

Senate Bill No. 343

CHAPTER 113

An act to amend Section 10127.9 of the Insurance Code, relating to insurance.

[Approved by Governor July 27, 1997. Filed with
Secretary of State July 28, 1997.]

LEGISLATIVE COUNSEL'S DIGEST

SB 343, Calderon. Insurance: cancellation.

Existing law provides that an owner of a policy of life insurance may cancel the policy during the cancellation period, and provides that cancellation shall void the policy from the beginning, and the parties shall be in the same position as if no policy had been issued. Existing law requires all premiums paid and any policy fee paid for the policy shall be refunded by the insurer to the owner within 30 days from the date that the insurer is notified that the insured has canceled the policy.

However, existing law provides for a policy issued to a senior citizen, in the case of variable annuity contracts, variable life insurance contracts, and modified guaranteed contracts, return of the contract during the cancellation period shall entitle the owner to a refund of account value and any policy fee paid for the policy.

This bill would generally provide that, in the case of variable annuity contracts, variable life insurance contracts, and modified guaranteed contracts, return of the contract during the cancellation period shall entitle the owner to a refund of account value and any policy fee paid for the policy.

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

SECTION 1. Section 10127.9 of the Insurance Code is amended to read:

10127.9. (a) Every policy of individual life insurance which is initially delivered or issued for delivery in this state on and after January 1, 1990, shall have printed thereon or attached thereto a notice stating that, after receipt of the policy by the owner, the policy may be returned by the owner for cancellation by delivering it or mailing it to the insurer or to the agent through whom it was purchased. The period of time set forth by the insurer for return of the policy by the insured shall be clearly stated on the notice and this period shall be not less than 10 days nor more than 30 days. The insured may return the policy to the insurer by mail or otherwise at any time during the period specified in the notice. In the case of

individual life insurance policies (other than variable contracts and modified guaranteed contracts), by delivering or mailing the policy pursuant to this section during the cancellation period, the owner shall void the policy from the beginning, and the parties shall be in the same position as if no policy had been issued. All premiums paid and any policy fee paid for the policy shall be refunded by the insurer to the owner within 30 days from the date that the insurer is notified that the insured has canceled the policy. In the case of variable annuity contracts, variable life insurance contracts, and modified guaranteed contracts, return of the contract during the cancellation period shall entitle the owner to a refund of account value and any policy fee paid for the policy. The account value and policy fee shall be refunded by the insurer to the owner within 30 days from the date that the insurer is notified that the owner has canceled the policy.

(b) This section applies to all policies issued or delivered in this state on or after January 1, 1990, but does not apply to any policy subject to Section 10127.7. All policies subject to this section which are in effect on January 1, 1990, shall be construed to be in compliance with this section, and any provision in any policy which is in conflict with this section shall be of no force or effect.

(c) This section does not apply to individual life insurance policies issued in connection with a credit transaction or issued under a contractual policy-change or conversion privilege provision contained in a policy.

