

AMENDED IN SENATE MARCH 28, 2016

**SENATE BILL**

**No. 1371**

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**Introduced by Senator Galgiani**

February 19, 2016

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~~An act to add Section 19329 to the Education Code, relating to the State Library. An act to amend Section 22315 of the Financial Code, relating to consumer loans.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1371, as amended, Galgiani. ~~State Library: online homework assistance.~~ *Credit disability insurance: premium payments.*

*The California Finance Lenders Law generally provides for the licensure and regulation of finance lenders and brokers by the Commissioner of Business Oversight, and makes a willful violation of its provisions a crime. The law authorizes a licensee to offer credit disability insurance under specified conditions and requires premiums to be made available on a monthly or annual premium basis.*

*This bill would instead authorize credit disability insurance to be offered on a monthly, annual, or single premium basis. The bill would require, when a monthly premium is offered, the premium rate charged per month to not exceed a pro rata relationship to the annual or single premium.*

~~Under existing law, there is in the State Department of Education a division known as the California State Library. The State Librarian is authorized to give advisory, consultive, and technical assistance with respect to public libraries to librarians and library authorities and assist all other authorities, state and local, in assuming their full responsibility for library services. The department is authorized to contract with counties, cities, or districts within this state, agencies of the state, and~~

agencies of the United States Government for the purpose of providing library services and to establish and operate library service centers.

~~This bill would, subject to an appropriation of funds for that purpose, require the State Librarian to enter into a contract with an entity to establish and maintain a program of online homework assistance through the public libraries in the state. The program would be required to be made available free of charge to all pupils in the state.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~yes-no~~. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Section 22315 of the Financial Code is amended*  
2     *to read:*

3     22315. (a) Credit disability insurance written pursuant to  
4     Section 22314 shall not provide indemnity against the risk that the  
5     borrower will become disabled for a period of less than 14 days.  
6     The insurance may provide indemnity for any single period of  
7     continuous disability of 14 days or longer, after which the risk  
8     may become compensable. The insurance may be offered with  
9     retroactive coverage to an earlier date based upon the disability  
10    having continued for a period stated in the policy, but if insurance  
11    with retroactive coverage is offered, it shall also be offered without  
12    retroactive coverage, and the premium rate for each coverage shall  
13    be separately stated in writing to the borrower.

14    (b) If insurance with retroactive coverage is provided, the  
15    coverage shall provide for a prorated payment based upon the  
16    fraction of the month during which the insured is disabled, provided  
17    that the insured is continuously disabled during the waiting period  
18    set forth in the policy. If insurance without retroactive coverage  
19    is provided, the coverage shall provide for a prorated payment  
20    based upon the fraction of the month during which the insured is  
21    disabled, after first excluding the elimination period set forth in  
22    the policy. For the purpose of this subdivision, a month is any  
23    period of 30 consecutive days.

24    (c) Credit disability insurance, if made available by a licensee,  
25    shall be available on a ~~monthly~~ *monthly, annual, or annual single*  
26    ~~premium basis, and basis. When a monthly premium is offered,~~  
27    ~~the premium by the rate charged per month shall not exceed a pro~~  
28    rata relationship to the annual *or single* premium. Credit disability

1 insurance need not be offered for a period less than the term of the  
2 loan to which it is applicable, and no credit disability insurance  
3 shall be written for a period in excess of the term of the loan to  
4 which it is applicable.

5 (d) The monthly disability benefit payable with respect to an  
6 open-end loan shall not exceed the monthly payment computed  
7 pursuant to Section 22453 on the outstanding balance at the time  
8 disability is incurred.

9 This section does not apply to any loan of a bona fide principal  
10 amount of ten thousand dollars (\$10,000) or more, as determined  
11 in accordance with Section 22251.

12 ~~SECTION 1. Section 19329 is added to the Education Code,~~  
13 ~~to read:~~

14 ~~19329. Subject to an appropriation of funds for this purpose~~  
15 ~~in the annual Budget Act or other statute, the State Librarian shall~~  
16 ~~enter into a contract with an entity to establish and maintain a~~  
17 ~~program of online homework assistance through the public libraries~~  
18 ~~in the state. The program shall be made available free of charge~~  
19 ~~to all pupils in the state.~~

20 ~~SEC. 2. Subject to an appropriation of funds in the annual~~  
21 ~~Budget Act or other statute or the availability of other funds, the~~  
22 ~~sum of three million dollars (\$3,000,000) shall be granted annually~~  
23 ~~to the State Librarian for purposes of establishing and maintaining~~  
24 ~~a program of online homework assistance, as set forth in Section~~  
25 ~~19329 of the Education Code.~~