

ASSEMBLY BILL

No. 2578

Introduced by Assembly Member Dababneh

February 21, 2014

An act to amend Section 10203.8 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2578, as introduced, Dababneh. Insurance: group life insurance.

Existing law authorizes a life insurer to issue life, disability, term, and endowment insurance on the group plan with rates less than the usual rates for those insurance types. Existing law prescribes the permissible forms of group life insurance. Existing law provides that one of those forms of group life insurance is a policy covering the lives of every eligible member of a group of persons who become or are named depositors under an eligible savings account plan if, among other conditions, the total amount of insurance under the policy on any one depositor does not exceed \$1,500 on any one life.

This bill would increase the maximum amount of insurance on any one life under the policy to \$3,000.

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 10203.8 of the Insurance Code is
- 2 amended to read:
- 3 10203.8. Life insurance conforming to all of the following
- 4 conditions is another form of group life insurance:

- 1 (a) Covering the lives of every eligible member of a group of
2 persons who become or are named depositors under a savings
3 account plan, established by a financial institution including
4 subsidiary or affiliated persons, which plan provides for periodic
5 deposits of like amounts.
- 6 (b) The period during which the deposits may be made under
7 the plan does not exceed 60 consecutive months, and the total
8 amount of insurance under the policy on any one depositor does
9 not exceed the difference between the amounts deposited and the
10 maximum amount that may be deposited under the plan and does
11 not exceed ~~one thousand five hundred dollars (\$1,500)~~ *three*
12 *thousand dollars (\$3,000)* on any one life.
- 13 (c) The group numbers 100 new entrants yearly.
- 14 (d) The policy is issued upon application of and made payable
15 to the financial institution as beneficiary, and the premiums are
16 paid by or through the financial institution.
- 17 (e) The policy of insurance conforming to this section is not
18 subject to Section 10209-~~0~~ of this code or Section 704.100 of the
19 Code of Civil Procedure.