

Senate Bill No. 1479

Passed the Senate August 6, 1998

Secretary of the Senate

Passed the Assembly July 6, 1998

Chief Clerk of the Assembly

This bill was received by the Governor this ____ day
of _____, 1998, at ____ o'clock __M.

Private Secretary of the Governor

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CHAPTER ____

An act to amend Sections 10127.11 and 10509.974 of the Insurance Code, relating to life insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1479, Lewis. Life insurance: disclosures.

Existing law requires every insurer and life agent offering for sale individual life insurance policies or individual annuity contracts that are initially delivered or issued for delivery to senior citizens with the use of nonpreprinted illustrations or preprinted illustrations of nonguaranteed values to include a notice containing certain disclosures. Existing law requires preprinted policy illustrations to contain the notice printed on the illustration form itself.

This bill would permit the notice to be on an attached cover sheet, or in the form of a contrasting color sticker placed on the front of the illustration.

Existing law requires agents or insurers that make a presentation showing or comparing the cost of life insurance over a period of years which does not recognize the time value of money to present certain cost information, and to provide prospective insureds with a buyer's guide. Existing law exempts certain types of life insurance from those requirements.

This bill would revise those exemptions.

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

SECTION 1. Section 10127.11 of the Insurance Code is amended to read:

10127.11. Every insurer and life agent offering for sale individual life insurance policies or individual annuity contracts that are initially delivered or issued for delivery to senior citizens in this state on and after January 1, 1995, with the use of nonpreprinted illustrations of nonguaranteed values shall disclose on those illustrations or on an attached cover sheet, in bold or underlined



capitalized print, or in the form of a contrasting color sticker, bright highlighter pen, or in any manner that makes it more prominent than the surrounding material, with at least one-half inch space on all four sides, the following statement:

“THIS IS AN ILLUSTRATION ONLY. AN ILLUSTRATION IS NOT INTENDED TO PREDICT ACTUAL PERFORMANCE. INTEREST RATES, DIVIDENDS, OR VALUES THAT ARE SET FORTH IN THE ILLUSTRATION ARE NOT GUARANTEED, EXCEPT FOR THOSE ITEMS CLEARLY LABELED AS GUARANTEED.”

All preprinted policy illustrations shall contain this notice in 12-point bold print with at least one-half inch space on all four sides and shall be printed on the illustration form itself or on an attached cover sheet, or in the form of a contrasting color sticker placed on the front of the illustration. All preprinted illustrations containing nonguaranteed values shall show the columns of guaranteed values in bold print. All other columns used in the illustration shall be in standard print. “Values” as used here includes cash value, surrender value, and death benefit.

SEC. 2. Section 10509.974 of the Insurance Code is amended to read:

10509.974. (a) Except as provided in subdivision (b), this chapter shall apply to any solicitation, negotiation, or procurement of life insurance occurring within this state.

(b) This chapter shall not apply to:

- (1) Variable life insurance.
- (2) Individual and group annuity contracts.
- (3) Credit life insurance.
- (4) Life insurance policies with no illustrated death benefits on any individual exceeding ten thousand dollars (\$10,000).
- (5) Franchise life insurance.
- (6) Group term life insurance.



(7) Life insurance policies issued in connection with pension and welfare plans as defined by and subject to the federal Employee Retirement Income Security Act (29 U.S.C. Sec. 1001 and following), as amended.



Approved _____, 1998

Governor

