

**ASSEMBLY BILL**

**No. 1131**

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**Introduced by Assembly Member Dababneh**

February 27, 2015

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An act to amend Section 1633.3 of the Civil Code, and to amend Sections 38.5, 38.8, 663, 678, and 678.1 of the Insurance Code, relating to electronic records.

LEGISLATIVE COUNSEL'S DIGEST

AB 1131, as introduced, Dababneh. Insurance: electronic transmission.

Existing law generally requires that any required notice related to insurance transactions be made by mail. Existing law authorizes an insurer, under specified conditions, to provide by electronic transmission the required offer of renewal for automobile insurance, the required offer of renewal or conditional renewal for property insurance, the required offer of coverage or renewal or any disclosure required regarding earthquake insurance, and the offer of renewal for a workers' compensation policy.

Existing law also generally requires that, a record, signature, or contract may not be denied legal effect or enforceability because it is in electronic form. Existing law exempts from this requirement disability insurance and life insurance policies and certificates offered for sale to individuals 65 years of age or older, notice of an increase in premiums on an individual life insurance policy, individual life insurance policies with a face value of less than \$10,000, a policy of individual life insurance that is initially delivered or issued for delivery in the state on and after January 1, 1990, applications for life insurance or annuity, and a policy replacement notice.

This bill would authorize additional persons to send records by electronic transmission by providing that an insurer, agent, broker, or any other person licensed by the Department of Insurance may send electronic records. This bill would expand the scope of electronic notice provisions by allowing the above licensees to send any written record by electronic transmission if not specifically excluded and if the licensee meets specified requirements.

This bill would make conforming changes.

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 1633.3 of the Civil Code, as amended  
2 by Section 3 of Chapter 913 of the Statutes of 2014, is amended  
3 to read:

4 1633.3. (a) Except as otherwise provided in subdivisions (b)  
5 and (c), this title applies to electronic records and electronic  
6 signatures relating to a transaction.

7 (b) This title does not apply to transactions subject to the  
8 following laws:

9 (1) A law governing the creation and execution of wills, codicils,  
10 or testamentary trusts.

11 (2) Division 1 (commencing with Section 1101) of the Uniform  
12 Commercial Code, except Sections 1206 and 1306.

13 (3) Divisions 3 (commencing with Section 3101), 4  
14 (commencing with Section 4101), 5 (commencing with Section  
15 5101), 8 (commencing with Section 8101), 9 (commencing with  
16 Section 9101), and 11 (commencing with Section 11101) of the  
17 Uniform Commercial Code.

18 (4) A law that requires that specifically identifiable text or  
19 disclosures in a record or a portion of a record be separately signed,  
20 including initialed, from the record. However, this paragraph does  
21 not apply to Section 1677 or 1678 of this code or Section 1298 of  
22 the Code of Civil Procedure.

23 (c) This title does not apply to any specific transaction described  
24 in Section 17511.5 of the Business and Professions Code, Section  
25 56.11, 56.17, 798.14, 1133, or 1134 of, Section 1689.6, 1689.7,  
26 or 1689.13 of, Chapter 2.5 (commencing with Section 1695) of  
27 Title 5 of Part 2 of Division 3 of, Section 1720, 1785.15, 1789.14,

1 1789.16, or 1793.23 of, Chapter 1 (commencing with Section  
2 1801) of Title 2 of Part 4 of Division 3 of, Section 1861.24, 1862.5,  
3 1917.712, 1917.713, 1950.6, 1983, 2924b, 2924c, 2924f, 2924i,  
4 2924j, 2924.3, or 2937 of, Article 1.5 (commencing with Section  
5 2945) of Chapter 2 of Title 14 of Part 4 of Division 3 of, Section  
6 2954.5 or 2963 of, Chapter 2b (commencing with Section 2981)  
7 or 2d (commencing with Section 2985.7) of Title 14 of Part 4 of  
8 Division 3 of, Section 3071.5 of, Part 5 (commencing with Section  
9 4000) of Division 4 of, or Part 5.3 (commencing with Section  
10 6500) of Division 4 of this code, subdivision (b) of Section 18608  
11 or Section 22328 of the Financial Code, Section 1358.15, 1365,  
12 1368.01, 1368.1, 1371, or 18035.5 of the Health and Safety Code,  
13 Section 662, paragraph (2) of subdivision (a) of Section 663, 664,  
14 667.5, 673, 677, paragraph (2) of subdivision (a) of Section 678,  
15 subdivisions (a) and (b) of Section 678.1, Section ~~786~~, ~~10113.7~~,  
16 ~~10127.7~~, ~~10127.9~~, ~~10127.10~~, 10192.18, 10199.44, 10199.46,  
17 10235.16, 10235.40, ~~10509.4~~, ~~10509.7~~, 11624.09, or 11624.1 of  
18 the Insurance Code, Section 779.1, 10010.1, or 16482 of the Public  
19 Utilities Code, or Section 9975 or 11738 of the Vehicle Code. An  
20 electronic record may not be substituted for any notice that is  
21 required to be sent pursuant to Section 1162 of the Code of Civil  
22 Procedure. Nothing in this subdivision shall be construed to  
23 prohibit the recordation of any document with a county recorder  
24 by electronic means.

25 (d) This title applies to an electronic record or electronic  
26 signature otherwise excluded from the application of this title under  
27 subdivision (b) when used for a transaction subject to a law other  
28 than those specified in subdivision (b).

29 (e) A transaction subject to this title is also subject to other  
30 applicable substantive law.

31 (f) The exclusion of a transaction from the application of this  
32 title under subdivision (b) or (c) shall be construed only to exclude  
33 the transaction from the application of this title, but shall not be  
34 construed to prohibit the transaction from being conducted by  
35 electronic means if the transaction may be conducted by electronic  
36 means under any other applicable law.

37 (g) This section shall remain in effect only until January 1, 2019,  
38 and as of that date is repealed, unless a later enacted statute, that  
39 is enacted before January 1, 2019, deletes or extends that date.

1 SEC. 2. Section 38.5 of the Insurance Code, as amended by  
 2 Section 4 of Chapter 369 of the Statutes of 2013, is amended to  
 3 read:

4 38.5. (a) (1) Any written ~~notice record~~ required to be given  
 5 or mailed to any person by ~~an insurer~~ *a licensee* relating to any  
 6 insurance on risks or on operations in this state not excepted by  
 7 subdivision (a), ~~(b)~~, (c), (d), (e), or (g) of Section 1851 from the  
 8 coverage of Chapter 9 (commencing with Section 1850.4) of Part  
 9 2 of Division 1 of this code may, if not excluded by subdivision  
 10 (b) or (c) of Section 1633.3 of the Civil Code, be provided by  
 11 electronic transmission pursuant to Title 2.5 (commencing with  
 12 Section 1633.1) of Part 2 of Division 3 of the Civil Code, if each  
 13 party has agreed to conduct the transaction by electronic means  
 14 pursuant to Section 1633.5 of the ~~Civil Code~~. *Civil Code, and if*  
 15 *the licensee complies with the provisions of this section. A valid*  
 16 *electronic signature shall be sufficient for any provision of law*  
 17 *requiring a written signature.* ~~The affidavit of the person who~~  
 18 ~~initiated the electronic transmission, stating the facts of that~~  
 19 ~~transmission into an information processing system outside of the~~  
 20 ~~control of the sender or of any person that sent the electronic record~~  
 21 ~~on behalf of the sender, is prima facie evidence that the notice was~~  
 22 ~~transmitted and shall be sufficient proof of notice. Any notice~~  
 23 ~~provided by electronic transmission shall be treated as if mailed~~  
 24 ~~or given for the purposes of any provision of this code, except as~~  
 25 ~~provided by subdivision (g) of Section 1633.15 of the Civil Code.~~  
 26 ~~The insurance company shall maintain a system for confirming~~  
 27 ~~that any notice or document that is to be provided by electronic~~  
 28 ~~means has been sent in a manner consistent with Section 1633.15~~  
 29 ~~of the Civil Code. A valid electronic signature shall be sufficient~~  
 30 ~~for any provision of law requiring a written signature. The~~  
 31 ~~insurance company shall retain a copy of the confirmation and~~  
 32 ~~electronic signature, when either is required, with the policy~~  
 33 ~~information so that they are retrievable upon request by the~~  
 34 ~~Department of Insurance while the policy is in force and for five~~  
 35 ~~years thereafter.~~

36 (b) ~~The offer of renewal required by Sections 663 and 678, the~~  
 37 ~~notice of conditional renewal required by Section 678.1, and the~~  
 38 ~~offer of coverage or renewal or any disclosure required by Section~~  
 39 ~~10086 and the offer of renewal for a workers' compensation policy~~

1 may be provided by electronic transmission if an insurer complies  
2 with all of the following:

3 (2) *For purposes of this section, the definitions set forth in*  
4 *Section 1633.2 of the Civil Code shall apply. The term “licensee”*  
5 *means an insurer, agent, broker, or any other person who is*  
6 *required to be licensed by the department.*

7 (b) *In order to transmit a record electronically, a licensee shall*  
8 *comply with all of the following:*

9 (1) ~~An insurer, or insurer’s~~ *A licensee, or licensee’s*  
10 *representative, acquires the consent of the insured person to opt*  
11 *in to receive the offer, notice, or disclosure record by electronic*  
12 *transmission, and the insured person has not withdrawn that*  
13 *consent, prior to providing the offer, notice, or disclosure record*  
14 *by electronic transmission. An insured’s A person’s consent may*  
15 *be acquired verbally, in writing, or electronically. If consent is*  
16 *acquired verbally, the insurer licensee shall confirm consent in*  
17 *writing or electronically. The insurer licensee shall retain a record*  
18 *of the insured’s person’s consent to receive the offer, notice, or*  
19 *disclosure record by electronic transmission with the policy*  
20 *information so that it is retrievable upon request by the Department*  
21 *of Insurance department while the policy is in force and for five*  
22 *years thereafter.*

23 (2) ~~An insurer~~ *A licensee* *discloses, in writing or electronically,*  
24 *to the insured person all of the following:*

25 (A) *The opt in to receive the offer, notice, or disclosure record*  
26 *by electronic transmission is voluntary.*

27 (B) *That the insured person may opt out of receiving the offer,*  
28 *notice, or disclosure record by electronic transmission at any time,*  
29 *and the process or system for the insured person to opt out.*

30 (C) *A description of the offer, notice, or disclosure record that*  
31 *the insured person will receive by electronic transmission.*

32 (D) *The process or system to report a change or correction in*  
33 *the insured’s person’s email address.*

34 (E) *The insurer’s licensee’s contact information, which includes,*  
35 *but is not limited to, a toll-free number or an insurer’s the licensee’s*  
36 *Internet Web site address.*

37 (3) *The disclosure required by paragraph (2) and the opt-in*  
38 *consent language may be set forth in the application or in a*  
39 *separate document that is part of the policy and shall be bolded*  
40 *or otherwise set forth in a conspicuous manner. The person’s*

1 *signature shall be set forth immediately below the person’s opt-in*  
 2 *consent and shall be obtained before the application is completed.*  
 3 *The licensee shall retain a copy of the confirmation and electronic*  
 4 *signature, if either is required, with the policy information so that*  
 5 *each is retrievable upon request by the Department of Insurance*  
 6 *while the policy is in force and for five years thereafter.*

7 ~~(3) An insurer~~

8 (4) *If the transaction specifically involves the insured, the*  
 9 *licensee shall include the insured’s email address on the policy*  
 10 *declaration page.*

11 ~~(4) An insurer~~

12 (5) *The licensee shall annually provide one free printed copy*  
 13 *of any offer, notice, or disclosure record described in this*  
 14 *subdivision upon request by the insured: the person.*

15 ~~(5) An insurer~~

16 (6) *If a provision of this code requires a licensee to transmit a*  
 17 *record by regular mail, or does not specify a method of delivery,*  
 18 *and if the licensee is not otherwise prohibited from transmitting*  
 19 *the record electronically under subdivision (b) of Section 1633.8*  
 20 *of the Civil Code, then the licensee shall maintain a process or*  
 21 *system that can demonstrate that the offer, notice, or disclosure*  
 22 *record provided by electronic transmission was both sent and*  
 23 *received consistent with Section 1633.15 of the Civil Code. If a*  
 24 *different method of sending or receiving is agreed upon by the*  
 25 *insurer licensee and the insured person pursuant to Section 1633.15*  
 26 *of the Civil Code, an insurer a licensee shall comply with the*  
 27 *provisions of this subdivision. The insurer licensee shall retain and*  
 28 *document information so that the documentation and information*  
 29 *is retrievable upon request by the Department of Insurance*  
 30 *department while the current policy is in force and for five years*  
 31 *thereafter related to its process or system demonstrating that the*  
 32 *offer, notice, or disclosure record provided by electronic*  
 33 *transmission was sent to the insured person by the applicable*  
 34 *statutory regular mail delivery deadlines and received*  
 35 *electronically. The offer, notice, or disclosure record provided by*  
 36 *electronic transmission shall be treated as if mailed so long as the*  
 37 *insurer licensee delivers it to the insured person in compliance*  
 38 *with the applicable statutory regular mail delivery deadlines.*

39 (A) *Acceptable methods for an insurer a licensee to demonstrate*  
 40 *that the offer, notice, or disclosure record was sent to the insured*

1 *person* include simple mail transfer protocol server log files  
2 indicating transmission, or other methodologies indicating sent  
3 transmission consistent with *the* standards set forth in Section  
4 1633.15 of the Civil Code.

5 (B) Acceptable methods for ~~an insurer~~ *the licensee* to  
6 demonstrate that the ~~offer, notice, or disclosure~~ *record* was received  
7 by the ~~insured~~ *person* include server log files indicating that the  
8 email or application has been received, or log files showing that  
9 the ~~insured~~ *person* logged into his or her secured account with the  
10 ~~insurer~~, *licensee* or other methodologies indicating received  
11 transmission consistent with standards set forth in Section 1633.15  
12 of the Civil Code.

13 (7) *Notwithstanding subdivision (b) of Section 1633.8 of the*  
14 *Civil Code, if a provision of this code requires a licensee to*  
15 *transmit a record by return receipt, registered mail, certified mail,*  
16 *signed written receipt of delivery, or other method of delivery*  
17 *evidencing actual receipt by the person, and if the licensee is not*  
18 *otherwise prohibited from transmitting the record electronically*  
19 *under Section 1633.3 of the Civil Code, then the licensee shall*  
20 *maintain a process or system that demonstrates proof of delivery*  
21 *and actual receipt of the record by the person consistent with this*  
22 *paragraph. The licensee shall document and retain information*  
23 *demonstrating delivery and actual receipt so that it is retrievable,*  
24 *upon request, by the department at least five years after the policy*  
25 *is no longer in force. The record provided by electronic*  
26 *transmission shall be treated as if actually received if the licensee*  
27 *delivers it to the person in compliance with applicable statutory*  
28 *delivery deadlines. A licensee may demonstrate actual delivery*  
29 *and receipt by any of the following:*

30 (A) *The person acknowledges receipt of the electronic*  
31 *transmission of the record by returning an electronic receipt or*  
32 *by executing an electronic signature.*

33 (B) *The record is made part of, or attached to, an email sent to*  
34 *the email address designated by the person, a confirmation receipt,*  
35 *or some other evidence that the person received the email in his*  
36 *or her email account and opened the email.*

37 (C) *The record is posted on the licensee's secure Internet Web*  
38 *site, evidence demonstrating that the person logged onto the*  
39 *licensee's secure Internet Web site and downloaded, printed, or*  
40 *otherwise acknowledged receipt of the record.*

1 (8) Any record required to be transmitted by first-class mail  
 2 and not otherwise prohibited from being transmitted electronically  
 3 may be transmitted under the provisions of paragraph (6), except  
 4 that any notice of nonrenewal, lapse, cancellation, or termination  
 5 of a policy of life insurance that is not prohibited to be transmitted  
 6 electronically by subdivision (a), may be transmitted electronically,  
 7 only if the licensee demonstrates proof of electronic delivery and  
 8 receipt as set forth in paragraph (7). This paragraph applies to  
 9 any law that requires notice of nonrenewal, lapse, cancellation,  
 10 or termination of a policy of life insurance, including, but not  
 11 limited to, subdivision (b) of Section 10113.71 and subdivision (c)  
 12 of Section 10113.72.

13 ~~(6)~~

14 (9) If the ~~offer, notice, or disclosure~~ record is not delivered  
 15 directly to the electronic address designated by the ~~insured~~, person  
 16 but placed at an electronic address accessible to the ~~insured~~, an  
 17 ~~insurer~~ person, a licensee shall notify the ~~insured~~ person in plain,  
 18 clear, and conspicuous language at the electronic address  
 19 designated by the ~~insured~~ person that describes the ~~offer, notice,~~  
 20 ~~or disclosure~~, record, informs that ~~insured~~ person that it is available  
 21 at another location, and provides instructions to the ~~insured~~ person  
 22 as to how to obtain the ~~offer, notice, or disclosure~~. record.

23 ~~(7)~~

24 (10) (A) Upon ~~an insurer~~ a licensee receiving information  
 25 indicating that the ~~offer, notice, or disclosure~~ record sent by  
 26 electronic transmission was not received by the ~~insured~~, the ~~insurer~~  
 27 person, the licensee shall, within two business days, either clause  
 28 (i) or (ii):

29 (i) Contact the ~~insured~~ person to confirm or update the ~~insured's~~  
 30 person's email address and resend the ~~offer, notice, or disclosure~~  
 31 record by electronic transmission. If the ~~insurer~~ licensee elects to  
 32 resend the ~~offer, notice, or disclosure~~ record by electronic  
 33 transmission, the ~~insurer~~ licensee shall demonstrate the  
 34 transmission was received by the ~~insured~~, person, pursuant to  
 35 paragraph ~~(5)~~ (6), (7), or (8). If the ~~insurer~~ licensee is unable to  
 36 confirm or update the ~~insured's~~ person's email address, the ~~insurer~~  
 37 licensee shall resend the ~~offer, notice, or disclosure~~ record by  
 38 regular mail to the ~~insured~~ licensee at the address shown on the  
 39 policy.

1 (ii) Resend the ~~offer, notice, or disclosure~~ *record* initially  
2 provided by electronic transmission by regular mail to the insured  
3 at the address shown on the policy.

4 (B) If the ~~insurer licensee~~ sends the first electronic ~~offer, notice,~~  
5 ~~or disclosure~~ *record* within the time period required by law and  
6 the ~~insurer licensee~~ complies with both paragraph (5) and  
7 subparagraph (A) of this paragraph, the electronic offer, notice,  
8 or disclosure sent pursuant to clause (i) or (ii) of subparagraph (A)  
9 shall be treated as if mailed in compliance with the applicable  
10 statutory regular mail delivery deadlines.

11 *(11) The licensee shall not charge any person who declines to*  
12 *opt in to receive a record through electronic transmission from*  
13 *receiving a record electronically. The licensee shall not provide*  
14 *a discount or an incentive to any person to induce or otherwise*  
15 *encourage the person to opt in to receive electronic records.*

16 *(12) If a person has consented to receive records electronically*  
17 *but a calendar year or more has elapsed since the last required*  
18 *record for which consent was provided was electronically*  
19 *transmitted by the licensee, the licensee shall verify, via paper*  
20 *writing sent by regular mail, the accuracy of the person's email*  
21 *address.*

22 ~~(8)~~

23 (c) On or before January 1, 2018, the commissioner shall submit  
24 a report to the Governor and to the committees of the Senate and  
25 Assembly having jurisdiction over insurance and the judiciary,  
26 regarding the impact and implementation of the authorization of  
27 the electronic transmission of certain insurance renewal offers,  
28 notices, or disclosures as authorized by this section. The report  
29 shall include input from insurers, consumers, and consumer  
30 organizations, and shall include an assessment of the department's  
31 experience pertaining to the authorization of the electronic  
32 transmission of insurance renewals as authorized by this section.

33 *(d) Notwithstanding paragraph (4) of subdivision (b) of Section*  
34 *1633.3 of the Civil Code, for any policy of life insurance, any*  
35 *statutory requirement for a separate acknowledgment, signature,*  
36 *or initial, which is not expressly prohibited by subdivision (c) of*  
37 *Section 1633.3 of the Civil Code, may be transacted using an*  
38 *electronic signature, or by electronic transaction, subject to all*  
39 *applicable provisions of this section.*

40 ~~(e)~~

1 (e) The department may suspend ~~an insurer~~ *a licensee* from  
 2 providing ~~offers, notices, or disclosures~~ *records* by electronic  
 3 transmission if there is a pattern or practices that demonstrate the  
 4 ~~insurer licensee~~ has failed to comply with the requirements of this  
 5 section. ~~An insurer~~ *A licensee* may appeal the suspension and  
 6 resume its electronic transmission of ~~offers, notices, or disclosures~~  
 7 *records* upon communication from the department that the changes  
 8 the ~~insurer licensee~~ made to its process or system to comply with  
 9 the requirements of this section are satisfactory.

10 ~~(d)~~

11 (f) This section shall remain in effect only until January 1, 2019,  
 12 and as of that date is repealed, unless a later enacted statute, that  
 13 is enacted before January 1, 2019, deletes or extends that date.

14 SEC. 3. Section 38.8 of the Insurance Code is amended to read:

15 38.8. ~~Insurers~~ *Licenses* shall maintain a system for  
 16 electronically confirming a ~~policyholder's~~ *person's* decision to  
 17 opt in to an agreement to conduct transactions electronically and  
 18 a system that will allow the ~~policyholder~~ *person* to electronically  
 19 opt out of the agreement to conduct business electronically as  
 20 specified in subdivision (c) of Section 1633.5. The ~~insurer licensee~~  
 21 shall maintain the electronic records for the same amount of time  
 22 the ~~insurer licensee~~ would be required to maintain those records  
 23 if the records were in written form.

24 SEC. 4. Section 663 of the Insurance Code, as amended by  
 25 Section 6 of Chapter 369 of the Statutes of 2013, is amended to  
 26 read:

27 663. (a) Before policy expiration, an insurer shall deliver or  
 28 mail to the named insured, at the address shown on the policy, one  
 29 of the following:

30 (1) At least 20 days before expiration, a written or verbal offer  
 31 of renewal of the policy, contingent upon payment of premium as  
 32 stated in the offer.

33 (2) At least 30 days before expiration, a written notice of  
 34 nonrenewal of the policy, including the statement required by  
 35 Section 666.

36 (b) (1) An insurer that delivers a verbal offer to renew that is  
 37 declined by an insured shall, at least 20 days before expiration of  
 38 the policy, deliver to or mail to the named insured, at the address  
 39 shown on the policy, a written confirmation of the offer and  
 40 rejection.

1 (2) An insurer that attempts to satisfy subdivision (a) with a  
2 verbal offer to renew, but is unable to contact the named insured  
3 directly at least 20 days before policy expiration, shall, at least 20  
4 days before policy expiration, deliver to or mail to the named  
5 insured, at the address shown on the policy, a written offer to renew  
6 the policy, contingent upon payment of premium as stated in the  
7 offer.

8 (c) In the event that an insurer fails to give the named insured  
9 either an offer of renewal or notice of nonrenewal as required by  
10 this section, the existing policy, with no change in its terms and  
11 conditions, shall remain in effect for 30 days from the date that  
12 either the offer to renew or the notice of nonrenewal is delivered  
13 or mailed to the named insured. A notice to this effect shall be  
14 provided by the insurer to the named insured with the policy or  
15 the notice of renewal or nonrenewal. Notwithstanding the failure  
16 of an insurer to comply with this section, the policy shall terminate  
17 on the effective date of any other replacement or succeeding  
18 automobile insurance policy procured by the insured, or his or her  
19 agent or broker, with respect to any automobile designated in both  
20 policies.

21 (d) The insurer shall not be required to notify the named insured,  
22 or any other insured, of nonrenewal of the policy if the insurer has  
23 mailed or delivered a notice of expiration or cancellation, on or  
24 prior to the 30th day preceding expiration of the policy period.

25 ~~(e) The offer of renewal pursuant to this section may be provided~~  
26 ~~electronically to the email address shown on the policy if the~~  
27 ~~insurer complies with subdivision (b) of Section 38.5.~~

28 (f)

29 (e) This section shall remain in effect only until January 1, 2019,  
30 and as of that date is repealed, unless a later enacted statute, that  
31 is enacted before January 1, 2019, deletes or extends that date.

32 SEC. 5. Section 678 of the Insurance Code, as amended by  
33 Section 8 of Chapter 369 of the Statutes of 2013, is amended to  
34 read:

35 678. (a) At least 45 days prior to policy expiration, an insurer  
36 shall deliver to the named insured or mail to the named insured at  
37 the address shown in the policy, either of the following:

38 (1) An offer of renewal of the policy contingent upon payment  
39 of premium as stated in the offer, stating each of the following:

40 (A) Any reduction of limits or elimination of coverage.

1 (B) The telephone number of the insurer’s representatives who  
2 handle consumer inquiries or complaints. The telephone number  
3 shall be displayed prominently in a font size consistent with the  
4 other text of the renewal offer.

5 (2) A notice of nonrenewal of the policy. That notice shall  
6 contain each of the following:

7 (A) The reason or reasons for the nonrenewal.

8 (B) The telephone number of the insurer’s representatives who  
9 handle consumer inquiries or complaints. The telephone number  
10 shall be displayed prominently in a font size consistent with the  
11 other text of the notice of nonrenewal.

12 (C) A brief statement indicating that if the consumer has  
13 contacted the insurer to discuss the nonrenewal and remains  
14 unsatisfied, he or she may have the matter reviewed by the  
15 department. The statement shall include the telephone number of  
16 the unit within the department that responds to consumer inquiries  
17 and complaints.

18 (b) In the event an insurer fails to give the named insured either  
19 an offer of renewal or notice of nonrenewal as required by this  
20 section, the existing policy, with no change in its terms and  
21 conditions, shall remain in effect for 45 days from the date that  
22 either the offer to renew or the notice of nonrenewal is delivered  
23 or mailed to the named insured. A notice to this effect shall be  
24 provided by the insurer to the named insured with the policy or  
25 the notice of renewal or nonrenewal.

26 (c) Any policy written for a term of less than one year shall be  
27 considered as if written for a term of one year. Any policy written  
28 for a term longer than one year, or any policy with no fixed  
29 expiration date, shall be considered as if written for successive  
30 policy periods or terms of one year.

31 (d) This section applies only to policies of insurance specified  
32 in Section 675.

33 ~~(e) The offer of renewal pursuant to this section may be provided  
34 electronically to the email address shown on the policy if the  
35 insurer complies with subdivision (b) of Section 38.5.~~

36 ~~(f)~~

37 (e) This section shall remain in effect only until January 1, 2019,  
38 and as of that date is repealed, unless a later enacted statute, that  
39 is enacted before January 1, 2019, deletes or extends that date.

1 SEC. 6. Section 678.1 of the Insurance Code, as amended by  
2 Section 10 of Chapter 369 of the Statutes of 2013, is amended to  
3 read:

4 678.1. (a) This section applies only to policies of insurance  
5 of commercial insurance that are subject to Sections 675.5 and  
6 676.6.

7 (b) A notice of nonrenewal shall be in writing and shall be  
8 delivered or mailed to the producer of record and to the named  
9 insured at the mailing address shown on the policy. Subdivision  
10 (a) of Section 1013 of the Code of Civil Procedure shall be  
11 applicable if the notice is mailed.

12 (c) An insurer, at least 60 days, but not more than 120 days, in  
13 advance of the end of the policy period, shall give notice of  
14 nonrenewal, and the reasons for the nonrenewal, if the insurer  
15 intends not to renew the policy, or to condition renewal upon  
16 reduction of limits, elimination of coverages, increase in  
17 deductibles, or increase of more than 25 percent in the rate upon  
18 which the premium is based.

19 (d) If an insurer fails to give timely notice required by  
20 subdivision (c), the policy of insurance shall be continued, with  
21 no change in its terms or conditions, for a period of 60 days after  
22 the insurer gives the notice.

23 (e) With respect to policies defined in subdivision (b) of Section  
24 676.6, in addition to the bases for conditional renewal set forth in  
25 subdivision (c), an insurer may also condition renewal upon  
26 requirements relating to the underlying policy or policies. If the  
27 requirements are not satisfied as of (1) the expiration date of the  
28 policy, or (2) 30 days after mailing or delivery of such notice,  
29 whichever is later, the conditional renewal notice shall be treated  
30 as an effective notice of nonrenewal, provided the insurer has sent  
31 written confirmation to the first named insured and the producer  
32 of record that the conditions were not met and that coverage ceased  
33 at the expiration date shown in the expiring policy.

34 (f) A notice of nonrenewal shall not be required in any of the  
35 following situations:

36 (1) The transfer of, or renewal of, a policy without a change in  
37 its terms or conditions or the rate on which the premium is based  
38 between insurers that are members of the same insurance group.

1 (2) The policy has been extended for 90 days or less, if the  
2 notice required in subdivision (c) has been given prior to the  
3 extension.

4 (3) The named insured has obtained replacement coverage or  
5 has agreed, in writing, within 60 days of the termination of the  
6 policy, to obtain that coverage.

7 (4) The policy is for a period of no more than 60 days and the  
8 insured is notified at the time of issuance that it may not be  
9 renewed.

10 (5) The named insured requests a change in the terms or  
11 conditions or risks covered by the policy within 60 days prior to  
12 the end of the policy period.

13 (6) The insurer has made a written offer to the insured, within  
14 the time period specified in subdivision (c), to renew the policy  
15 under changed terms or conditions or at a changed premium rate.  
16 As used herein, “terms or conditions” includes, but is not limited  
17 to, a reduction in limits, elimination of coverages, or an increase  
18 in deductibles.

19 ~~(g) The notice of conditional renewal described in subdivision~~  
20 ~~(e) may be provided electronically to the email address shown on~~  
21 ~~the policy if the insurer complies with subdivision (b) of Section~~  
22 ~~38.5.~~

23 ~~(h)~~

24 (g) This section shall remain in effect only until January 1, 2019,  
25 and as of that date is repealed, unless a later enacted statute, that  
26 is enacted before January 1, 2019, deletes or extends that date.