

AMENDED IN SENATE JULY 5, 2012  
AMENDED IN SENATE JUNE 21, 2012  
AMENDED IN ASSEMBLY MAY 25, 2012  
AMENDED IN ASSEMBLY MAY 3, 2012  
AMENDED IN ASSEMBLY APRIL 12, 2012  
CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2084**

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**Introduced by Assembly Member Solorio**

February 23, 2012

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An act to amend Sections 10270, 10270.2, and 10270.3 of, and to add Section 10270.2.5 to, the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2084, as amended, Solorio. Blanket insurance.

Existing law provides that blanket insurance is that form of insurance providing coverage for specified circumstances and insuring by describing all persons within a class of persons defined in a policy issued to a master policyholder, and not by specifically naming the persons covered. Under existing law, the permitted types of blanket insurance are those where the blanket policy is issued to specified entities, including, but not limited to, a volunteer fire company providing benefits to members only in the event of accident incurred while performing actions incident to such membership and a proprietor or sponsor of an organized camping institution providing benefits to campers or persons responsible for their support for death or dismemberment resulting from accident, or for hospital, medical,

surgical, or nursing expenses resulting from accident or sickness related to the camper's specified connection with the camping institution.

This bill would revise and recast those above entities to instead include (1) a volunteer or governmental fire department, emergency medical services company, or similar volunteer or governmental organization providing benefits to members or participants only in the event of accident incurred while performing actions incident to an activity or operation sponsored or supervised by the department, company, or organization and (2) a sports team or camp, as specified, providing benefits to participants, campers, and other specified persons responsible for their support for death or dismemberment resulting from accident, or for hospital, medical, surgical, or nursing expenses resulting from specified accident or sickness related to the participants, campers, or other specified person's connection with the sports team or camp, as specified.

This bill would additionally specify other permitted types of blanket insurance, providing specified benefits, issued to specified entities that include, but are not limited to, (1) an employer providing accident benefits to any group of workers, dependents, or guests, limited by reference to specified hazards incident to activities or operations of the employer, (2) any common carrier or any operator, owner, or lessor of a means of transportation providing accident benefits to any specified group of persons who may become lessees or passengers limited by reference to travel status, and (3) an entertainment production company providing accident benefits to any group of participants, volunteers, audience members, contestants, or workers while engaged in any activity or operation of the entertainment production company. The bill would authorize the person insured, when the premium is paid for these types of blanket insurance, to request a copy of the policy from the insurer.

Existing law prohibits a person from transacting any class of insurance business in this state without first being an admitted insurer. Under existing law, admission is secured by procuring a certificate of authority from the Insurance Commissioner. Existing law authorizes the above-described blanket policies, among others, to provide that the cost of the insurance coverage is required to be paid by either the policyholder, or the individuals insured or their parents or guardians, payable through the policyholder. Existing law prohibits a blanket policy from being issued until approved as to substance and form by the commissioner.

This bill would extend these provisions to the newly established permitted types of blanket insurance described above. The bill would require an insurer who intends to issue a policy according to these revised provisions to ~~submit file~~, prior to issuance, any new language in that policy ~~to~~ *with* the commissioner for approval. The bill would also authorize the commissioner to add to the list of entities that may be eligible to purchase blanket insurance for any risk or class of risks, relating to accident benefits, as defined, which may be properly eligible for blanket insurance. The bill would require the commissioner to issue and post on the commission’s Internet Web site a letter order, as specified, each time the commissioner exercises his or her discretion to add an entity to the list of entities eligible to purchase blanket insurance, *and would authorize the commissioner to withdraw the issuance of a letter order in accordance with a prescribed process.*

The bill would make additional conforming, nonsubstantive changes.

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

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

1 SECTION 1. Section 10270 of the Insurance Code is amended  
 2 to read:  
 3 10270. (a) This chapter shall not apply to workmen’s  
 4 compensation insurance ~~nor~~, any policy of liability insurance with  
 5 or without supplementary coverage ~~therein, nor~~, or any policy or  
 6 contract of reinsurance.  
 7 (b) This chapter shall apply to selected group disability insurance  
 8 as defined in Section 10270.97, except insofar as it is exempted  
 9 from Section 10401.  
 10 (c) This chapter shall apply to each of the types of insurance  
 11 enumerated in this subdivision ~~which that~~ insure more than one  
 12 person, except to the extent ~~each such that~~ the type of insurance  
 13 may be exempted from compliance with particular portions of this  
 14 chapter by the provisions of this chapter relating to ~~each such that~~  
 15 type of insurance.  
 16 ~~Such~~  
 17 *The types of insurance ~~which that~~ insure more than one person*  
 18 *and ~~which that~~ are hereby exempted from subdivision (c) of Section*  
 19 ~~10310~~, subdivision (c) of Section 10320 (but family expense

1 disability insurance only to the extent therein provided), and  
2 Section 10401 (but only to the extent in this chapter provided) are:

3 (1) Blanket insurance, as defined in subdivision (a) of Section  
4 10270.2.

5 (2) Tuition refund insurance, as defined in Section 10270.1.

6 (3) Group disability insurance, as defined in Sections 10270.5,  
7 10270.505, and 10270.57.

8 (4) Family expense disability insurance, as defined in Section  
9 10270.7.

10 (5) Unemployment compensation disability insurance, as defined  
11 in paragraph (6) of subdivision (a) of Section 10270.2.

12 SEC. 2. Section 10270.2 of the Insurance Code is amended to  
13 read:

14 10270.2. (a) Blanket insurance is that form of insurance  
15 providing coverage for specified circumstances and insuring by  
16 description all or nearly all persons within a class of persons  
17 defined in a policy issued to a master policyholder, and not by  
18 specifically naming the persons covered—~~by, by certificate or~~  
19 otherwise, although a statement of the coverage provided may be  
20 given, or required by the policy to be given, to *eligible* persons  
21 ~~eligible~~). The permitted types of blanket insurance are those where  
22 the blanket policy is issued to any of the following:

23 (1) A volunteer or governmental fire department, emergency  
24 medical services company, or similar volunteer or governmental  
25 organization providing benefits to members or participants only  
26 in the event of accident incurred while performing actions incident  
27 to an activity or operation sponsored or supervised by the  
28 department, company, or organization.

29 (2) A college, school, or other institution of learning, a school  
30 district or districts or school jurisdictional unit, or to the head,  
31 principal, or governing board of ~~any such~~ *an* educational unit who  
32 or which shall be deemed the policyholder; providing benefits to  
33 students without necessarily any restriction as to activity, time, or  
34 place, or to teachers or employees while performing actions  
35 incident to special duties, such as at camps, at summer playgrounds,  
36 or during tours or excursions; and providing benefits to ~~such~~  
37 students, teachers, or employees, and spouses and dependents of  
38 ~~such~~ students, teachers, and employees, for death or  
39 dismemberment resulting from accident, or for hospital, medical,

1 surgical, drug, or nursing expenses resulting from accident or  
2 sickness.

3 (3) A sports team, camp, or sponsor, or proprietor thereof, who  
4 shall be deemed the policyholder, providing benefits to sports team  
5 participants, campers, employees, officials, supervisors, or persons  
6 responsible for their support, for death or dismemberment resulting  
7 from accident; or for hospital, medical, surgical, or nursing  
8 expenses resulting from accident, to those participants, campers,  
9 employees, officials, supervisors, or persons responsible for their  
10 support, or arising out of sickness of those participants, campers,  
11 employees, officials, supervisors, or persons responsible for their  
12 support, provided the accident or the first manifestation of ~~such~~  
13 sickness occurs while those participants, campers, employees,  
14 officials, supervisors, or persons responsible for their support are  
15 in or on the buildings or premises of the sports team or camp, or  
16 being transported between their homes and the sports team or  
17 camp, or while at any other place as an incident to sports team- or  
18 camp-sponsored activities or while being transported to, from, or  
19 between those places.

20 (4) (A) A newspaper, farm paper, magazine, or other periodical  
21 publication, which shall be deemed the policyholder, providing  
22 benefits for independent contractors, such as carriers, newsboys,  
23 dealers, distributors, wholesalers, or others engaged in the sale,  
24 distribution, collecting for, or other activities pertaining to the  
25 marketing and delivery of ~~such publications~~ *the publication*,  
26 including attendance at a coaching school or participation as a  
27 member of a trip organized, supervised, and sponsored as a reward  
28 for meritorious service, on account of loss resulting from accident  
29 or sickness, ~~such the~~ benefit to be payable to ~~such the~~ independent  
30 contractors or to their parents, guardians, or other persons  
31 responsible for their support.

32 ~~When~~

33 (B) *When* the premium for the insurance is paid by the person  
34 insured, he or she may, upon request, obtain from the insurer in  
35 certificate form a copy of the policy.

36 (5) Any religious, charitable, recreational, educational, athletic,  
37 or civic organization, or branch thereof, which shall be deemed  
38 the policyholder, providing benefits to any group of members,  
39 employees, or participants for death or dismemberment or for  
40 hospital, medical, surgical, or nursing expenses ~~all~~ resulting from

1 accident incurred incident to specific hazards pertaining to any  
2 activity or activities or operations sponsored or supervised by, or  
3 on the premises of ~~such~~, *the* policyholder.

4 (6) An employer, a majority of the employees in this state of  
5 an employer, or both, upon application, to pay the benefits afforded  
6 by a voluntary plan of unemployment compensation disability  
7 insurance. Notwithstanding the provisions of Section 10113, ~~such~~  
8 ~~policies~~ *the policy* may incorporate by reference any of the  
9 appropriate provisions of Part 2 (commencing with Section 2601)  
10 of Division 1 of the Unemployment Insurance Code and the  
11 authorized regulations of the Director of Employment  
12 Development.

13 (7) An employer, who shall be deemed the policyholder,  
14 providing benefits to any group of workers, dependents, or guests,  
15 limited by reference to specified hazards incident to activities or  
16 operations of the policyholder, for death or dismemberment, or  
17 for hospital, medical, surgical, or nursing expenses, resulting from  
18 accident. When the premium for the insurance is paid by the person  
19 insured, he or she may, upon request, obtain from the insurer in  
20 certificate form a copy of the policy.

21 (8) Any common carrier or any operator, owner, or lessor of a  
22 means of transportation, who shall be deemed the policyholder,  
23 providing benefits to any group of persons who may become  
24 lessees or passengers, limited by reference to their travel status on  
25 that common carrier or that means of transportation, for death or  
26 dismemberment, or for hospital, medical, surgical, or nursing  
27 expenses, resulting from accident. When the premium for the  
28 insurance is paid by the person insured, he or she may, upon  
29 request, obtain from the insurer in certificate form a copy of the  
30 policy.

31 (9) An entertainment production company, who shall be deemed  
32 the policyholder, providing benefits to any group of participants,  
33 volunteers, audience members, contestants, or workers for death  
34 or dismemberment, or for hospital, medical, surgical, or nursing  
35 expenses, resulting from accident while engaged in any activity  
36 or operation of the policyholder. When the premium for the  
37 insurance is paid by the person insured, he or she may, upon  
38 request, obtain from the insurer in certificate form a copy of the  
39 policy.

1 (b) A “blanket policy” is any disability policy of the nature  
2 herein described sold to any of the entities described in paragraphs  
3 (1) to (9), inclusive, of subdivision (a) ~~and providing that provides~~  
4 coverage for any group of persons within permitted categories  
5 defined in the policy. Policies referred to in paragraph (6) of  
6 subdivision (a) shall comply with the provisions of this section  
7 specifically referring thereto. Policies referred to in paragraphs (1)  
8 to (5), inclusive, or (7) to (9), inclusive, of subdivision (a) may  
9 provide that the cost of the insurance coverage shall be borne by  
10 either the policyholder, or the individuals insured or their parents  
11 or guardians, payable through the policyholder. In the absence of  
12 a policy provision excluding coverage for otherwise covered  
13 individuals who have not individually enrolled with the  
14 policyholder and undertaken to pay all or a specified portion of  
15 the premium allocable to ~~such the individual, such the~~ policy shall  
16 provide the described insurance for all who fall within the  
17 categories of covered individuals defined in the policy. ~~Such The~~  
18 policy may, but is not required to, contain provisions requiring a  
19 minimum number of participating persons or a minimum  
20 percentage of participation before the policy is effective. In the  
21 absence of such a provision, coverage shall not be denied any  
22 individual otherwise eligible on those grounds.

23 (c) ~~No policies—~~A policy described in paragraphs (1) to (5),  
24 inclusive, or (7) to (9), inclusive, of subdivision (a) shall *not* be  
25 issued until approved as to substance and form by the  
26 commissioner. The commissioner may, after notice and hearing,  
27 promulgate ~~such~~ reasonable rules and regulations; relating to the  
28 substance, form, and issuance of ~~such the~~ policies, ~~as that~~ are  
29 necessary or desirable to preserve, insofar as applicable, standards  
30 ~~as respects~~ of substance, form, and issuance comparable to the  
31 standards ~~in such respects~~ prescribed by this chapter ~~and that are~~  
32 applicable to other types of disability policies, and to further the  
33 ~~purpose or purposes for which such the~~ policies are to be issued.

34 (d) ~~No policies—~~A policy described in paragraph (6) of  
35 subdivision (a) shall *not* be issued until approved as to form by  
36 the commissioner. The commissioner may, after notice and hearing,  
37 promulgate ~~such~~ reasonable rules and regulations; relating to the  
38 form and issuance of ~~such the~~ policies, ~~as that~~ do not affect the  
39 substance of the coverage, and ~~as that~~ are necessary or desirable  
40 to preserve, insofar as applicable, standards ~~as respects~~ of form

1 and issuance comparable to the standards ~~in such respects~~  
2 prescribed by this chapter ~~and that are~~ applicable to other types  
3 of disability policies, and to further the ~~purpose or~~ purposes for  
4 which ~~such the~~ policies are to be issued. Notwithstanding the  
5 provisions of Section 10113, ~~such policies~~ *the policy* may  
6 incorporate by reference any of the appropriate provisions of Part  
7 2 (commencing with Section 2601) of Division 1 of the  
8 Unemployment Insurance Code and the authorized regulations of  
9 the Director of Employment Development.

10 (e) ~~No policies~~ *A policy* described in this section shall *not*  
11 constitute workers' compensation insurance, as defined in Section  
12 109. ~~No policies~~ *A policy* described in paragraphs (3), (5), (7), (8),  
13 or (9) of subdivision (a) shall *not* be marketed or sold as a substitute  
14 for health insurance coverage compliant with the requirements of  
15 the federal Patient Protection and Affordable Care Act (Public  
16 Law 111-148), as amended by the Health Care and Education  
17 Reconciliation Act of 2010 (Public Law 111-152).

18 (f) (1) An insurer that intends to issue a policy of blanket  
19 insurance authorized by the amendments to this section pursuant  
20 to the act adding this subdivision, or authorized pursuant to section  
21 10270.2.5, using a policy form previously approved by the  
22 commissioner, where the only new language in the policy is the  
23 specification of the policyholder, covered persons, or the hazards  
24 or activities insured, shall ~~submit file~~ *file* that new language ~~to with~~  
25 the commissioner prior to issuance of the policy. Submissions of  
26 documents containing variable text or blanks shall include complete  
27 lists of the variable wording or accurate descriptions of the material  
28 to be inserted in lieu of the variable wording or in the blanks of  
29 these documents.

30 (2) A policy using the new language shall not be issued until  
31 either 30 days expires without notice from the commissioner after  
32 the new language is filed, or the commissioner gives his or her  
33 written approval prior to that time. If the commissioner at any time  
34 notifies the insurer, in writing and specifying the reasons for his  
35 or her opinion, that the filed new language does not comply with  
36 the requirements of law, ~~an~~ *the* insurer shall not issue any policy  
37 containing that language.

38 (3) Nothing in this subdivision shall be construed to provide  
39 separate authority for the commissioner to reopen review of  
40 previously approved policy forms.

1 SEC. 3. Section 10270.2.5 is added to the Insurance Code, to  
2 read:

3 10270.2.5. (a) In addition to the permitted types of blanket  
4 insurance issued to entities described in Section 10270.2, the  
5 commissioner may, in his or her discretion, add other entities that  
6 may be eligible to purchase blanket insurance for any class of risks  
7 relating to benefits for death or dismemberment, or for hospital,  
8 medical, surgical, or nursing expenses, resulting from accident  
9 which may be properly eligible for blanket insurance.

10 (b) (1) The commissioner may issue a letter order, and shall  
11 post the letter order on the Internet Web site of the Department of  
12 Insurance, any time he or she exercises discretion pursuant to  
13 subdivision (a) to add other entities that may be eligible to purchase  
14 blanket insurance. These letter orders shall not be subject to  
15 Chapter 3.5 (commencing with Section 11340) of Part 1 of Division  
16 3 of Title 2 of the Government Code.

17 (2) *The commissioner may withdraw a letter order issued*  
18 *pursuant to this section in the manner described in subdivision (f)*  
19 *of Section 10291.5. A proceeding under this subdivision shall not*  
20 *be subject to Chapter 5 (commencing with Section 11500) of Part*  
21 *1 of Division 3 of Title 2 of the Government Code.*

22 SEC. 4. Section 10270.3 of the Insurance Code is amended to  
23 read:

24 10270.3. (a) A blanket disability policy of a type permitted  
25 under paragraph (2) or (5) of subdivision (a) of Section 10270.2  
26 may include either a coordination of benefits policy provision or  
27 a nonduplication of benefits policy provision, at the option of the  
28 policyholder.

29 ~~The~~

30 (b) *The* essential features of any policy under paragraph (2) or  
31 (5) of subdivision (a) of Section 10270.2 shall be disclosed to the  
32 insured, or the parent or legal guardian of the insured, prior to  
33 enrollment in that policy. All disclosures shall state whether or not  
34 the benefits payable under the blanket insurance policy are subject  
35 to reduction, to the extent provided in the policy, if an individual  
36 insured thereunder is entitled to benefits, whether on an indemnity  
37 basis or on a provision-of-service basis, for hospital, medical,  
38 dental, or surgical expenses under any other valid and collectible  
39 individual, group, or blanket insurance policy or contract, hospital

1 or medical service program, or group-practice prepayment plan,  
2 except for automobile medical payments insurance.  
3 ~~The~~  
4 (c) *The* disclosure material shall be submitted to the  
5 commissioner for review ~~along~~ with the blanket insurance policy.

O