

Senate Bill No. 1555

Passed the Senate August 30, 1998

Secretary of the Senate

Passed the Assembly August 26, 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



CHAPTER ____

An act to amend Section 779.14 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1555, Rosenthal. Credit insurance.

Existing law provides that an individual policy or group certificate of credit life insurance or of credit disability insurance or combination thereof shall allow a debtor to rescind the insurance within 10 days of receipt of the policy or certificate or the notice of proposed insurance issued and receive a full refund, or credit, of any premium that has been paid. Existing law requires that right to be disclosed in 10-point type.

This bill would provide that an individual policy or group certificate of credit life insurance or of credit disability insurance or a combination thereof, or a notice of proposed insurance, shall allow an insured to rescind the insurance within 30 days and receive a refund or credit, as specified, and would require the right to rescind to be disclosed on the face of the policy or certificate or notice of proposed insurance in at least 14-point type and to include additional information.

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

SECTION 1. Section 779.14 of the Insurance Code is amended to read:

779.14. (a) Each individual policy, group certificate, or notice of proposed insurance shall provide that in the event of termination of the insurance prior to the scheduled maturity date of the indebtedness, any refund of an amount paid by the debtor for insurance shall be paid promptly to the person entitled thereto or credited to the next payment or payments due on the indebtedness. However, the commissioner shall prescribe a minimum refund and no refund that would be less than that minimum need be made. The formula to be



used in computing that refund shall be filed with and approved by the commissioner.

(b) An individual policy or group certificate of credit life insurance or of credit disability insurance or a combination thereof, or a notice of proposed insurance, shall allow an insured to rescind the insurance within 30 days of receipt of the policy or certificate or notice of proposed insurance issued pursuant to Section 779.7 and to receive a full refund, or credit if financed, of any premium that has been paid. The right to rescind shall be disclosed on the face of the individual policy, group certificate, or notice of proposed insurance in at least 14-point type and shall include the disclosure of the department's toll-free telephone number and other disclosures set forth in Section 510.

(c) No statement, disclosure, or notice made in accordance with Section 779.14 or 779.35 shall be construed to cause the policy forms, certificates of insurance, or notices of proposed insurance, by themselves, to be considered as nonstandard forms as described in Article 6.9 (commencing with Section 2249) of Subchapter 2 of Chapter 5 of Title 10 of the California Code of Regulations.

(d) This section applies to all policies issued or delivered in this state on or after January 1, 1999. All policies subject to this section that are in effect on January 1, 1999, 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.



Approved _____, 1998

Governor

