

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 565

Introduced by Assembly Member Cooley

February 24, 2015

An act to ~~amend~~ *add and repeal* Section ~~10191~~ of 10191.5 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 565, as amended, Cooley. ~~Insurance contracts. Interstate Insurance Product Regulation Compact: independent study.~~

Existing law provides for the regulation of insurers and specified insurance products, including life insurance, disability insurance, and long-term care insurance, by the Insurance Commissioner. Existing law directs the Insurance Commissioner to enforce the execution of laws regulating the business of insurance.

This bill would require the commissioner to commission an independent study to examine the extent to which the uniform standards set forth in the Interstate Insurance Product Regulation Compact provide consumer protections that are equivalent to those established under state law for annuity, life insurance, disability income, and long-term care insurance products, and would prohibit the use of General Fund or Insurance Fund moneys for this purpose. The bill would require the commissioner to submit the report to the chairpersons of the Assembly and Senate Committees on Insurance no later than January 1, 2017.

~~Existing law authorizes the Insurance Commissioner to promulgate, from time to time as conditions warrant, after notice and hearing, reasonable rules and regulations, and amendments and additions to~~

~~those rules and regulations, as are necessary or advisable in order to establish and maintain a procedure for the filing and approval of specified documents prior to their issuance, delivery, or use in this state.~~

~~This bill would make technical, nonsubstantive changes to this provision.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.

State-mandated local program: no.

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

1 SECTION 1. Section 10191.5 is added to the Insurance Code,
2 to read:

3 10191.5. (a) (1) The commissioner shall commission an
4 independent study to examine the extent to which the uniform
5 standards set forth in the Interstate Insurance Product Regulation
6 Compact developed by the Interstate Insurance Product Regulation
7 Commission provide consumer protections that are equivalent to
8 those established under state law for annuity, life insurance,
9 disability income, and long-term care insurance products.

10 (2) The report shall, to the extent feasible, also highlight the
11 substantive differences between the uniform standards set forth in
12 the Interstate Insurance Product Regulation Compact and the
13 statutory requirements under state law for annuity, life insurance,
14 disability income, and long-term care insurance products.

15 (b) (1) The commissioner shall submit the report to the
16 chairpersons of the Assembly and Senate Committees on Insurance
17 no later than January 1, 2017. The report shall be made in
18 compliance with Section 9795 of the Government Code.

19 (2) The commissioner shall have the right to review and approve
20 the final report prior to its submission to the Legislature.

21 (c) This section shall be implemented only to the extent that
22 solicited nonpublic funds are received and made available for the
23 commission of the independent study. No General Fund or
24 Insurance Fund moneys shall be used to implement this section.

25 (d) This section shall remain in effect only until January 1, 2021,
26 and as of that date is repealed, unless a later enacted statute, that
27 is enacted before January 1, 2021, deletes or extends that date.

28 SECTION 1. ~~Section 10191 of the Insurance Code is amended~~
29 to read:

1 ~~10191. (a) The commissioner may, from time to time as~~
2 ~~conditions warrant, after notice and hearing, promulgate reasonable~~
3 ~~rules and regulations, and amendments and additions to those rules~~
4 ~~and regulations, as are necessary or advisable, to establish and~~
5 ~~maintain a procedure for the filing and approval of documents, as~~
6 ~~defined in this section, prior to their issuance, delivery, or use in~~
7 ~~this state, in lieu of the requirements of submission, filing, or~~
8 ~~approval for the documents presently provided in Section 10205,~~
9 ~~10205.5, 10205.6, 10225, 10270, 10270.1, 10270.57, 10270.9,~~
10 ~~10270.91, 10270.92, 10270.93, 10290, 10292, 11066, 11069, or~~
11 ~~11658. For purposes of this section, "document" includes, but is~~
12 ~~not limited to, every form of contract, insurance policy, application,~~
13 ~~rider, endorsement, amendment, insert policy page, certificate, or~~
14 ~~other evidence or notice of insurance, fill-in material, schedules~~
15 ~~of rates and classifications of risks, and any modification to any~~
16 ~~document, which is subject to the requirements of any of the~~
17 ~~sections described in this subdivision.~~

18 ~~(b) Any rule or regulation shall be promulgated in accordance~~
19 ~~with the procedure provided in Chapter 3.5 (commencing with~~
20 ~~Section 11340) of Part 1 of Division 3 of Title 2 of the Government~~
21 ~~Code.~~

22 ~~(c) In promulgating any rule or regulation, the commissioner~~
23 ~~may give consideration to the following circumstances:~~

24 ~~(1) Whether all documents, the submission, filing, or approval~~
25 ~~of which is governed by any of the sections described in~~
26 ~~subdivision (a), or only a portion of those documents described in~~
27 ~~the rule or regulation, shall be subject to the rule or regulation.~~

28 ~~(2) Whether certain documents or portions of those documents~~
29 ~~should be regulated in respect of submission, filing, or approval~~
30 ~~in a fashion differing from similar requirements applicable to other~~
31 ~~documents.~~

32 ~~(3) Whether varying procedures may be made applicable among~~
33 ~~admitted insurers in respect of the submission, filing or approval~~
34 ~~predicated, in whole or in part, upon the following factors: (A) the~~
35 ~~age and size of the submitting insurer, (B) the period of its licensing~~
36 ~~in this state for the class or classes of insurance represented by the~~
37 ~~documents, (C) the nature and number of prior submissions of~~
38 ~~similar documents and the disposition of those prior submissions~~
39 ~~by the commissioner, (D) and similar criteria that is relevant to a~~
40 ~~determination that the submitting insurer has demonstrated~~

1 compliance with all applicable statutes, rules, and regulations
2 relating to documents comprising prior submissions.

3 (d) In promulgating any rules and regulations, the commissioner
4 shall, so far as practical, describe or define certain provisions: (1)
5 that the commissioner will authorize without review when
6 accompanied by a certification prescribed by him or her by rule,
7 and (2) that the commissioner will under no circumstances approve.

8 (e) The commissioner shall establish a period of time, not shorter
9 than one year, during which any change in the provisions that
10 pursuant to subdivision (d), he or she has provided he or she will
11 under no circumstances approve, will not apply to policies filed
12 prior to the effective date of the change.

13 (f) Except as otherwise provided in this section, any document
14 approved by the commissioner pursuant to rules and regulations
15 authorized by this section may have its approval withdrawn in
16 accordance with subdivision (d) of Section 10291.5 or Section
17 12957, whichever is applicable.