
Introduced by Senator Fuller

February 10, 2016

An act to amend Section 779.2 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 989, as introduced, Fuller. Insurance: life and disability.

Under existing law, the Insurance Commissioner, who controls the Department of Insurance, regulates insurers and specified classes of insurance, including life insurance and disability insurance.

This bill would make technical, nonsubstantive changes to those provisions.

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 779.2 of the Insurance Code is amended
2 to read:
3 779.2. ~~All life~~ (a) Life insurance ~~and all~~ or disability insurance
4 sold in connection with ~~loans~~ a loan or other credit transactions
5 ~~shall be~~ transaction is subject to the provisions of this article,
6 except ~~(a) such insurance under either of the following~~
7 circumstances:
8 (1) Insurance sold in connection with a loan or other credit
9 transaction ~~having a term of more than 10 years duration, and (b)~~
10 ~~such insurance where its issuance is an~~ years.
11 (2) Insurance sold in an isolated transaction ~~on the part of by~~
12 the insurer ~~that is~~ not related to an agreement or a plan or regular

1 course of conduct for insuring debtors of the creditor. ~~Nothing in~~
2 ~~this article~~

3 (b) *This article* shall *not* be construed to relieve any person from
4 compliance with any other applicable ~~law of this state~~, law,
5 including, but not limited to, Article 6.5 (commencing with Section
6 790), ~~nor shall anything in this article be construed so as or to~~
7 alter, amend, or otherwise affect existing case law.

8 ~~For the purpose of~~

9 (c) *For purposes of* this article:

10 (1) “Credit life insurance” means insurance on the life of a
11 debtor pursuant to or in connection with a specific loan or other
12 credit transaction, exclusive of any ~~such~~ insurance procured at no
13 expense to the debtor. Insurance shall be deemed procured at no
14 expense to the debtor unless the cost of the credit transaction to
15 the debtor varies depending on whether ~~or not~~ the insurance is
16 procured.

17 (2) “Credit disability insurance” means insurance on a debtor
18 to provide indemnity for payments becoming due on a specific
19 loan or other credit transaction while the debtor is ~~disabled~~
20 *disabled*, as defined in the policy, exclusive of any insurance
21 procured at no expense to the debtor. Insurance shall be deemed
22 to have been procured at no expense to the debtor unless the cost
23 of the credit transaction to the debtor varies depending on whether
24 ~~or not~~ the insurance is procured.

25 (3) “Creditor” means the lender of money or vendor or lessor
26 of goods, services, property, rights or privileges, for which payment
27 is arranged through a credit transaction or any successor to the
28 right, title or interest of ~~any such~~ *the* lender, vendor or lessor, and
29 an affiliate, associate or subsidiary of any of them or any director,
30 ~~officer~~ *officer*, or employee of any of ~~them~~ *them*, or any other
31 person in any way associated with any of them.

32 (4) “Debtor” means a borrower of money or a purchaser or
33 lessee of goods, services, property, rights or privileges for which
34 payment is arranged through a credit transaction.

35 (5) “Indebtedness” means the total amount payable by a debtor
36 to a creditor in connection with a loan or other credit transaction.