

AMENDED IN ASSEMBLY AUGUST 29, 2011

AMENDED IN ASSEMBLY JULY 12, 2011

AMENDED IN ASSEMBLY JULY 1, 2011

AMENDED IN SENATE MARCH 31, 2011

SENATE BILL

No. 590

Introduced by Senator Calderon

February 17, 2011

An act to amend Sections 789.10 and 10127.7 of the Insurance Code, relating to life insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 590, as amended, Calderon. Life insurance.

(1) Existing law regulates the sale of life insurance to seniors, including annuities, as specified. Existing law requires a person who meets with a senior in the senior's home regarding the sale of life insurance to deliver a notice in writing to the senior no less than 24 hours prior to that individual's meeting, and to abide by other restrictions regarding contacting the senior in the senior's home.

The bill would specify that the above notice, including an additional statement regarding the senior's rights, may be provided at the time of the meeting in the senior's home when the meeting concerns the sale of life insurance designated by the purchaser as payment for funeral and burial expenses if the life insurance policy has an initial face value amount of \$15,000 or less, ~~and~~. *The bill* would also require, within 14 days of the purchase of that type of life insurance or annuity by a senior, that the issuer of the policy provide by first-class mail a written notice of the purchase and notice of a 60-day right of cancellation with specified content to the senior and certain other persons. The bill would

prohibit the insurance salesperson who meets with a senior in the senior's home to sell that type of life insurance or annuity to sell any other insurance policies or annuities without providing the required 24-hour advance notice.

(2) Existing law provides that life insurance policies with a face value of less than \$10,000, issued after July 1, 1974, shall contain a notice permitting the return of the policy within a period of time designated in the notice, which may not be less than 10 days nor more than 30 days.

This bill would provide that a life insurance policy with ~~a~~ *an initial* face value of \$15,000 or less shall contain a notice permitting the return of the policy within not less than 10 days nor more than 30 days, provided that, for a policy relating to funeral and burial expenses described in (1) above, the right of return shall last 60 days *when the 24-hour advance notice is not delivered*.

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

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

- 1 SECTION 1. Section 789.10 of the Insurance Code is amended
- 2 to read:
- 3 789.10. (a) This section applies to the sale, offering for sale,
- 4 or generation of leads for the sale of life insurance, including
- 5 annuities, to senior insureds or prospective insureds by any person.
- 6 (b) Except as provided in subdivisions (g) and (i), any person
- 7 who meets with a senior in the senior's home is required to deliver
- 8 a notice in writing to the senior no less than 24 hours prior to that
- 9 individual's initial meeting in the senior's home. If the senior has
- 10 an existing insurance relationship with an agent and requests a
- 11 meeting with the agent in the senior's home the same day, a notice
- 12 shall be delivered to the senior prior to the meeting. The notice
- 13 shall be in substantially the following form, with the appropriate
- 14 information inserted, in 14-point type:
- 15 "(1) During this visit or a followup visit, you will be given a
- 16 sales presentation on the following [indicate all that apply]:
- 17 () Life insurance, including annuities
- 18 () Other insurance products [specify]: _____.

1 (2) You have the right to have other persons present at the
2 meeting, including family members, financial advisors, or
3 attorneys.

4 (3) You have the right to end the meeting at any time.

5 (4) You have the right to contact the Department of Insurance
6 for information, or to file a complaint. [The notice shall include
7 the consumer assistance telephone numbers at the department]

8 (5) The following individuals will be coming to your home:
9 [list all attendees, and insurance license information, if applicable]”

10 (c) Upon contacting the senior in the senior’s home, the person
11 shall, before making any statement other than a greeting, or asking
12 the senior any other questions, state that the purpose of the contact
13 is to talk about insurance, or to gather information for a followup
14 visit to sell insurance, if that is the case, and state all of the
15 following information:

16 (1) The names and titles of all persons arriving at the senior’s
17 home.

18 (2) The name of the insurer represented by the person, if known.

19 (d) Each person attending a meeting with a senior shall provide
20 the senior with a business card or other written identification stating
21 the person’s name, business address, telephone number, and any
22 insurance license number.

23 (e) The persons attending a meeting with a senior shall end all
24 discussions and leave the home of the senior immediately after
25 being asked to leave by the senior.

26 (f) A person may not solicit a sale or order for the sale of an
27 annuity or life insurance policy at the residence of a senior, in
28 person or by telephone, by using any plan, scheme, or ruse that
29 misrepresents the true status or mission of the contact.

30 (g) The 24-hour advance notice requirement in subdivision (b)
31 shall not ~~apply to be required~~ for the sale of life insurance policies
32 of the type described in subdivision (c) of Section 1676 that are
33 designated by the purchaser as payment for funeral and

34 ~~burial and burial~~ expenses if the life insurance policy has an
35 initial face value amount of fifteen thousand dollars (\$15,000) or
36 less.

37 (h) (1) Within 14 days of the purchase of a policy described in
38 subdivision (g), the issuer shall provide by first-class mail written
39 notice of the purchase and a 60-day right of cancellation to the
40 senior, any family member designated by the senior, and any

1 financial, estate planning, or other advisor of the senior's choosing
2 at addresses provided by the senior. The notice shall include all
3 of the following:

4 (A) Information on the right of cancellation.

5 (B) A statement that the recipient of the notice is authorized to
6 call the insurer to inquire about the policy on behalf of the
7 policyholder.

8 (C) A form suitable for the senior's use in exercising the right
9 to cancel the policy.

10 (D) Information on how to contact the department for
11 information or to file a complaint, including the telephone number
12 of the department's customer assistance office.

13 (2) The department may adopt, by regulation, a standardized
14 form for use in complying with the requirements of paragraph (1).

15 (i) The sale of a policy exempt from the 24-hour advance notice,
16 pursuant to subdivision (g), shall meet all of the following
17 requirements:

18 (1) The notice form, described in subdivision (b), was provided
19 to the prospective purchaser by a licensee subject to subdivision
20 (c) of Section 1676 at the time of the meeting in the prospective
21 purchaser's home regarding the purchase of funeral and burial
22 expense policies.

23 (2) In addition to the notice form described in subdivision (b),
24 the notice shall include the statement:

25 "You have the right to postpone or reschedule the meeting if
26 you wish to have other persons present, including family members,
27 financial advisors, or attorneys."

28 (3) The licensee retains in his or her files a copy of the notice
29 signed by the purchaser.

30 (j) A licensee who meets with a senior in the senior's home to
31 sell insurance policies described in subdivision (g) shall not sell
32 any other insurance policies or annuities without providing the
33 notice form described in subdivision (b) no less than 24 hours in
34 advance.

35 SEC. 2. Section 10127.7 of the Insurance Code is amended to
36 read:

37 10127.7. (a) Every policy of individual life insurance with an
38 initial face value of fifteen thousand dollars (\$15,000) or less that
39 is delivered or issued for delivery in this state on and after January
40 1, 2012, shall have printed thereon or attached thereto a notice

1 stating that, after receipt of the policy by the owner, the policy
2 may be returned by the owner for cancellation by delivering it or
3 mailing it to the insurer or to the agent through whom it was
4 purchased.

5 (b) The period of time set forth by the insurer for return of the
6 policy by the insured shall be clearly stated on the notice and,
7 except as provided in subdivision (c), this period shall be not less
8 than 10 days nor more than 30 days.

9 (c) The period of time to return a life insurance policy of the
10 type described in subdivision (g) of Section 789.10 shall be 60
11 days *when the notice specified in subdivision (b) of Section 789.10*
12 *is not delivered 24 hours in advance.*

13 (d) The insured may return the policy to the insurer at any time
14 during the period specified in the notice. This delivery or mailing
15 of the policy by the owner shall void the policy from the beginning,
16 and the parties shall be in the same position as if no policy or
17 contract had been issued. All premiums paid and any policy fee
18 paid for the policy shall be refunded to the owner within 30 days
19 from the date that the insurer is notified that the insured has
20 canceled the policy.

21 (e) This section applies to all policies issued, amended, or
22 delivered in this state on or after January 1, 2012, and applies to
23 any renewal thereof. All policies subject to this section that are in
24 effect on January 1, 2012, shall be construed to be in compliance
25 with this section, and any provision in such a policy that is in
26 conflict with this section shall be of no force or effect.

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