

**Assembly Bill No. 793**

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Passed the Assembly May 12, 2011

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*Chief Clerk of the Assembly*

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Passed the Senate August 18, 2011

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2011, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to add Section 785.1 to the Insurance Code, relating to insurance producers.

## LEGISLATIVE COUNSEL'S DIGEST

AB 793, Eng. Insurance producers: reverse mortgages.

Existing law provides that all insurers, brokers, agents, and others engaged in the transaction of insurance owe a prospective insured who is 65 years of age or older, a duty of honesty, good faith, and fair dealing. This duty is in addition to any other duty, whether express or implied, that may exist.

This bill would prohibit an insurance broker or agent from participating in, being associated with, or employing any party that participates in or is associated with, the origination of a reverse mortgage, except as provided. The bill would also prohibit, with exceptions, individuals transacting insurance from receiving compensation, commission, or direct incentive for providing reverse mortgage borrowers with a noncasualty insurance product that is connected to or a result of the reverse mortgage.

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

SECTION 1. Section 785.1 is added to the Insurance Code, to read:

785.1. (a) (1) An insurance broker or agent shall not participate in, be associated with, or employ any party that participates in, or is associated with, the origination of a reverse mortgage, unless the insurance agent or broker maintains procedural safeguards designed to ensure that the agent or broker transacting insurance has no direct financial incentive to refer the policyholder or prospective policyholder to a reverse mortgage lender.

(2) Except as provided in subdivision (b), individuals transacting insurance shall not receive compensation, commission, or direct incentive for providing reverse mortgage borrowers with a noncasualty insurance product that is connected to or a result of the reverse mortgage.

(b) This section does not prevent an agent or broker from offering title insurance, hazard, flood, or other peril insurance, or other similar products that are customary and normal under a reverse mortgage loan.

Approved \_\_\_\_\_, 2011

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*Governor*