

AMENDED IN ASSEMBLY JULY 1, 2011

AMENDED IN SENATE MARCH 31, 2011

**SENATE BILL**

**No. 590**

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**Introduced by Senator Calderon**

February 17, 2011

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An act to amend Sections 789.10 and 10127.7 of the Insurance Code, relating to life insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 590, as amended, Calderon. Life insurance.

(1) Existing law regulates the sale of life insurance to seniors, including annuities, as specified. Existing law requires a person who meets with a senior in the senior's home regarding the sale of life insurance to deliver a notice in writing to the senior no less than 24 hours prior to that individual's meeting, and to abide by other restrictions regarding contacting the senior in the senior's home.

~~This bill would specify that the above notice could be provided at the time of the meeting in the senior's home and that the other provisions do not apply if the meeting concerns the sale of life insurance designated by the purchaser as payment for funeral and burial expenses, the life insurance policy has an initial face amount of \$15,000 or less, the policy provides a "free look" period in which the purchaser has 60 days to cancel the policy and be refunded payments made, and the seller is licensed, as specified. The bill would require the issuer of one of these policies exempted from the provisions requiring 24-hour advance notice and related requirements to provide a written notice of the purchase and the 60-day right of cancellation with specified content to the senior and certain other persons, except as specified.~~

*The bill would specify that the above notice, including an additional statement regarding the senior's rights, may be provided at the time of the meeting in the senior's home when the meeting concerns the sale of life insurance designated by the purchaser as payment for funeral and burial expenses if the life insurance policy has an initial face value amount of \$15,000 or less. The bill would prohibit the insurance salesperson, exempt from providing the 24-hour advance notice, from selling any other insurance policy or annuity without providing the required 24-hour advance notice. The bill would also require, within 14 days of the purchase of life insurance or an annuity by a senior, that the issuer of the policy provide by first-class mail a written notice of the purchase and notice of a 60-day right of cancellation with specified content to the senior and certain other persons.*

(2) Existing law provides that life insurance policies with a face value of less than \$10,000, issued after July 1, 1974, shall 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 days nor more than 30 days.

This bill would provide that a life insurance policy with a face value of \$15,000 or less, ~~issued after January 1, 2012,~~ shall contain a notice permitting the return of the policy within not less than 10 days nor more than 30 days, provided that for a policy relating to funeral and burial expenses described in (1) above, ~~if certain notice requirements are not met,~~ the right of return shall last 60 days.

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 789.10 of the Insurance Code is amended  
2     to read:  
3     789.10. (a) This section applies to the sale, offering for sale,  
4     or generation of leads for the sale of life insurance, including  
5     annuities, to senior insureds or prospective insureds by any person.  
6     (b) Except as provided in ~~subdivision (i)~~ *subdivisions (g) and*  
7     *(i)*, any person who meets with a senior in the senior's home is  
8     required to deliver a notice in writing to the senior no less than 24  
9     hours prior to that individual's initial meeting in the senior's home.  
10    If the senior has an existing insurance relationship with an agent  
11    and requests a meeting with the agent in the senior's home the

1 same day, a notice shall be delivered to the senior prior to the  
2 meeting. The notice shall be in substantially the following form,  
3 with the appropriate information inserted, in 14-point type:

4 “(1) During this visit or a followup visit, you will be given a  
5 sales presentation on the following [indicate all that apply]:

6 ( ) Life insurance, including annuities

7 ( ) Other insurance products [specify]: \_\_\_\_\_.

8 (2) You have the right to have other persons present at the  
9 meeting, including family members, financial advisors, or  
10 attorneys.

11 (3) You have the right to end the meeting at any time.

12 (4) You have the right to contact the Department of Insurance  
13 for information, or to file a complaint. [The notice shall include  
14 the consumer assistance telephone numbers at the department]

15 (5) The following individuals will be coming to your home:  
16 [list all attendees, and insurance license information, if applicable]”

17 (c) Upon contacting the senior in the senior’s home, the person  
18 shall, before making any statement other than a greeting, or asking  
19 the senior any other questions, state that the purpose of the contact  
20 is to talk about insurance, or to gather information for a followup  
21 visit to sell insurance, if that is the case, and state all of the  
22 following information:

23 (1) The names and titles of all persons arriving at the senior’s  
24 home.

25 (2) The name of the insurer represented by the person, if known.

26 (d) Each person attending a meeting with a senior shall provide  
27 the senior with a business card or other written identification stating  
28 the person’s name, business address, telephone number, and any  
29 insurance license number.

30 (e) The persons attending a meeting with a senior shall end all  
31 discussions and leave the home of the senior immediately after  
32 being asked to leave by the senior.

33 (f) A person may not solicit a sale or order for the sale of an  
34 annuity or life insurance policy at the residence of a senior, in  
35 person or by telephone, by using any plan, scheme, or ruse that  
36 misrepresents the true status or mission of the contact.

37 (g) ~~This section~~ *The 24-hour advance notice requirement in*  
38 *subdivision (b)* shall not apply to the sale of life insurance policies  
39 of the type described in subdivision (c) of Section 1676 that are

1 designated by the purchaser as payment for funeral and ~~burial~~  
2 ~~expenses if the life insurance policy meets both of the following:~~

3 ~~(1) Has an initial face amount of fifteen thousand dollars~~  
4 ~~(\$15,000) or less.~~

5 ~~(2) Provides a “free look” period in which the purchaser has 60~~  
6 ~~days to cancel the policy and be refunded payments made to the~~  
7 ~~insurer prior to the cancellation of the policy. *burial expenses if*~~  
8 ~~*the life insurance policy has an initial face value amount of fifteen*~~  
9 ~~*thousand dollars (\$15,000) or less.*~~

10 (h) (1) Within 14 days of the purchase of a policy ~~exempt from~~  
11 ~~application of this section pursuant to subdivision (g),~~ the issuer  
12 shall provide by first-class mail written notice of the purchase and  
13 ~~the a~~ 60-day right of cancellation to the senior, any family member  
14 designated by the senior, and any financial, estate planning, or  
15 other advisor of the senior’s choosing at addresses provided by  
16 the senior. The notice shall include all of the following:

17 (A) Information on the right of cancellation.

18 (B) A statement that the recipient of the notice is authorized to  
19 call the insurer to inquire about the policy on behalf of the  
20 policyholder.

21 (C) A form suitable for the senior’s use in exercising the right  
22 to cancel the policy.

23 (D) Information on how to contact the department for  
24 information or to file a complaint, including the telephone number  
25 of the department’s customer assistance office.

26 (2) The department may adopt, by regulation, a standardized  
27 form for use in complying with the requirements of paragraph (1).

28 ~~(i) The notice requirement in subdivision (b) shall be deemed~~  
29 ~~satisfied with respect to a policy exempt from application of this~~  
30 ~~section pursuant to subdivision (g) if both of the following~~  
31 ~~requirements are met:~~

32 ~~(i) The sale of a policy exempt from the 24-hour advance notice,~~  
33 ~~pursuant to subdivision (g), shall meet all of the following~~  
34 ~~requirements:~~

35 (1) The notice, *described in subdivision (b)*, was provided to  
36 the prospective purchaser by a licensee subject to subdivision (c)  
37 of Section 1676 at the time of the meeting in the prospective  
38 purchaser’s home regarding the purchase of funeral and burial  
39 expense policies.

1 (2) *In addition to the notice form described in subdivision (b),*  
2 *the notice shall include the statement:*

3 *“You have the right to postpone or reschedule the meeting if*  
4 *you wish to have other persons present, including family members,*  
5 *financial advisors, or attorneys.”*

6 ~~(2)~~

7 (3) The licensee retains in his or her files a copy of the notice  
8 signed by the purchaser.

9 (j) *A licensee who meets with a senior in the senior’s home to*  
10 *sell insurance policies described in subdivision (g) shall not sell*  
11 *any other life insurance policies or annuities without providing*  
12 *the 24-hour advance notice required by subdivision (b).*

13 SEC. 2. Section 10127.7 of the Insurance Code is amended to  
14 read:

15 10127.7. (a) Every policy of individual life insurance with an  
16 initial face value of fifteen thousand dollars (\$15,000) or less that  
17 is delivered or issued for delivery in this state on and after January  
18 1, 2012, shall have printed thereon or attached thereto a notice  
19 stating that, after receipt of the policy by the owner, the policy  
20 may be returned by the owner for cancellation by delivering it or  
21 mailing it to the insurer or to the agent through whom it was  
22 purchased.

23 (b) The period of time set forth by the insurer for return of the  
24 policy by the insured shall be clearly stated on the notice and,  
25 except as provided in subdivision (c), this period shall be not less  
26 than 10 days nor more than 30 days.

27 (c) The period of time to return a life insurance policy of the  
28 type described in subdivision (g) of Section 789.10 shall be 60  
29 days ~~unless the 24-hour notice specified in subdivision (b) of~~  
30 ~~Section 789.10 is provided.~~

31 (d) The insured may return the policy to the insurer at any time  
32 during the period specified in the notice. This delivery or mailing  
33 of the policy by the owner shall void the policy from the beginning,  
34 and the parties shall be in the same position as if no policy or  
35 contract had been issued. All premiums paid and any policy fee  
36 paid for the policy shall be refunded to the owner within 30 days  
37 from the date that the insurer is notified that the insured has  
38 canceled the policy.

39 ~~(e) Except as provided in subdivision (a), this~~ *This* section  
40 *applies to all policies issued, amended, or delivered in this state*

1 on or after January 1, ~~2011~~, 2012, and applies to any renewal  
2 thereof. All policies subject to this section that are in effect on  
3 January 1, ~~2011~~, 2012, shall be construed to be in compliance with  
4 this section, and any provision in such a policy that is in conflict  
5 with this section shall be of no force or effect.

6 (f) This section does not apply to individual life insurance  
7 policies issued in connection with a credit transaction or issued  
8 under a contractual policy change or conversion privilege provision  
9 contained in a policy.