

Senate Bill No. 1324

CHAPTER 448

An act to add Section 10113.6 to the Insurance Code, relating to insurance.

[Approved by Governor September 2, 1995. Filed with Secretary of State September 5, 1995.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1324, Committee on Insurance. Life insurance: right of return.

Under existing law, every owner of a policy of life insurance must receive notice that the policy may be returned by the owner for cancellation during a specified period of time. If a policy is returned during this period, all premiums paid and any policy fee paid for the policy must be refunded by the insurer to the owner.

This bill would provide that, for an insurer who must deliver a life insurance policy in order to start the period running during which an owner may cancel a policy, the insurer must accomplish the delivery by specified means. The bill would provide that if an insurer does not use one of the specified means of delivery, the burden of proof would be on the insurer to prove delivery in the event of a dispute with the owner of the policy.

The bill would also provide that notwithstanding these provisions, a life insurance policy shall be deemed to have been received 6 months after the date of issuance if the insured has paid premiums pursuant to the contract, as specified.

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

SECTION 1. Section 10113.6 is added to the Insurance Code, to read:

10113.6. (a) An insurer that is required to deliver a life insurance policy to the owner of the policy in order to start the period running during which the owner may exercise any statutory right to return a policy for cancellation, shall accomplish the delivery by:

- (1) Registered or certified mail.
- (2) Personal delivery, with a signed, written receipt of delivery.
- (3) First-class mail, with a signed, written receipt of delivery.
- (4) Other reasonable means, as determined by the commissioner.

(b) If an insurer does not deliver a policy by the means set forth in subdivision (a), the burden of proof shall be on the insurer to establish that the policy was delivered, in the event of a dispute with the owner of the policy.



(c) Notwithstanding subdivisions (a) and (b), a policy shall be deemed to have been received six months after the date of issuance if the insured has paid premiums pursuant to the contract.

(d) An employer or corporate policy owner, or the plan trustee of an employer or corporate policy owner who controls 100 or more policies, shall have the option to request in writing from an insurer the delivery of a sample policy with one or more census pages in a form satisfactory to the employer, corporate policy owner, or plan trustee, as an alternative to the delivery requirements of subdivision (a). However, delivery of the sample policy and census page as provided in this subdivision shall be subject to the provisions of subdivisions (a) and (b). The insurer shall deliver all of the policies listed on the census page to the employer, corporate policy owner, or plan trustee within 30 days of demand for delivery. The delivery of the actual policies shall not institute a new “free look” period.

