



Legislative Update

March 2007

SB 722 (Correa): Decedents' Estates: Judgments of Conviction – SPONSOR/SUPPORT

Under current law, a named beneficiary of a bond, life insurance policy or other contractual agreement who feloniously and intentionally kills the person upon whose life the policy is issued is not entitled to benefit from any of the foregoing and it becomes payable as though the killer had predeceased the decedent.

In recent cases, however, despite a conviction of murder, some attorneys have argued that a 'final judgment of conviction,' as necessitated under Probate Code 254, is not final until the defendant has exhausted all appeals in the penal case.

Furthermore, Probate Code 254(a) and 254(b) refer to the 'final judgment of conviction,' but it does not define 'final judgment of conviction.' Without clarification in this area, in some cases, victims and their families have been subjected to a lengthy appeals process despite a conviction that ended with a guilty verdict.

In order to correct this injustice on behalf of its members' clients, NAIFA-California is sponsoring SB 722 by Senator Correa (D-Anaheim). SB 722 would amend the Probate Code to more closely mirror Penal Code § 1237(a), pertaining to appeals and a final judgment of conviction. Section 1237(a) provides for appeals by the defendant from a final judgment of conviction. Additionally, in the context of the appeals process, it defines a final judgment as "a sentence, an order granting probation, the commitment of a defendant for insanity, the indeterminate commitment of a defendant as a mentally disordered sex offender, or the commitment of a defendant for controlled substance addiction."

By clarifying the Probate Code to mirror the "final judgment of conviction" definition in the Penal Code, SB 722 will help ensure that victims' families are able to secure the life insurance benefits of their murdered loved one rather than forcing them to endure further pain due to the lengthy appeals process.

Please stay tuned for updates on this important piece of legislation. SB 722 is currently pending hearing in the Senate Judiciary Committee.

Health Savings Account Legislation

As you know, NAIFA-California is an avid supporter of conformity of California tax statutes and Federal tax statutes. Over the years, a number of measures have been introduced and supported by NAIFA-California that includes conformity in the form of health savings accounts (HSA). Specifically, NAIFA-California is currently tracking the following pieces of legislation introduced on this issue in 2007.

- AB 84 (Nakanishi): Income Tax: Health Savings Account
- AB 85 (Nakanishi): Income and Corporation Taxes: Credit: Health Savings

- AB 142 (Plescia): Income Tax: Health Savings Account
- AB 245 (DeVore): Income Tax: Health Savings Account
- AB 1377 (Nakanishi): Employee Health Benefits: Health Savings Accounts
- SB 25 (Maldonado): Income Tax: Health Savings Account

NAIFA-California has been supportive of efforts to conform California law in this area to Federal law, as there are significant benefits consumers can derive from high deductible plans. However, NAIFA-California does not see such conformity taking place in California unless it is done within a more comprehensive package of reforms. This is in large part due to opposition to high deductible plans, which opponents to HSA conformity argue shifts cost burdens to consumers who are not able to afford coverage.

Despite the uphill battle to provide conformity in California, NAIFA-California will continue to engage in the HSA debate and support legislation providing appropriate State tax benefits for HSAs.

NAIFA-California's Day on the Hill 2007 – A Success!!

This year's "Day on the Hill" was a huge success! NAIFA-California members enjoyed hearing about the political landscape in Sacramento and the process by which the association maintains its strong voice in and around the Capitol. NAIFA-California would like to extend our heartfelt appreciation to all those who participated in this year's event.

NAIFA-California was pleased to host Senator Tom McClintock (R-Thousand Oaks) and Kathleen Webb, Director of the Office of the Insurance Advisor. They were dynamic speakers. Senator McClintock provided his perspective on California's political landscape. While Kathleen, a former State Farm agent herself, was a dynamic speaker who provided great insight into her role as an advisor to the Governor on insurance issues, particularly those of importance to NAIFA-California.

Members were also pleased to hear from Sharon Rocha, mother of murder victim Laci Peterson. Sharon shared her heart wrenching story of the tragic loss of her daughter and unborn grandson. NAIFA-California is pleased to be sponsoring SB 722 (see above), which was brought to us by the ordeal of Sharon Rocha and her family.

In addition to the wonderful speakers, NAIFA-California members did a tremendous job getting around the historic Capitol to meet with their representatives. The information members received during the morning session on life, health and agent issues prepared them for their meetings and the Legislators and staff were thrilled to hear from their constituents.

Again, thank you to all who joined us in Sacramento. It was wonderful to see so many new faces engaged in our common interests. We look forward to seeing you all again next year for NAIFA-California's Day on the Hill, 2008!

If you have any questions regarding any of the topics mentioned in this report, or others not mentioned, please contact Shari McHugh or Dawn Sanders Koepke at 916/440-0850. Thank you!