

AMENDED IN ASSEMBLY APRIL 28, 2015

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 565**

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**Introduced by Assembly Member Cooley**

February 24, 2015

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An act to ~~add and repeal Section 10191.5~~ *amend Section 10270.6* of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 565, as amended, Cooley. ~~Interstate Insurance Product Regulation Compact: independent study. Group disability insurance: required provisions.~~

*Existing law provides for the regulation of specified insurance products, including group disability insurance, by the Insurance Commissioner. Existing law requires a group disability master insurance policy to include a provision that the insurer will issue to the policyholder for delivery to an individual insured under the policy an individual certificate that sets forth a statement as to the insurance protection to which he or she is entitled and to whom it is payable.*

*This bill would provide that instead the insurer may include in the master insurance policy a provision that the insurer will issue the certificate directly to the insured individual. This bill would make other technical, nonsubstantive changes.*

~~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.~~

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

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

1     SECTION 1. Section 10270.6 of the Insurance Code is amended  
2 to read:

3     10270.6. Every group disability master policy shall contain  
4 the following provisions:

5     (a) A provision that the policy, the application of the  
6 ~~policyholder~~ *policyholder*, and the individual applications, if any,  
7 of the individuals insured shall constitute the entire contract  
8 between the parties, and that all statements made by the  
9 policyholder, or by the individuals insured shall, in the absence of  
10 fraud, be deemed representations and not warranties, and that no  
11 such statement shall be used in defense to a claim under the policy,  
12 unless it is contained in a written ~~application~~; *application*.

13     (b) A provision that the insurer will issue to the policyholder  
14 for delivery to the individuals insured under ~~such that~~ *that* policy, or  
15 a provision that the insurer will issue directly to the insured, an  
16 individual certificate setting forth a statement as to the insurance  
17 protection to which he or she is entitled and to whom ~~payable~~;  
18 *payable*.

19     (c) A provision that to the group or class thereof originally  
20 insured shall be added from time to time all new employees,  
21 members or pupils of the policyholder eligible to and applying for  
22 insurance in ~~such that~~ *group or class*; *class*.

1 (d) A statement that ~~such~~ *the* policy is not in lieu of and does  
2 not affect any requirement for coverage by workmen's  
3 compensation insurance.

4 SECTION 1. ~~Section 10191.5 is added to the Insurance Code,~~  
5 ~~to read:~~

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

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

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

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

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

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