

AMENDED IN SENATE APRIL 17, 2012

AMENDED IN SENATE MARCH 29, 2012

SENATE BILL

No. 1449

Introduced by Senator Calderon

February 24, 2012

An act to add ~~Section~~ *Sections 101.5 and 101.6* to the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1449, as amended, Calderon. Life insurance *and annuities*.

Existing law governs the business of insurance and defines various types of insurance for these purposes, including life insurance, and disability insurance.

This bill would provide that a life insurance policy that includes accelerated *payment of part or all of the* death benefits, a waiver of a premium benefit, or a waiver of surrender charges ~~for annuity contracts~~, as specified, *or an annuity that includes a waiver of surrender charges*, ~~would~~ *shall* be deemed to be life insurance *or annuity coverage*, as applicable and ~~would~~ *shall* not be subject to provisions governing disability, *health, or long-term care* insurance, unless those provisions also apply to life insurance *or annuities*, as applicable.

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 101.5 is added to the Insurance Code, to*
2 *read:*

1 101.5. If a policy of life insurance includes any of the following
2 provisions, the policy shall be deemed to be life insurance and
3 shall not be subject to provisions governing disability, health, or
4 long-term care insurance unless those provisions also apply to life
5 insurance:

6 (a) Accelerated payment of part or all of the death benefits if
7 an insured becomes confined in an eligible institution; needs
8 extraordinary medical intervention; has a medical condition that,
9 in the absence of extensive or extraordinary medical treatment,
10 would result in a drastically reduced life span; is unable to perform
11 a specified number of activities of daily living; or is cognitively
12 impaired.

13 (b) Waiver of premium benefit until the end of disability of the
14 insured or the attainment of an age as established by the insurer.

15 (c) Waiver of surrender charges if the insured has been
16 diagnosed with a limited life expectancy, is receiving care from a
17 health care facility, has a medical condition that may reduce his
18 or her life expectancy, is disabled and unable to perform tasks of
19 daily living or be employed, or is cognitively impaired.

20 SEC. 2. Section 101.6 is added to the Insurance Code, to read:

21 101.6. If an annuity includes a waiver of surrender charges
22 for an annuitant or beneficiary who is diagnosed with a limited
23 life expectancy, is receiving care from a health care facility, has
24 a medical condition that may reduce his or her life expectancy, is
25 disabled and unable to perform tasks of daily living or be
26 employed, or is cognitively impaired, the annuity shall be deemed
27 to be annuity coverage and shall not be subject to provisions
28 governing disability, long-term care, and health insurance, unless
29 those provisions also apply to annuities.

30 SECTION 1. Section 101.5 is added to the Insurance Code, to
31 read:

32 101.5. If a policy of life insurance includes any of the following
33 provisions, the policy shall be deemed to be life insurance and
34 shall not be subject to provisions governing disability insurance,
35 unless those provisions also apply to life insurance:

36 (a) Accelerated death benefits.

37 (b) Waiver of a premium benefit for a life insurance policy until
38 the end of a disability of the insured or the attainment of an age
39 as established by the insurer.

1 ~~(e) Waiver of surrender charges for annuity contracts if the~~
2 ~~insured or beneficiary has been diagnosed with a limited life~~
3 ~~expectancy, is receiving care from a health care facility, has a~~
4 ~~medical condition that may reduce his or her life expectancy, is~~
5 ~~disabled and unable to perform tasks of daily living or be~~
6 ~~employed, or is cognitively impaired.~~

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