has canceled the policy.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 10127.7 of the Insurance Code is
- 2 amended to read:
- 3 10127.7. Every policy of individual life insurance with a face
- 4 value of less than ten thousand dollars (\$10,000) which is delivered

1 or issued for delivery in this state on and after July 1, 1974, shall
2 have printed thereon or attached thereto a notice stating that, after
3 receipt of the policy by the owner, the policy may be returned by
4 the owner for cancellation by delivering it or mailing it to the
5 insurer or to the agent through whom it was purchased. The period
6 of time set forth by the insurer for return of the policy by the
7 insured shall be clearly stated on the notice and this period shall
8 be not less than 10 days nor more than 30 days. The insured may
9 return the policy to the insurer at any time during the period
10 specified in the notice. This delivery or mailing of the policy by
11 the owner shall void the policy from the beginning, and the parties
12 shall be in the same position as if no policy or contract had been
13 issued. All premiums paid and any policy fee paid for the policy
14 shall be refunded to the owner *within 30 days from the date that*
15 *the insurer is notified that the insured has canceled the policy.*

16 This section applies to all policies issued, amended, or delivered
17 in this state on or after January 1, 1981, but prior to January 1,
18 1990, and applies to any renewal thereof. All policies subject to
19 this section which are in effect on January 1, 1981, shall be
20 construed to be in compliance with this section, and any provision
21 in such a policy which is in conflict with this section shall be of
22 no force or effect.

23 This section does not apply to individual life insurance policies
24 issued in connection with a credit transaction or issued under a
25 contractual policy change or conversion privilege provision
26 contained in a policy.